



Africa & Middle East

Goldman Sachs European Financials Conference

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Forward looking statements

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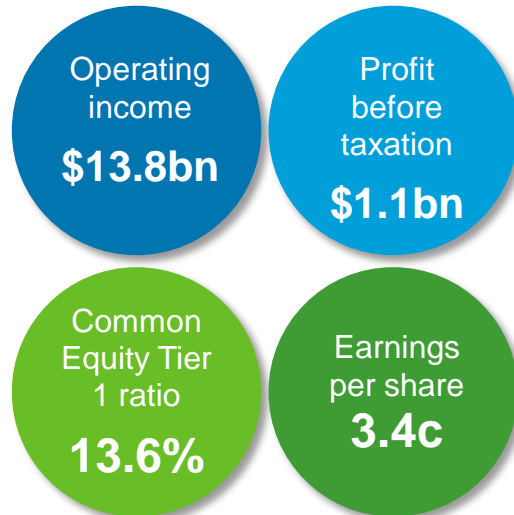
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Standard Chartered Overview

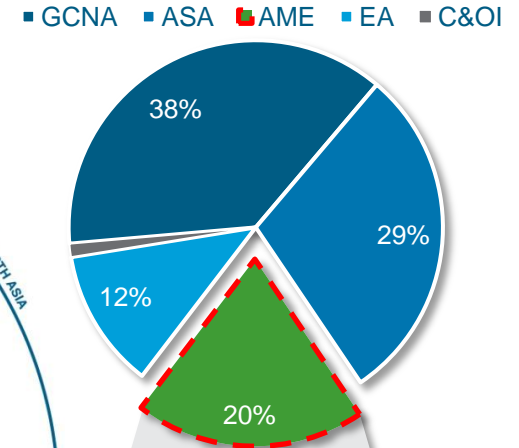
Over 150 years in some of the World's most dynamic markets



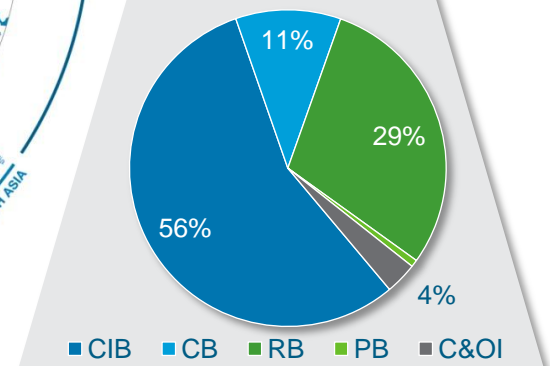
2016 performance highlights



Group income by region



AME income by segment



Africa & Middle East Region (AME)



Key profit and network contributor



Long-term opportunity is material and the Group is well positioned to capitalise



Driving efficiencies while investing to capture the opportunity




Focused on execution – early progress encouraging

Macro Overview


Sub-Saharan Africa macro forecasts


	2015	2016	2017F	2018F
GDP growth (%)	3.0	0.7	3.1	4.1
Inflation (% YoY)	7.1	12.5	10.5	7.5
Current account (% GDP)	-4.3	-3.9	-4.4	-4.5

 High inflation

 Higher currency volatility


 Youngest* population in the World / Fastest urbanisation rate


 Significant share of global commodities reserves


 Growing trade corridors with China / Japan / India


Middle East macro forecasts


	2015	2016	2017F	2018F
GDP growth (%)	3.4	2.2	1.6	2.4
Inflation (% YoY)	4.4	3.6	5.6	6.0
Current account (% GDP)	-3.2	-2.7	1.5	2.6

 Muted economic growth

 Lower oil prices driving current and fiscal deficits

 Largest share of World oil reserves (55%)

 Home to some of the World's richest countries

 UAE developing as a trade and logistics hub, gateway to Africa

Near-term Headwinds But Growth Drivers Remain Intact

Region faces headwinds...

Lower oil and commodity prices

Credit profile stressed but stabilising

Slow corporate activity

Currency depreciation and volatility

Geopolitical tensions

...but pockets of opportunities exist

Demand for capital remains strong

Rising infrastructure needs; China's Belt & Road; India / Japan focus

Private sector participation on the rise

Rising urbanisation, growing affluent population

Increasing role for international banks

Geographic Reach Provides Diversity and Resilience

Snapshot of region

FY 2016 income (US\$m)



Africa

Middle East

Employees (#)*



Africa

Middle East

Branches (#)*



Africa

Middle East



- **15 markets.** Nigeria and Kenya are major income contributors; other key markets are Ghana, Zambia, Uganda and South Africa
- Strong market share: double digit retail market shares in 4 markets
- Services over 1 million Retail customers
- Differentiated and valuable brand – launched 'Here for Africa' campaign in July 2016 and 'Number 1' campaign across AME in April 2017

25
countries

150 years
presence



- **10 markets.** UAE and Pakistan are major income contributors; other key markets are Bahrain, Saudi Arabia, Qatar and Jordan
- UAE is a regional hub for trade, finance and logistics
- Strong client network; leading position in Islamic banking and capital markets
- An important part of our franchise; core business has significant potential

*as of April 2017

Our Strategy Remains Clear

Accelerate Retail Banking in core markets *through next phase of digital rollout, focus on CASA growth and wealth, alliances and optimisation of network*

Reshape Corporate & Institutional Banking for better income and returns *by linking to economic fundamentals, leveraging flow and network opportunities within Group's revised risk tolerance*

Rebuild Commercial Banking via a low-cost, low-risk supply chain driven model *in chosen trade corridors under tightened underwriting standards*

Tightly manage risk and invest for the long term *improving the risk profile of the region, investing through the cycle in Africa and tightly managing costs through branch network optimisation, team right sizing and hubbing*

Secure the foundations *including by developing best practice financial crime compliance capabilities and improving service and delivery*

Positive Progress On Strategic Priorities....

Accelerate Retail Banking in core markets

Good progress on digitisation; CASA growth; wealth; and efficiencies

- 34 branch¹ closures and 74 being optimised. 70 new generation CDMs and ~120 ATMs deployed
- Next phase of digital roll out in key markets delivering enhanced capabilities on mobile and online
- Inroads made on network reconfiguration and enhanced product capabilities
- Growing share in deposits driven by growth in CASA

Reshape CIB for better income and returns

Focused on connecting pools of capital to demand; Belt & Road; Investment in Financial Markets and Transaction Banking infrastructure

- Operationalising targeted strategic themes to drive CIB growth
- Focus on “Next 100” and “New 90” client initiatives to drive origination
- Investing in Transaction Banking and Financial Markets platforms to drive efficiencies

Rebuild CB via a low-cost, low-risk supply chain driven model

Tighter underwriting; focus on corridors, and supply chain financing; positive performance in Q1 17

- Portfolio standards aligned with revised strategy - lower loan impairment and increased recoveries
- Selectively driving new origination along trade corridors
- Dedicated Relationship Managers in UAE, Kenya, Tanzania, Ghana, Uganda, Botswana and Zambia
- On boarding of suppliers and buyers of key CIB clients to drive eco-system banking

Tightly manage risk and invest for the long term

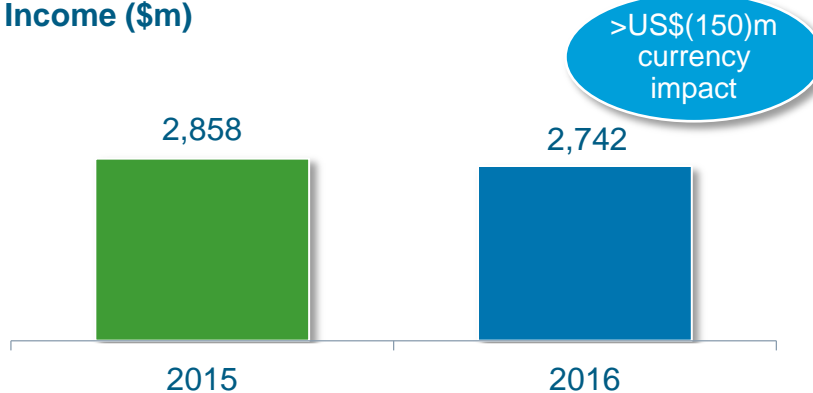
Improving the risk profile of the region; investing through the cycle; and tightly managing costs

- Coverage ratio significantly increased.
- Relentless focus on conduct, FCC and Controls to ensure that segments and countries are fit for growth
- Significant progress on branch network optimisation, efficiencies, and hubbing
- Delivered on investment projects across segments, with a focus on key African markets

...Starting To Be Visible In Key Performance Metrics

Stabilised income momentum...

Income (\$m)



... and improved quality and mix of portfolio

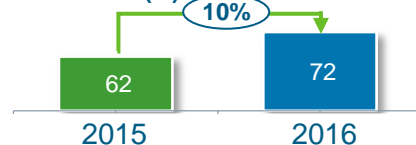
Gross NPL (\$m)



Impairment (\$m)



Cover ratio (%)



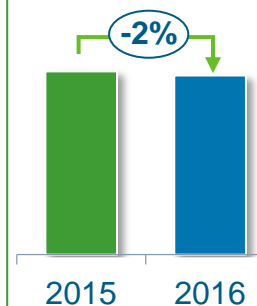
De-risking

- Reduced risk concentration
- Compliance related exits
- Tighter underwriting standards

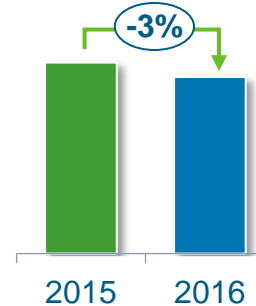
~US\$(50)m
Income
impact

Secured foundations...

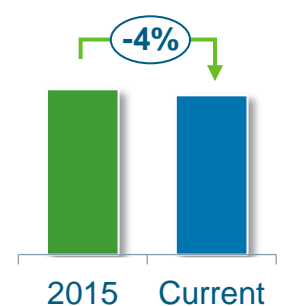
Headcount



Expenses



Branches



...to create capacity to invest in the franchise

Enhanced Digital and Product Capabilities



- SC mobile, refreshed web and payments capabilities
- Workbench, online sales, ATMs + CDMs
- New product launches (credit cards, mortgages, wealth management)

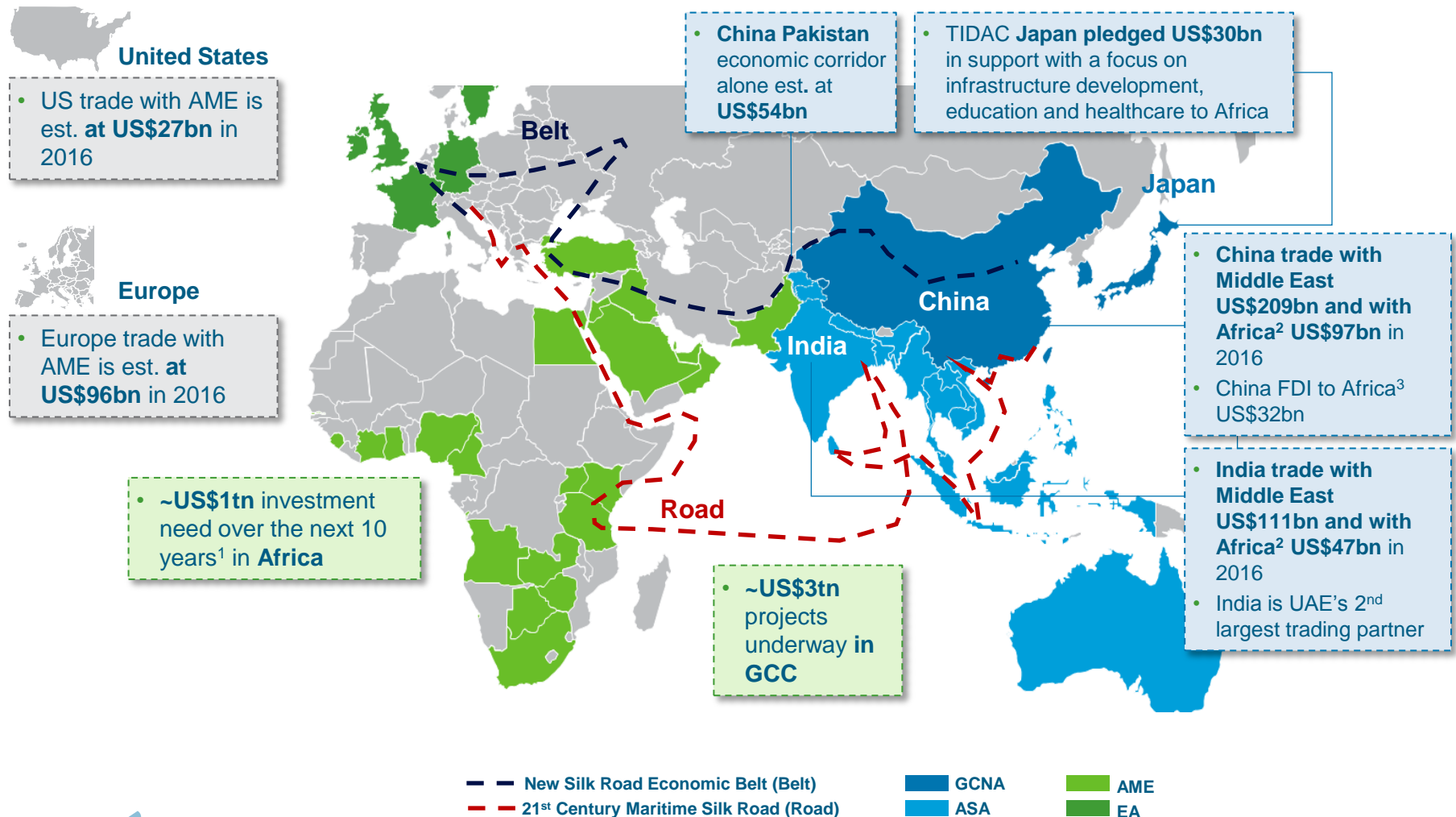
AME Financial Performance Improving

(US\$m)	2015	2016	Q1 17
Income	2, 858	2,742	686
Expenses	(1,790)	(1,730)	↓
Impairments	(880)	(581)	↓
Underlying operating profit	188	431	↑
P/E RWA	58	53	

- We continue to be watchful as risk environment remains challenging
- Encouraging start to 2017
- FY 2016:
 - Resilient performance in Africa with stabilisation of business in Retail and Transaction Banking
 - Middle East benefited from market volatility / dislocation

AME A Key Differentiator In Our Network Proposition

Connecting Pools of Capital with Demand in AME



Summary

1

Material long-term opportunity despite current headwinds

2

The Group has a long and deep rooted presence

3

Clear actionable strategy focused on execution; noticeable progress on the ground

Standard Chartered 



If China is the door to Africa trade, we're the key.

Driving trade and investment across one of the world's biggest trade corridors.

Africa's trade with China has grown dramatically in the last decade. As has the role of the RMB as a global currency. With more than 100 years' experience in China, Standard Chartered is perfectly positioned to connect African companies to the RMB and its growth belt for even greater trade opportunities.

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Here for Africa | **Here for good**

Q&A