



Africa & Middle East

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Africa & Middle East overview



Key profit and network contributor



Long-term opportunity is material, despite current headwinds



Clear vision backed by commitment and investments



Focused on execution – encouraging early signs on the ground

AME financial performance

| \$m | H1 15 | H2 15 | H1 16 | % of Group |
|--|--------------|--------------|--------------|------------|
| Income | 1,553 | 1,305 | 1,420 | 21 |
| - Africa | 762 | 673 | 709 | |
| - Middle East | 791 | 632 | 712 | |
| Expenses | (907) | (883) | (845) | |
| Working profit | 646 | 422 | 575 | 25 |
| Total impairment | (287) | (593) | (233) | |
| Underlying profit / (loss) before tax | 359 | (171) | 342 | 34 |
| Customer loans (\$bn) | 34 | 31 | 30 | |
| Customer deposits (\$bn) | 34 | 33 | 30 | |
| RWA (\$bn) | 60 | 58 | 55 | 19 |

AME regional snapshot

| | Africa | Middle East | Total |
|------------------------------------|---------------------------|-----------------|---------|
| Countries | 15 | 10 | 25 |
| Staff | ~8,000 | ~7,000 | ~15,000 |
| Branches | ~190 | ~130 | ~320 |
| Largest markets¹ | Nigeria Kenya Ghana | UAE Pakistan | |

Macro overview

Near-term headwinds

Currency depreciation and volatility

Lower oil and commodity prices

Slowing corporate activity

Geopolitical tensions

Rising corporate debt levels

Medium-term opportunities intact

Rising infrastructure needs

China's One Belt One Road

Rising inter- and intra- regional connectivity

Africa private wealth pool

Rising urbanisation, growth in affluent population

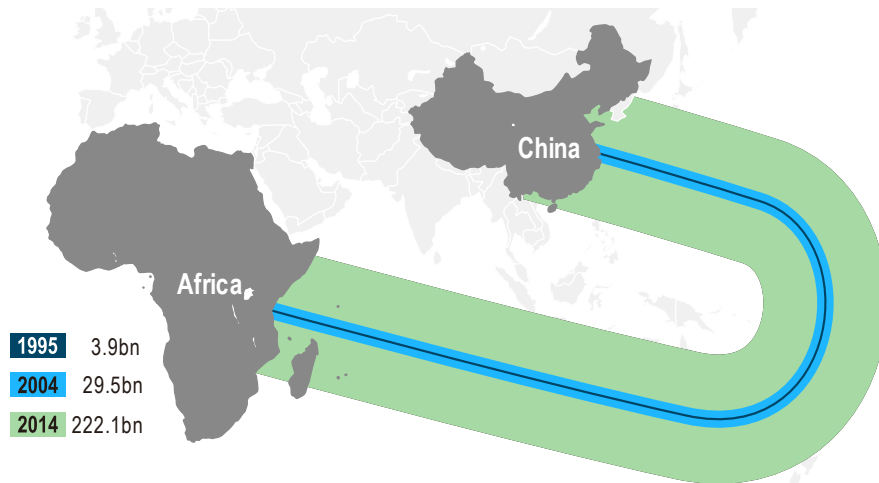
Africa – Key drivers remains intact in testing times

Macro forecasts (Africa)

| | 2015 | 2016F | 2017F | 2018F |
|--------------------------------|------|-------|-------|-------|
| GDP growth (%) | 3.0 | 2.5 | 4.1 | 5.2 |
| Inflation (% YoY) | 7.3 | 11.4 | 8.1 | 6.5 |
| Current account (% GDP) | -4.3 | -5.1 | -4.6 | -4.4 |

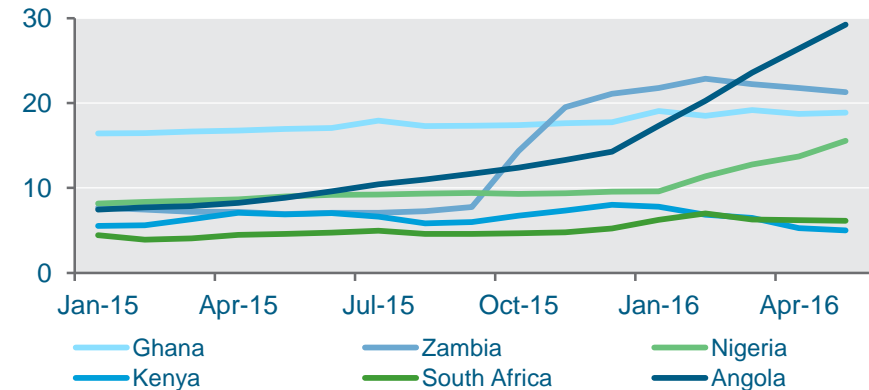
Source: Standard Chartered Research

China-Africa trade (US\$bn)



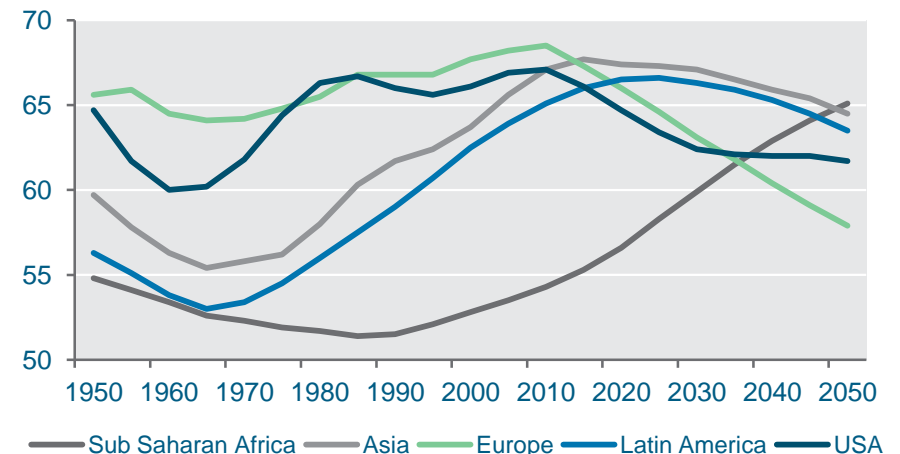
Source: Standard Chartered Research

Inflation (% YoY)



Source: Central banks, Thomson Reuters, Standard Chartered Research

Africa working age population (% of total)



Source: UN population database

Middle East – Continuing investment in infrastructure, favourable demographics and rich in resources, but near term headwinds

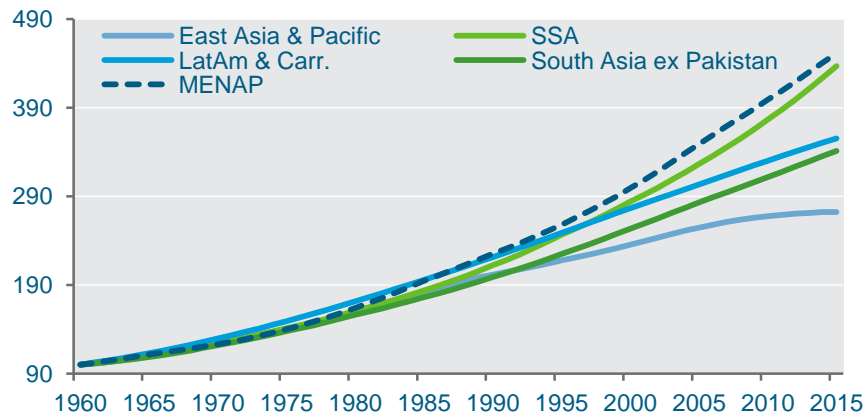
Macro forecasts (MENA)

| | 2015 | 2016F | 2017F | 2018F |
|--------------------------------|------|-------|-------|-------|
| GDP growth (%) | 3.3 | 2.7 | 3.1 | 3.5 |
| Inflation (% YoY) | 4.4 | 5.5 | 5.4 | 5.3 |
| Current account (% GDP) | -3.2 | -4.6 | 1.7 | 1.1 |

Source: Standard Chartered Research

Working age population has grown the fastest

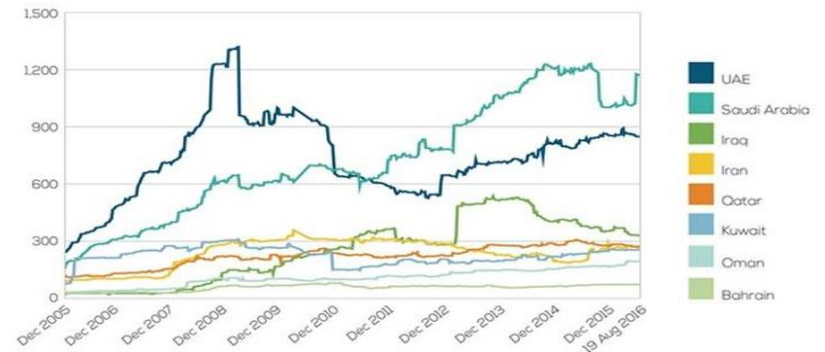
Population aged 15-64 (1960=100)



Source: CEIC, World Bank, Standard Chartered Research

Gulf projects index

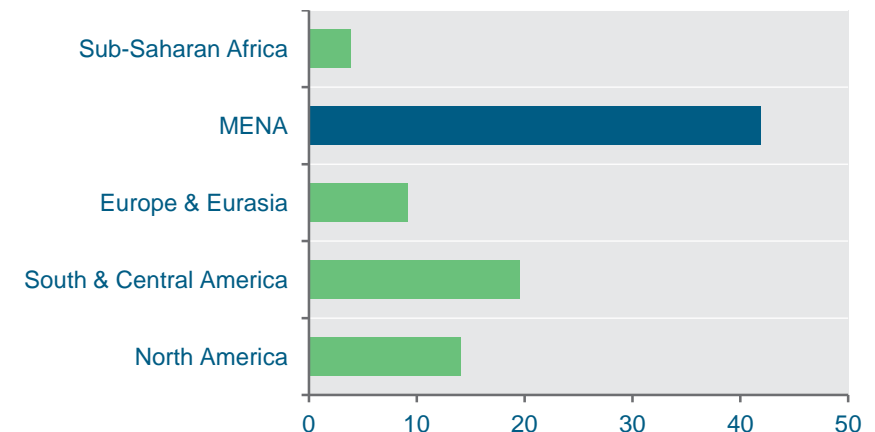
Value of projects planned or under way (\$bn)



Source: MEED

World's largest oil reserves

Share of proved global oil reserves in 2014, (%)



Source: BP Statistical Review of World Energy June 2016, World Bank, Standard Chartered Research

What we said at our Strategic Review last November

- We said that we wanted to **make significant investment in Africa to regain market share in key markets** and **leverage Pakistan's growth potential**
- We recognise the **material long-term opportunity in AME** to generate growth and higher returns, led by Africa, whilst acknowledging short term headwinds
- **Our strategy is to**
 - 1) **Secure the foundation**, develop best practice financial crime compliance capabilities, improve Corporate & Institutional Banking returns, overhaul Commercial Banking and improve platforms, service and delivery
 - 2) **Strengthen our core profitable growth platform**

Focused on strategy execution

Grow Retail Banking market share in core markets *Front end digital rollout, focus on CASA growth and local empowerment, go deep in Lagos*

Reshape Corporate & Institutional Banking for better 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 *investing through the cycle in Africa and leveraging Pakistan's potential.*

Progress to date

Grow Retail Banking market share in core markets

Good progress on digitisation, CASA growth and local empowerment

- 16 branches being opened; 30 being optimised
- Accelerated digital roll out in 8 African markets delivering enhanced capabilities on mobile and online
- Inroads made on alliances, network reconfiguration and enhanced product capabilities

Reshape CIB for better returns

Focused on regional business opportunities to drive returns; investment in Transaction Banking and Financial Markets infrastructure

- Operationalising 7 key strategic themes to drive CIB growth
- Implementation underway for Transaction Banking platforms, Financial Markets hubbing

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

Tighter underwriting standards; focus on corridors, supply chain financing

- Finalised segmentation and adjust frontline capacity; portfolio standards aligned with revised strategy
- Focus on trade corridors: India, China and Africa
- Dedicated Relationship Managers in UAE, Kenya, Tanzania, Ghana, Uganda, Botswana and Zambia
- On boarding of suppliers and buyers of key CIB clients

Tightly manage risk and invest for the long term

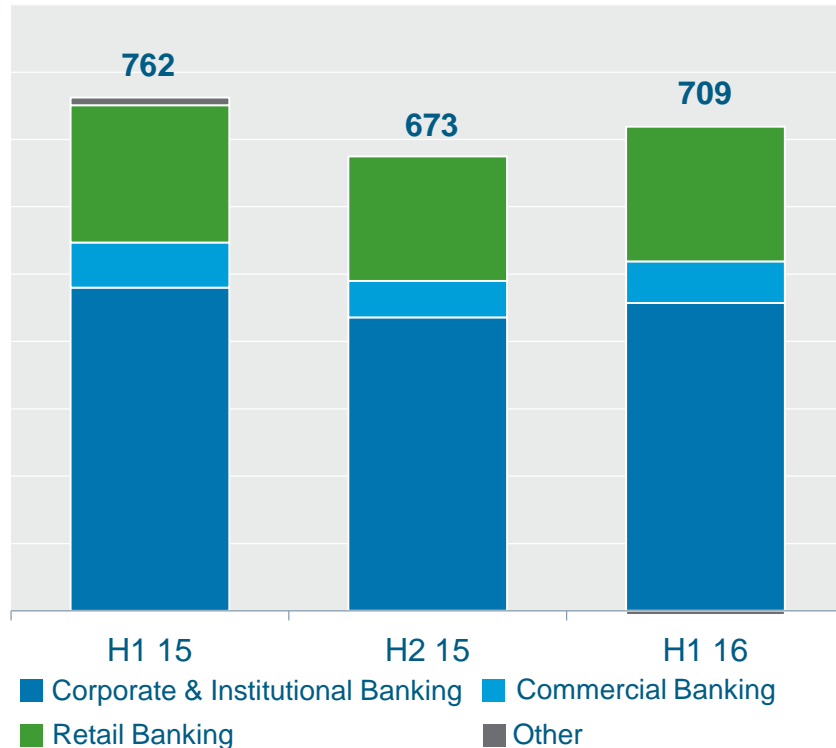
Remain focused on identified strategic actions to meet our aspirations

- Relentless focus on conduct and control, and ensure that segments and countries are fit for growth
- Deliver on investment projects across segments, with a focus on key African markets

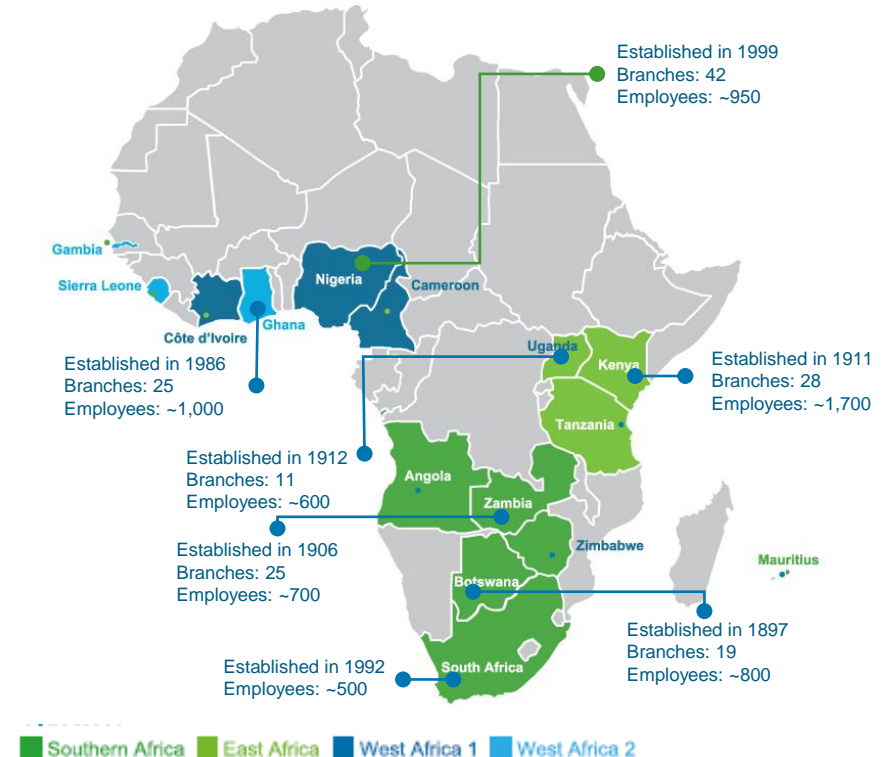
Africa – Build on a strong foundation and unique footprint

- Strong market share: double digit market shares in 5 markets
- Services over 1 million Retail customers and over 20,000 corporate clients
- Nigeria and Kenya major contributors; Other key markets: Ghana, Zambia, Uganda, South Africa
- Differentiated and valuable brand – launched **'Here for Africa'** campaign in July 2016

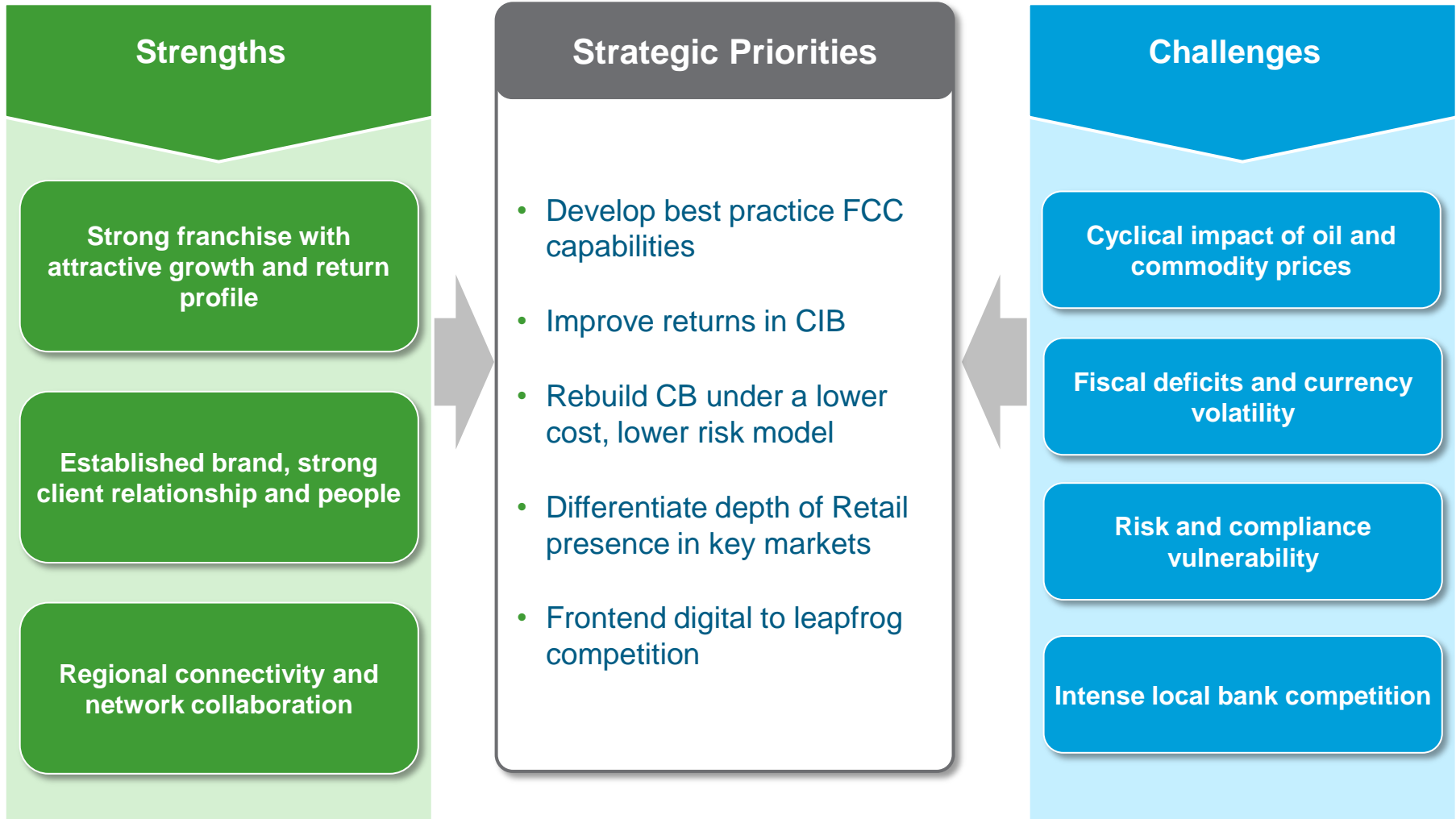
Income (\$m)



Our footprint



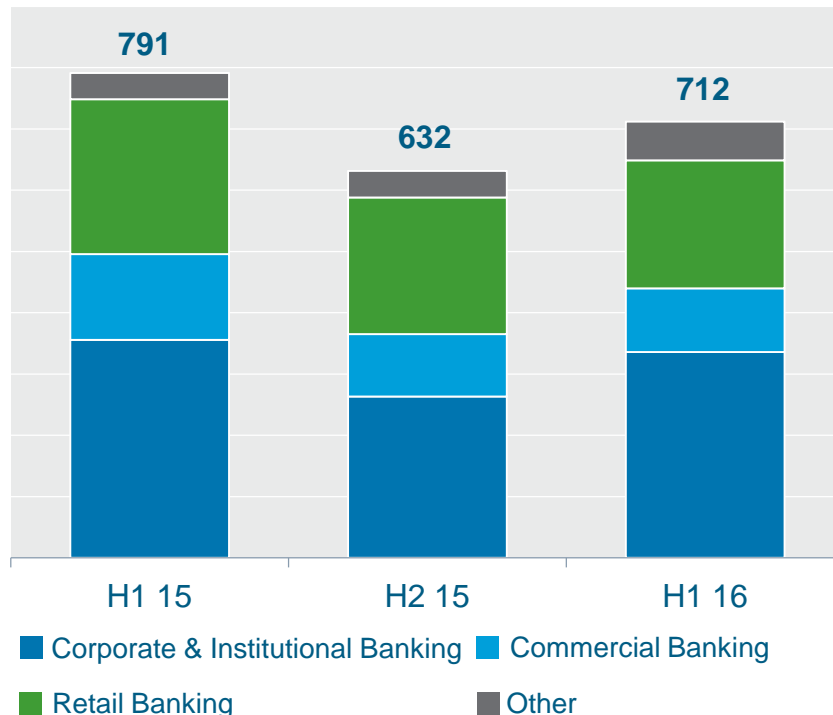
Africa – Invest to grow safely



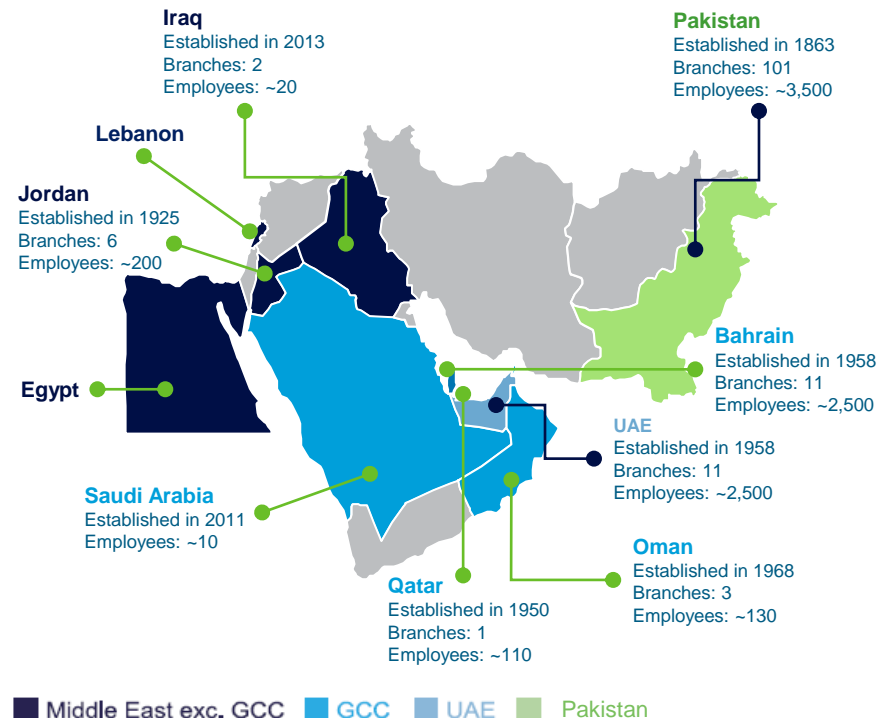
Middle East – Building a core profitable platform

- An important part of our franchise; core business has significant potential to deliver
- Largest branch network among international banks in the UAE, serving ~200,000 customers
- UAE and Pakistan major income contributors; other key markets: Bahrain, Saudi Arabia, Qatar & Oman
- Grow Pakistan via building asset base, retail breadth and broadening distribution presence

Income (\$m)

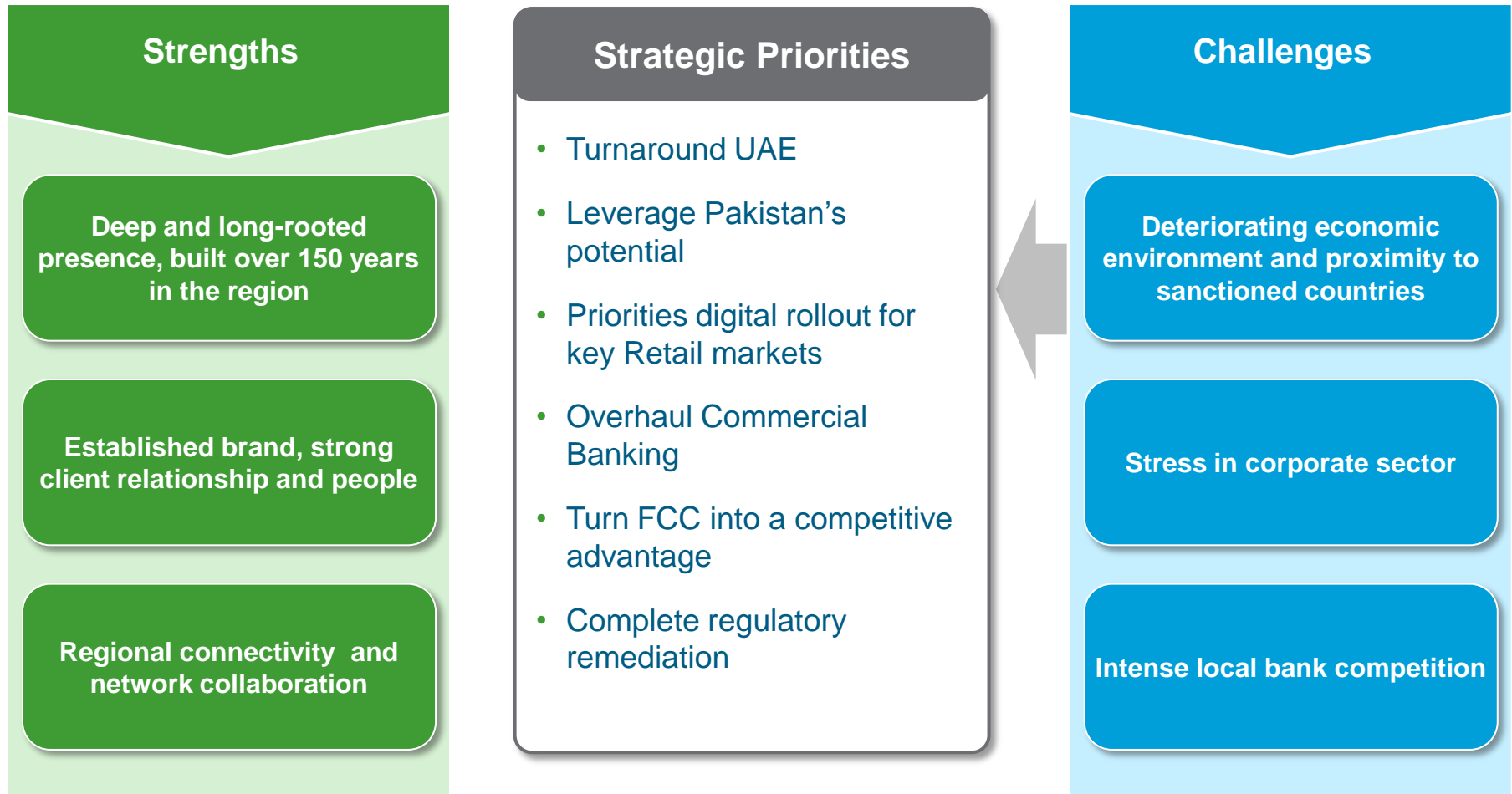


Our footprint



GCC = Gulf Cooperation Council

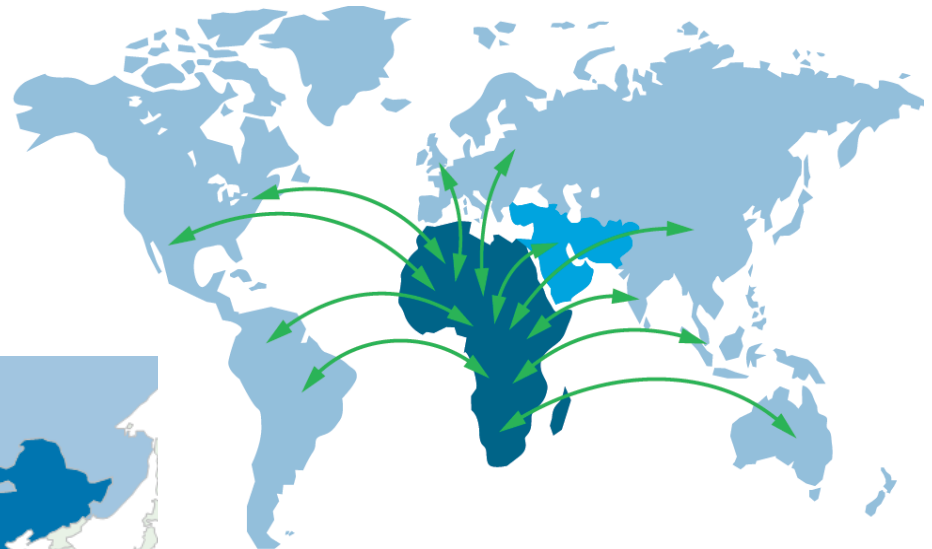
Middle East – Regain our position of strength in the market



Capitalise on intra AME and network trade corridors

Key corridors

- Africa – Europe
- Africa – Americas
- Africa – Greater China
- Middle East – Europe
- Middle East – Americas
- Middle East – Greater China



Belt and Road initiative to promote:

- ✓ Infrastructure connectivity
- ✓ Investment and trade facilitation
- ✓ Financial cooperation
- ✓ RMB internationalization

SCB operates in 47 of the 60-plus¹ economies along the B&R initiative

Summary

1

Material long-term opportunity despite current headwinds

2

The bank has a deep and long rooted presence

3

Clear actionable strategy focused on execution and collaboration; 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 size 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