Well positioned for Asian recovery

Analyst trip 2009

Jaspal Bindra
CEO Asia
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:00 – 08:05</td>
<td><strong>Introduction</strong></td>
<td>Jaspal Bindra</td>
</tr>
<tr>
<td>08:05 – 08:35</td>
<td>Guest speaker</td>
<td>Eddie Yue, HKMA</td>
</tr>
<tr>
<td>08:35 – 09:30</td>
<td>Greater China overview</td>
<td>Jaspal Bindra</td>
</tr>
<tr>
<td>09:30 – 09:35</td>
<td>150 years in Hong Kong</td>
<td>Julian Fong</td>
</tr>
<tr>
<td>09:35 – 10:20</td>
<td>Hong Kong overview &amp; strategy</td>
<td>Ben Hung</td>
</tr>
<tr>
<td>10:20 – 10:35</td>
<td>Tea &amp; Coffee Break</td>
<td></td>
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<tr>
<td>10:35 – 11:10</td>
<td>Hong Kong Wholesale Banking</td>
<td>Gloria Chow / Sundeep Bhandari</td>
</tr>
<tr>
<td>11:10 – 11:45</td>
<td>Hong Kong Consumer Banking</td>
<td>Mary Huen</td>
</tr>
<tr>
<td>11:45 – 12:00</td>
<td>Asia recap</td>
<td>Jaspal Bindra</td>
</tr>
<tr>
<td>12:00 – 12:45</td>
<td>Lunch with economic presentation</td>
<td>Gerard Lyons</td>
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<tr>
<td>13:00</td>
<td>Coach to airport / Flight to Seoul</td>
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</tbody>
</table>
It is possible that this presentation could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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Standard Chartered undertakes no obligation to revise or update any forward looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.
Questions you may have on your mind for Asia

- What’s different from the Asian crisis? How are you positioned this time?
- Is Asia’s growth sustainable? What’s the impact of government intervention?
- Will Asia be able to re-orientate towards domestic demand and consumption?
- Will Asian currencies appreciate? Impact if importance of the US$ as a reserve currency diminishes?
- Will inflation and interest rates rise? Will asset bubbles re-emerge in Asia?
- How resilient is the banking sector? Who’s competing hard?
- How will China respond to India’s aim to become a permanent member of the UN Security Council?
- How quickly can Asia deepen and broaden its capital markets as westerners look to invest?
- Will ASEAN be able to sell itself as a trading bloc?
Macro overview

**CB Profit pools in 2012 (US$bn)**

- Asia: 310
- Middle East: 54
- Africa: 10
- Eastern Europe: 29
- Latin America: 48
- Rest of World: 532

**% Share of intra-regional bilateral FDI flows by country (2006)**

- CH
- HK
- JP
- SG
- TW
- TH
- KR
- ID
- MY
- PH
- IN

Sources: IMF, ADB, SCB Global Research
Key messages

- Well positioned in the fastest growing economies; opportunities remain hugely attractive

- Clear and consistent strategy to deliver revenue growth; foundations are sound

- Ongoing investment in product, distribution, technology and brand

- We remain vigilant of the near term challenges
Standard Chartered in Asia*

- Footprint in 20 markets
- Over US$315bn assets
  - 62% of Group
- Over US$9.5bn income
  - 70% of Group
- Over US$3.5bn PBT
  - 82% of Group
- Over 1,100 branches
  - 73% of Group
- Over 55,000 employees
  - 76% of Group

Source: Company accounts; * As at 31 December 2008
Diversity is part of our DNA

70,000 people representing 125 nationalities

Over 170 languages spoken group wide

46% female representation globally

Over 15,000 Indian, 6,000 Korean and 12,000 Greater China nationals in the Bank

Flexible working arrangements in place in over 13 markets

Female CEOs in diverse markets ranging from Austria to Zambia
Consistent delivery through various crisis

Operating income
CAGR H102 v H109: 19%

Profit before tax
CAGR H102 v H109: 23%

Source: Company accounts
**What’s changed since Asian crisis?**

<table>
<thead>
<tr>
<th>Externally</th>
<th>Internally</th>
</tr>
</thead>
<tbody>
<tr>
<td>97/98 started in Asia; 07/08 started in West</td>
<td>Well diversified portfolio by product &amp; geography</td>
</tr>
<tr>
<td>Lessons learnt</td>
<td>No retail presence in the UK or US</td>
</tr>
<tr>
<td>■ Better regulations / governance</td>
<td>■ WB shift from product centric to client centric</td>
</tr>
<tr>
<td>■ LTV caps / credit bureaus</td>
<td>■ Better collateralised</td>
</tr>
<tr>
<td>■ Government response was swift &amp; sizable; Total Asian stimulus commitments exceed US$1trn</td>
<td>(c.80% CB portfolio secured vs. 61% in 1998)</td>
</tr>
<tr>
<td>Asian economies in better shape</td>
<td>Lower concentration</td>
</tr>
<tr>
<td>■ Exhibit high growth rates</td>
<td>(LGD c.31% today vs. 50% in 1998)</td>
</tr>
<tr>
<td>■ Strong fiscal &amp; monetary fitness</td>
<td>■ Mortgage book more resilient</td>
</tr>
<tr>
<td>■ Stronger FX reserves (Korea 22x greater, China 14x greater)</td>
<td>■ Well collateralised with average LTV 50%</td>
</tr>
<tr>
<td>Exchange rates are less volatile</td>
<td>Improved risk infrastructure</td>
</tr>
<tr>
<td>Banking system today in great shape</td>
<td>■ Introduction of scorecards and better credit bureau usage</td>
</tr>
<tr>
<td>■ Better capitalised/ well funded</td>
<td>■ Limited exposure to problem asset classes</td>
</tr>
<tr>
<td>Asian consumers / corporates save more and not as leveraged verses the west</td>
<td>■ Collections capacity increased</td>
</tr>
<tr>
<td>■ Well diversified portfolio by product &amp; geography</td>
<td>■ Tighter underwriting criteria</td>
</tr>
<tr>
<td>■ Well collateralised with average LTV 50%</td>
<td>■ Proactive risk management tools in place</td>
</tr>
</tbody>
</table>
Diversified income streams

US$m

- UK / Europe & Americas
- Africa
- MESA
- India
- Other APR
- Korea
- Singapore
- Hong Kong

20% CAGR

H1 02: 2,285
H1 03: 2,340
H1 04: 2,725
H1 05*: 3,236
H1 06: 4,112
H1 07: 5,263
H1 08: 6,987
H1 09: 7,960

Over 65% of H1 09 income from Asia

Source: Company accounts

* Korea First Bank acquired in 2005
Driven by strong organic growth

- Disciplined execution of strategy
- Franchise in key growth markets
- Sizable ongoing investment in product, distribution, technology and brand

Source: Operating income; company accounts
Recent major mergers and acquisitions

**Acquisition of**
- Grindlays Bank, Asia
- Chase Manhattan (Consumer Finance), Hong Kong

**Other:**
- 19.9% stake in Bohai Bank, China
- Stake in Asia Commercial Bank, Vietnam

**Acquisition of**
- Korea First Bank, Korea
- American Express Bank, Bangladesh

**Acquisition of**
- Union Bank, Pakistan
- Hsinchu International Bank, Taiwan

**Acquisition of**
- Pembroke Group
- Harrison Lovegrove
- A Brain, Korea

**Acquisition of**
- Yeahreum Mutual Savings Bank, Korea
- American Express Bank, Global
- Cazenove Asia
- Asia Trust and Investment Corp, Taiwan

**Other:**
- 49% stake in UTI Securities; India
Greater China’s economy

2004
- Greater China: 55.2%
- Japan: 11.0%
- US: 28.0%
- Rest of World: 5.8%

2009
- Greater China: 55.7%
- Japan: 9.8%
- US: 25.5%
- Rest of World: 9.1%

2014
- Greater China: 55.6%
- Japan: 23.9%
- US: 13.0%
- Rest of World: 7.6%

Source: IMF World Economic Outlook Database April 2009
Greater China region today

**China**
- GDP: US$415bn
- Imports: US$240bn
- Exports: US$255bn
- Import + Export % of GDP: 119%
- GDP per capita: US$18,043
- Population: 23m
- GDP CAGR 2000-2008: 3.3%
- Export CAGR 2000-2008: 7.0%

**Hong Kong**
- GDP: US$4,338bn
- Imports: US$1,131bn
- Exports: US$1,429bn
- Import + Export % of GDP: 59%
- GDP per capita: US$3,259
- Population: 1,331m
- GDP CAGR 2000-2008: 10.0%
- Export CAGR 2000-2008: 24.4%

**Taiwan**
- GDP: US$216bn
- Imports: US$388bn
- Exports: US$383bn
- Import + Export % of GDP: 348%
- GDP per capita: US$30,857
- Population: 7m
- GDP CAGR 2000-2008: 3.2%
- Export CAGR 2000-2008: 7.6%

Sources: Bloomberg, IMF, SCB Global Research

NB: 2008 figures except where indicated
SCB in Greater China

**China**
- Operating income: US$ 632m
- # of branches: 54
- # of staff: 4,800
- CB revenue pool: US$ 95bn

**Hong Kong**
- Operating income: US$ 2,267m
- # of branches: 77
- # of staff: 5,600
- CB revenue pool: US$ 14bn

**Taiwan**
- Operating income: US$ 642m
- # of branches: 94
- # of staff: 4,300
- CB revenue pool: US$ 17bn

Source: Company accounts; Operating income as at 31 December 2008; CB revenue pool - McKinsey data
Competitive edge in Greater China

- Consistent regional presence spanning more than 150 years
- Leading footprint amongst international banks
- Local scale coupled with international product capability
- Deep local connections and relationships
- Network supporting “trade corridor” needs
Opportunities and challenges

**Opportunities**

- **Strong presence in Asia Africa and Middle East**
  - Leverage network to deliver “trade corridor” solutions
  - Support our clients overseas expansion plans
- **Consumer Banking**
  - Customer centric strategy
  - Growing wealth segment
  - Capture cross border SME opportunities
- **Wholesale Banking**
  - RMB clearing and Financial Markets
  - Transaction Banking capabilities

**Challenges**

- **Prolonged downturn in US / west economies**
- **Effect of stimuli / re-stocking being short lived**
- **Regulatory / government intervention**
- **Subdued investor sentiment**
Summary

- Well positioned in the fastest growing economies; opportunities remain hugely attractive

- Clear and consistent strategy to deliver revenue growth; foundations are sound

- Ongoing investment in product, distribution, technology and brand

- We remain vigilant of the near term challenges
Q & A
Agenda

1. Hong Kong Overview
   - Ben Hung

2. Wholesale Banking
   - Gloria Chow & Sundeep Bhandari

3. Consumer Banking
   - Mary Huen
Key messages

- Hong Kong a profitable growth market
- Deepening linkages with China
- Attractive emerging opportunities
- Excellent franchise to achieve ambition
Hong Kong over the past decade

- Dot-com / 911 / bankruptcy crisis
- CEPA
- Global financial crisis
- Asian financial crisis
- Tourism / IPO boom

HK GDP (US$bn)

- CAGR 6.2% 2003-08

SCBHK profit before tax (US$m)

- CAGR 18.6% 2003-08
Economic overview

GDP

- GDP improved from -7.8% Q109 to -3.8% Q209

Exports

- Exports' value up 11% from Q109 to Q209

Property market

- Property Price Index up from 57 in Jan 09 to 70 in Aug 09, with over 10K transactions in the past 4 months.

Unemployment vs. wealth

- Unemployment rose from 3.3% to 5.3% in 1 year's time but the accumulated wealth remained high.

Sources: HK consensus and statistics department, HK Land Registry
Emerging opportunities

- New trade corridors
- Mainland wealth
- HK as international financial centre
New trade corridors

World Trade in 1998 vs. 2008
Within Asia: ↑ 3.9x

- EU ↑ 2.0x
- Africa ↑ 4.1x
- M. East ↑ 2.0x
- Asia ↑ 92%
- US ↑ 1x
- M. East ↑ 4.1x
- US ↑ 6.7x
- Asia ↑ 7.8x
- Africa ↑ 4.5x

*increase 4x or more*
Increasing China linkage

Real GDP growth

% YoY


Sources: CEIC, SCB Global Research

- ** announced but later withdrawn

2004 CEPA 1 & 2
Launch of RMB service
9+2
Expansion of Individual visit scheme
2005 Increase in RMB exchange limit
2006 CEPA 3
QDII
2007 First RMB bond
"Through train" **
2008 CEPA 4 & 5
2009 CEPA 6
RMB trade settlement
Mainland and local wealth flow

Overflow of China wealth
- US$3.8tn household savings

Divergence of A : H shares
- A : H share premium 159%

HK liquidity
- HK deposit : GDP – 3.8x
- US - 0.6x
- UK - 1.3x
- CN - 1.9x

Increase in QDII quota
- 2006 : US$5bn
- 2008 : US$56bn

Through-train
- Announced and withdrawn in Aug 07
- Launch date TBD
- ETF in progress

Stock and property markets
- Hang Seng Index up 45% YTD
- Property price up 23% YTD
RMB liberalisation

More mainland, overseas banks to issue yuan bonds

By George Ng

HONG KONG: More local banks with operating units on the mainland may soon be allowed to issue yuan-denominated bonds in the city, the government said yesterday. The other four mainland lenders are said to be finalising necessary arrangements.

With a coupon rate of at least 3 percent, the bonds will be sold to both institutional and individual investors, the Apple Daily reported.

The government expects the bonds to improve the city’s ability to fund major infrastructure projects.

Analysts said the move would help expand the local bond market, which is dominated by government issuers.

A spokesperson for the Financial Services Development Council said the move was a positive step for the city’s financial markets.

Yuan settlement offers long-term benefits to HK

The new policy will enable exporters to employ better cost controls by avoiding exchange rate fluctuations. Reports by Kate Watson

Hong Kong is expected to benefit in the long term as a yuan repository, following the debut of the currency’s onshore trading.

Banque Financière Cantonaise, a Swiss bank, said it welcomed the move as it will enable exporters to avoid exchange rate fluctuations.

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A spokesperson for the Financial Services Development Council said the move was a positive step for the city’s financial markets.

New move takes yuan closer to global status

By Huang Xiaopeng

Unlike other international currencies, the yuan has yet to be used in overseas trade. It is not widely accepted as a payment currency.

But the move is expected to boost the yuan’s global status.

Analysts said the yuan is fast becoming a major currency in international trade and finance.

2b yuan bonds to go on retail sale

Katherine Ng

Retail investors will be able to buy bonds issued by Chinese government-owned banks.

The move is expected to boost the yuan’s global status and attract more investors.

Analysts said the yuan is fast becoming a major currency in international trade and finance.

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HK as international financial centre

- Offshore RMB centre
- Commodities / precious metal
- China’s outbound FDI platform
- Wealth / fund management
<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 08</th>
<th>H2 08</th>
<th>H1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1,219</td>
<td>1,048</td>
<td>1,223</td>
</tr>
<tr>
<td>Expenses</td>
<td>(498)</td>
<td>(519)</td>
<td>(567)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(55)</td>
<td>(128)</td>
<td>(88)</td>
</tr>
<tr>
<td>Other impairment</td>
<td>(10)</td>
<td>(43)</td>
<td>8</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>656</td>
<td>358</td>
<td>576</td>
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</table>
Portfolio quality - low impairment charges

SCBHK loans outstanding (US$m)

Loans outstanding (US$m)

Loan impairment / Gross advances

SCBHK loan impairment / Gross advances


0.3% 0.9% 1.7% 0.6% 0.9% 1.4% 1.1% 0.5% 0.5% 1.4% 1.1% 0.5% 0.5%

Annualised loan impairment charge

^ Annualised loan impairment charge
Share of market profits* - continue to expand

SCBHK’s share of profits amongst top 10 HK banks

* Profits amongst the top 10 commercial banks in Hong Kong
Strong Balance Sheet

SCBHKL’s A/D Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>H1 09</th>
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<tbody>
<tr>
<td>Ratio</td>
<td>90%</td>
<td>75%</td>
<td>71%</td>
<td>76%</td>
<td>77%</td>
<td>79%</td>
<td>72%</td>
<td>71%</td>
<td>68%</td>
<td>59%</td>
<td>49%</td>
<td>45%</td>
<td>45%</td>
</tr>
</tbody>
</table>

SCBHK’s Deposits & Loans (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>H1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>15</td>
<td>16</td>
<td>20</td>
<td>22</td>
<td>24</td>
<td>26</td>
<td>27</td>
<td>26</td>
<td>28</td>
<td>31</td>
<td>32</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Loans</td>
<td>17</td>
<td>22</td>
<td>24</td>
<td>26</td>
<td>27</td>
<td>26</td>
<td>28</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>37</td>
<td>47</td>
<td>62</td>
</tr>
</tbody>
</table>

Dec 2001
- CASA: $11 Mn
- 41% of total deposits

June 2009
- CASA: US$40m
- 63% of total deposits

Total Deposits & Loans as of June 2009:
- Deposits: $64 Mn
- Loans: $29 Mn
- Total: $93 Mn

CASA as a percentage of total deposits:
- 63%
Strategic priorities

- Invest for growth, expand capacity and product capability
- Capture mainland wealth and trade flows
- Grow market share through deepening client penetration
- Reinforce brand and one bank initiatives
A strong brand in the community

Marathon

Arts in the Park

Seeing is Believing

Living with HIV
Celebrating our 150th anniversary in HK

150 years with you
Challenges and opportunities

Opportunities
- New trade corridors
- Mainland wealth
- HK as international financial centre

Challenges
- Politicisation of issues
- Changing regulatory landscape
- Macro economic outlook
Summary of key messages

- Track record of resilient performance

- Good balance of businesses underpinned by strong balance sheet

- Well positioned to capture emerging opportunities
Agenda

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2. Wholesale Banking
   - Gloria Chow & Sundeep Bhandari

3. Consumer Banking
   - Mary Huen
Key messages

- Consistent strategy well executed
- Delivering strong performance
- Well positioned to capture growth opportunities
Our strategy

Client-led strategy

- Deep ‘core bank’ relationships
  - Segment focused strategy

- Strong product capabilities
  - Commercial banking is core
  - Value-added & strategic solutions

- Cross-border capabilities
  - Greater China Strategy

Disciplined credit risk & balance sheet management
Build talent & reinforce values and culture
Sustained growth

CAGR 2005 to 2008

Income: 30%
Profit before tax: 44%

US$m

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>508</td>
<td>190</td>
</tr>
<tr>
<td>2006</td>
<td>596</td>
<td>350</td>
</tr>
<tr>
<td>2007</td>
<td>870</td>
<td>526</td>
</tr>
<tr>
<td>2008</td>
<td>1104</td>
<td>570</td>
</tr>
</tbody>
</table>
### Client income growth by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Corporates</td>
<td>22%</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>32%</td>
</tr>
<tr>
<td>Local Corporates</td>
<td>35%</td>
</tr>
<tr>
<td>Commodity Traders</td>
<td>48%</td>
</tr>
</tbody>
</table>

- **Growth across all client segments**

### Income growth by product

<table>
<thead>
<tr>
<th>Product</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>2%</td>
</tr>
<tr>
<td>Transaction banking</td>
<td>22%</td>
</tr>
<tr>
<td>Global Markets</td>
<td>48%</td>
</tr>
</tbody>
</table>

- **Leverage Lending to grow Transaction Banking & Global Markets**
- **Product build-out & increased client penetration fuelled Global Markets growth**
Building scale in Local Corporates

Revenue US$m

- CAGR 35%
- Year 2005: 2008 H1 09

Number of clients

- CAGR 16%
- Year 2005: 2008 H1 09
Gained market share in cash & trade

**Cash**

- SCB WB US$bn
- SCB WB as % of HK all banks

2005 2006 2007 2008 H109

**Trade**

- SCB WB US$bn
- SCB WB as % of HK all banks

2005 2006 2007 2008 H109

Source: HKMA
### Income

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H2 2008</th>
<th>H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>591</td>
<td>513</td>
<td>678</td>
</tr>
<tr>
<td>Expenses</td>
<td>(223)</td>
<td>(207)</td>
<td>(302)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(25)</td>
<td>(52)</td>
<td>(30)</td>
</tr>
<tr>
<td>Other impairment</td>
<td>0</td>
<td>(27)</td>
<td>5</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>343</td>
<td>227</td>
<td>351</td>
</tr>
</tbody>
</table>

- Income growth stalled in H2 2008 but resumed in H1 2009
- Expenses growth in H1 2009 due to higher performance bonus for Global Markets staff
- Loan impairment increased in H2 2008 but stabilised in H1 2009
Up-tiering client relationships

% of total client income

Transaction Banking & Lending form the bedrock of client relationships

Deepen client relationships via value-added & strategic solutions
Increasing share of mind with top clients

Income of top clients
H1 09 vs. H1 08

Top 10 clients
+ 53%

Top 50 clients
+ 45%

<table>
<thead>
<tr>
<th>H1 09 annualised vs. FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from US$10m clients</td>
</tr>
<tr>
<td>Income from US$5m clients</td>
</tr>
<tr>
<td>Income from US$1m clients</td>
</tr>
</tbody>
</table>
Broadening product capabilities

- Equity
- Corporate & Principal Finance
- E-Business
- FX Options & Exotics
- Commodity Derivatives
- Interest Rate & Credit Derivatives
- Fixed Income
Equities capabilities build-out

**Added capabilities in……**

- Corporate broking
- Initial Public Offerings
- Share placings
- Rights offerings
- Financial advisory
- M&A advisory
- Equity linked offerings
- Privatisations

---

Techtronic Industries Co. Ltd.
US$78m
Placing
Hong Kong
Financial Advisor
Standard Chartered
July 2009

Pacific Andes (Holdings) Ltd.
US$140m
Rights Issue
Singapore
Joint Bookrunner
Financial Adviser to Pacific Andes International Holdings
Standard Chartered
July 2009

Gome Electrical Appliances
US$262m
CB issuance to Bain Capital and Open Offer
Financial Adviser
Standard Chartered
June 2009

Shui On Land
US$262m
Placing
Hong Kong
Joint Bookrunner
Standard Chartered
June 2009

Noble Group
US$125m
Placing
Singapore
Joint Bookrunner
Standard Chartered
May 2009

Capital Commercial Trust
US$560m
Rights Issue
Singapore
Joint Bookrunner
Standard Chartered
May 2009
Industry recognition

2009

Derivatives in Asia
Interest rate derivatives in Asia
Currency derivatives in Asia

2009

Best trade finance provider in Asia

2009

Best bank for risk management in Asia

2009

Best sub-custodian bank in Asia

2009

Currency derivatives in Asia
Cross currency swaps in local currency

2009

World’s best FX banks awards

2008

Best Asian currency bond house

2008

Best securitisation house
China clients present biggest cross-border opportunity

Revenue from China clients

- HK’s increasing China linkage brings huge opportunities with China clients
- HK is regional hub for North East Asia
- Strong teams in HK & China work closely together to deliver seamless cross-border solutions

CAGR 2006 – H1 2009: 64%
Loan impairment is well managed

Total outstandings

% of Loan impairment to total outstandings
Credit risk management

- Credit Policies
- Portfolio Standards
- Early Alert
- Transaction Monitoring
- Reduced dominance of global banks and investment banks
- Many banks distracted and lost momentum in H1
- Aggressive expansion of mainland Chinese banks
- Continued consolidation of local banks
Our competitive positioning

- Client
  - Long local presence
  - Knowledge of local market and clients

- Product
  - Full product range
  - Teamwork between RM & product partner

- Network
  - Greater China Strategy
  - Working the network

- Discipline
  - Credit risk
  - Capital
  - Liquidity
Summary

- The right strategy
- Strong financial performance
- Well-positioned for sustainable growth
Agenda

1. Hong Kong Overview
   - Ben Hung

2. Wholesale Banking
   - Gloria Chow & Sundeep Bhandari

3. Consumer Banking
   - Mary Huen
Key messages

- Strong recovery post financial crisis
- Well positioned for growth
- Good progress in CB transformation journey
- Massive opportunity emerging in Greater China
HK CB Revenue Pool is one of the largest in our footprint

Why such an attractive market for us?

- Huge and growing market revenue pool despite medium term pains
- No regulatory restriction for growth
- Efficient market, low cost-to-serve
- Hong Kong deposits base is 3.6x of GDP ie. almost equivalent to 4 years of savings
- HK’s investment to deposit wallet ratio is low => great untapped potential for wealth management

One of our largest markets

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<tr>
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</thead>
<tbody>
<tr>
<td>HK</td>
<td>1,163</td>
<td>93</td>
</tr>
<tr>
<td>KR</td>
<td>1,017</td>
<td>35</td>
</tr>
<tr>
<td>TW</td>
<td>618</td>
<td>19</td>
</tr>
<tr>
<td>IN</td>
<td>484</td>
<td>29</td>
</tr>
<tr>
<td>AF</td>
<td>344</td>
<td>16</td>
</tr>
<tr>
<td>MY</td>
<td>265</td>
<td>13</td>
</tr>
<tr>
<td>ME &amp; Other South Asia</td>
<td>700</td>
<td>13</td>
</tr>
<tr>
<td>Other Asia Pacific</td>
<td>1,128</td>
<td>9</td>
</tr>
<tr>
<td>CN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KR</td>
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<tr>
<td>Other Asia Pacific</td>
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</tbody>
</table>

NOTE: Estimate using 2007 CB revenue pools from McKinsey for SCB key markets
Revenue pool beyond local population with wealth inflow from Greater China

No. of mainland China visitors to HK

- 2003: 8,467
- 2008: 16,862
- CAGR 15%
- 2x

No. of capital investment entrant scheme (CIES) application approved *

- Chinese nationals: 1,584
- Foreign nationals: 528
- Taiwan residents: 207
- Others: 92

Source: Hong Kong census & statistics department; www.cies.hk

* As of Jun 30, 2008
An overview of CB journey

Pivot to WM & SME

Strong Momentum

Financial Crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>954</td>
<td>538</td>
</tr>
<tr>
<td>2005</td>
<td>976</td>
<td>561</td>
</tr>
<tr>
<td>2006</td>
<td>1,019</td>
<td>591</td>
</tr>
<tr>
<td>2007</td>
<td>1,188</td>
<td>710</td>
</tr>
<tr>
<td>2008</td>
<td>1,163</td>
<td>576</td>
</tr>
</tbody>
</table>

Revenue and Operating Profit over years 2004 to 2008.
We delivered H1 09 with resilient performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 2008</th>
<th>H2 2008</th>
<th>H1 2009</th>
<th>H2 08 vs H1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>628</td>
<td>535</td>
<td>545</td>
<td>2%</td>
</tr>
<tr>
<td>Expense</td>
<td>275</td>
<td>312</td>
<td>265</td>
<td>(15%)</td>
</tr>
<tr>
<td>Loan &amp; other impairment</td>
<td>30</td>
<td>101</td>
<td>53</td>
<td>(48%)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>323</td>
<td>122</td>
<td>227</td>
<td>86%</td>
</tr>
</tbody>
</table>
Our 2009 priorities under the CB Transformation Journey

CB Transformation Journey

New Participation Models
- Establish leadership in high value segments*
- Grow quality customers

Customer Centric
- Deepen relationships with customers
- Distinctive Customer Value Propositions
- Reposition Wealth

“Back to Basics”
- Drive profitable balance sheet growth with core deposits & lending
- Continue with disciplined cost and risk management

* High value segments include Premium, Private, and SME
Delivered strong liability growth in all segments

Disciplined NIM management helped mitigate margin compression

- Secured loan growth outperformed market with timely launch of HIBOR based mortgages
- The credit quality of mortgage portfolio remains excellent
Excellent growth in deposits by 27% with strong CASA and sticky operating funds growth.

New loan growth has been focused in secured lending.

Despite the Trade and Working Capital balance decreased by 11% YOY due to derisking actions, SME assets book continues to grow.
Deepening & growing premium customers

Improve cross-sell ratio through product bundles

<table>
<thead>
<tr>
<th></th>
<th>Priority Banking</th>
<th>Excel Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec-08</td>
<td>Jun-09</td>
</tr>
<tr>
<td>New to bank</td>
<td>2.42</td>
<td>2.93 (+21%)</td>
</tr>
<tr>
<td>Upgrade</td>
<td>5.60</td>
<td>7.06 (+26%)</td>
</tr>
</tbody>
</table>

Launched product bundling based on customer value propositions to fully increased customers’ penetration across New to Bank and Upgrade Customers

No. of premium customers

- Grow high value and quality customers by acquiring ‘investor’ type customers, high potential young customers, and payroll customers

CAGR 16%
Regained wealth momentum through premium deposits and securities

Rebalancing investments non-funded income to flow products

- **Premium Deposits (PD)**
- **Securities**
- **FX (ex PD)**
- **Unit Trusts & Structured Products**

<table>
<thead>
<tr>
<th>2008</th>
<th>09 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>Others</td>
</tr>
</tbody>
</table>

- **Unit Trusts & Structured Products**
- **Securities**
- **FX (ex PD)**
- **Premium Deposits (PD)**

Investments non-funded income daily runrate (exclude non sales)

- **Q4 08**
- **Q1 09**
- **Q2 09**
- **Q3 09**

- +71%
- +14%
- +14%

- **Timely executed our strategy to refocus on all weathered products to fully captured our customers investments appetite**

- **Customers’ confidence gradually returning with continuous effort in building our product offering to suit customers’ evolving needs**
Managing through the crisis

Loan impairment

- Strong foundation built by designing new products to target low risk segments
- Proactively established a defence condition framework before the recent financial crisis
- Improved approval rate for Credit Card and Personal Loans and fully leveraged government guarantee schemes for Good Segments customers
Our Strong Brand

Refurnish all 200+ ATMs in HK

Priority Banking total relationship reward program

SME alliance program with TDC

Outdoor advertising campaign
We are well positioned in the market with huge opportunities

1. Strong franchise: Over 300 physical touch points
2. Serving a quarter of the total HK banking population
3. Established presence in all segments with Private Banking opened in 2007
4. Note Issuing bank
5. Attractive Market Revenue Pool
6. Extensive Greater China opportunities to be unleashed
4 Strategic themes to deliver our aspirations

Guided by:
Customer-centricity & back-to-basics

Key themes:
1. Establish leadership in High Value Segment: Private Banking, Premium Banking, SME
2. Grow Mass Market profitably
3. Optimise branch footprint and channel mix

Supported by:
Right systems / infrastructure
Private Banking

- Offer ‘one stop’ shop proposition by fully leveraging on the excellent SCB Group franchise
- Leverage One Bank with strong cross-business referrals from Wholesale and SME segments
- Aggressive build up of sales capacity under existing stressed investment banking environment
- Unleash AEB potential while maintaining a robust risk discipline culture
Premium Banking

- Define strategic segments with greatest priority given to Greater China mobile individuals
- Revolutionise the RM Model and enhance capacity
- Renewed Priority Banking proposition
- Cultivate main-bank relationship
- Rejuvenate customer base and build prospective pipeline for future growth
SME Banking

- Strengthen Greater China customer proposition
- Increase operating banking business with up-tiering and cross-selling to increase PPC
- Achieve sustainable asset growth, focusing on secured, export services and government-backed SME loans
- Diversify revenue streams, focusing on insurance, trade, cash management and hedging
- Strong collaboration with the branches and cross-segment leveraging with Premium and Private Banking
Footprint optimisation to capture growth & deliver best customer experience

- Branch expansion focuses on key transport hubs
- Expand RM capacity to align footprint growth
- Provide transaction convenience to customers through revamp of ATM
- Strategic locations to cater needs of attractive sub-segments
- Segment needs / usage patterns drive design of branch formats
Summary of key messages

- Strong recovery and well positioned for growth

- Continue with our top priorities in delivering profitable balance sheet growth, deepen customers relationships, and regain Wealth momentum

- Good progress in CB transformation journey with early successes in paradigm shift to customer centricity

- Massive opportunity emerging in Greater China region

- Leverage on strong franchise and aspire to grow with defined strategic themes