Group Chairman's statement

Delivering growth opportunities in our dynamic markets

Dr José Viñals
Group Chairman

In 2022, Standard Chartered continued to make good progress executing its strategy and delivered a strong financial performance. The external environment we faced was mixed. The war in Ukraine created significant uncertainty in Europe and other key markets. However, the global economy remained resilient, with the recent relaxation of COVID-19 restrictions in China providing more grounds for optimism in 2023.

As these events unfold, it is clear that Standard Chartered's role – connecting high-growth and emerging markets in Asia, Africa and the Middle East with each other, and with Europe and the Americas – is more vital than ever. Our financial performance, and the resiliency of our unique geographic footprint, mean that we are well-positioned to capitalise on opportunities for growth in the years ahead.

Our performance in 2022 is due in large part to the incredible work of our over 83,000 people across the world, supported by the Management Team, and led by Group Chief Executive Bill Winters. Every day, Standard Chartered colleagues deliver first-rate results for our clients, providing tailored products and services to help them grasp the opportunities ahead.

Anchored in our Purpose, we continue to drive commerce and prosperity in markets across the world through our unique diversity. I am extremely proud of what we have achieved together in 2022, and I look forward to the opportunities that 2023 will bring.

Continued financial momentum

We continue to deliver an improving financial performance. Bill Winters, and Andy Halford, our Group Chief Financial Officer, will provide more detail on our financial results in the following pages.

Last year, our income grew by 15 per cent to $16.3 billion, our highest since 2014, and underlying profit before tax increased by 15 per cent to $4.8 billion. It is clear that our strategy to drive improved levels of return on tangible equity (RoTE) is working. RoTE for the year increased to 8 per cent, 120 basis points higher year-on-year. We have revised our target RoTE for 2024 from 10 per cent to exceed 11 per cent, with further growth thereafter.

The Group maintained a robust liquidity position and our capital levels remain strong, with a Common Equity Tier 1 (CET1) ratio of 14 per cent at year end, at the top of our target range of 13-14 per cent. Our asset quality and earnings trajectories are strong, which gives us confidence that we can deliver substantial shareholder returns of at least $5 billion by the end of 2024, as set out last year.

The Board is very clear that any capital not required for growth will be distributed to shareholders. We have increased the total dividend by 50 per cent to 18 cents per share and have announced a new share buy-back of $1 billion, starting imminently. This will take total capital, including dividends, announced since the start of 2022, to $2.8 billion, which is well over halfway towards our target.

Ambition and progress on our strategic priorities

Our strategy, outlined in 2021, aligns us with the major engines of global growth and we see strong progress across our four strategic priorities: Network, Affluent, Mass Retail and Sustainability.

Our Network business continues to facilitate investment, trade and capital flows across our geographic footprint, where we are one of the leading international wholesale banks. Our Affluent business is setting the standard for wealth management across Asia, Africa and the Middle East. We are providing new digital solutions, strategic partnerships and advanced analytics to our Mass Retail clients, lifting participation and generating Affluent clients of the future. And we continue to focus on our Sustainability agenda that supports a just transition ensuring that we are making a difference where it matters most. The additional strategic actions we are targeting to accelerate our performance are outlined in Bill's report and I am pleased to say that we are executing against these at pace.

Our strategy is underpinned by our Stands, the areas where we have set long-term ambitions for impact in the markets we call home: Accelerating Zero, Resetting Globalisation and Lifting Participation.

Through Accelerating Zero, we are progressing on our commitment to be net zero in our financed emissions by 2050, supporting a just transition – one where climate objectives are met without depriving emerging markets of their opportunity to grow and prosper – which will underpin future social and economic prosperity. Our 2050 Net Zero roadmap was endorsed by our shareholders at our 2022 Annual General Meeting, following extensive engagement with shareholders, clients and NGOs. During 2022 we facilitated $23.4 billion of sustainable finance, as we make progress towards our 2030 target of mobilising $300 billion in sustainable finance.

Through Resetting Globalisation we are leveraging our network and role as one of the world's largest trade banks, to create a fairer and more inclusive model of global growth, and building more resiliency in global supply chains through international diversification and digital technologies. We are also helping to address funding gaps for businesses across Asia, Africa and the Middle East, particularly for small and micro enterprises.

Through Lifting Participation, we continue to broaden access to financial services and create specialised programmes to support disadvantaged communities across our footprint. We remain hugely proud of our Futuremakers programme, which was set up in 2019 to improve economic inclusion in our markets, with a focus on women and girls, and in 2022 worked with over 335,000 young people. In India and Kenya, we have set up Solv, an e-commerce marketplace for small and medium-sized enterprises, which served over 230,000 customers in 2022.

Elsewhere, we worked in partnership with FairPrice Group to successfully launch the fully digital Trust Bank in Singapore, gaining 450,000 customers in our first five months.

SC Ventures continues to invest in potentially transformational business models and ecosystems, connecting more and more clients with economic opportunity. This is just one example of our collaborative approach to innovation and financial inclusion.

Enhancing governance and culture

During the year, we continued to drive diversity in our Board, recognising the benefits of a diverse mix of gender, social and ethnic backgrounds, skills, knowledge, experience and adequate reflection of our key markets to support our strategy.

The Board was heartened by the results of the externally facilitated effectiveness review of the Board and its committees. It assessed the Board's progress since the last external review in 2019 and concluded that the Board continues to operate effectively while also identifying some areas for improvement. More detail on process, outcomes and actions can be found on page 156.

Financial KPIs

Underlying return on tangible equity (RoTE) %

+120 bps

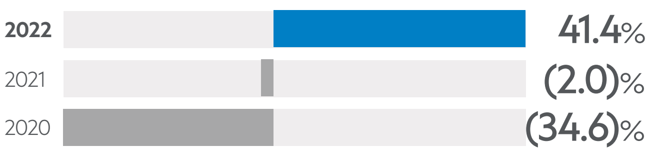
Aim Deliver sustainable improvement in the Group's profitability as a percentage of the value of shareholders' tangible equity.

Analysis Underlying RoTE of 8.0 per cent in 2022 was a 120bps improvement on 6.8 per cent in 2021.

The underlying profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' tangible equity

Total shareholder return (TSR) %

+43.4%



Aim Deliver a positive return on shareholders' investment through share price appreciation and dividends paid.

Analysis Our TSR in the full year 2022 was positive 41.4 per cent, compared with negative 2.0 per cent in 2021.

Combines simple share price appreciation with dividends paid to show the total return to the shareholder and is expressed as a percentage total return to shareholders

Common Equity Tier 1 ratio %

-19bps

Aim Maintain a strong capital base and Common Equity Tier 1 (CET1) ratio.

Analysis Our CET1 ratio was 14.0 per cent, at the top end of our 13-14 per cent target range.

The components of the Group's capital are summarised on page 288

In 2022, we welcomed four new independent non-executive directors to the Board. Shirish Apte was appointed in May 2022 and joins the Remuneration, Audit and Board Risk Committees. Robin Lawther was appointed in July 2022 and joins the Remuneration and Board Risk Committees. Jackie Hunt was appointed in October 2022 and joins the Audit and Culture and Sustainability Committees. Dr. Linda Yueh was appointed in January 2023 and joins the Remuneration and Culture and Sustainability Committees. I am delighted to welcome them and I am sure that we will greatly benefit from their broad experience and contributions.

Last year also saw the retirement of several long-standing and valued directors from our Board. I would like to thank Naguib Kheraj, former Deputy Chairman and Chair of the Board Risk Committee who retired from the Board in April for his unwavering dedication and most significant and impactful contributions to the Board and Committee discussions. My thanks also go to Byron Grote who retired from the Board in November for his many contributions to the Board and its Committees. In addition, I would like to thank Christine Hodgson, former Senior Independent Director and Chair of the Remuneration Committee, for her many insightful contributions and great dedication as well as for agreeing to remain on the Board until January 2023 to ensure a smooth transition to a new Remuneration Committee Chair.

We also announced that Jasmine Whitbread, Chair of the Culture and Sustainability Committee, and a long-standing and much valued board member, would not be seeking re-election at the 2023 AGM and will retire from the Board at that time.

Looking ahead

We are well positioned to take advantage of considerable growth opportunities in our footprint as we navigate an uncertain external environment in 2023. Global growth, while slower, should remain resilient. But, with central banks focusing on controlling inflation against a backdrop of trade and geopolitical tensions, significant uncertainties remain.

Our markets are some of the world's most dynamic places, with a growth potential that significantly outstrips more established economies. Asia is likely to be the fastest-growing region in the world, and the significant re-opening of the Chinese economy from COVID-19 restrictions is likely to materially boost demand and growth. This, together with India and ASEAN's high rates of economic expansion and continued dynamism in commodity-exporting countries in our footprint, gives us plenty of reasons for optimism as we continue to help customers build growth, prosperity and a stronger future.

The Board will continue to ensure an appropriate balance of opportunity and risk, acting in your interests as shareholders. We are grateful to you for the trust you place in us and for your ongoing support of the Group. I am confident that we will continue to create long-term, sustainable value for all stakeholders in 2023 and beyond.

Dr José Viñals
Group Chairman

16 February 2023