Investor trip 2010

India

Neeraj Swaroop
Regional CEO, India & South Asia

Leading the way in Asia, Africa and the Middle East
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<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Facilitator</th>
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</thead>
<tbody>
<tr>
<td>09:15 – 10:00</td>
<td>Introduction of India management team, India update &amp; strategy</td>
<td>Neeraj Swaroop</td>
</tr>
<tr>
<td>10:00 – 10:15</td>
<td>Tea &amp; coffee break</td>
<td></td>
</tr>
<tr>
<td>10:15 – 10:55</td>
<td>India financial performance</td>
<td>Anurag Adlakha</td>
</tr>
<tr>
<td>10:55 – 11:30</td>
<td>India Consumer Banking</td>
<td>Vishu Ramachandran</td>
</tr>
<tr>
<td>11:30 – 12:30</td>
<td>Lunch in the Crystal north room</td>
<td>Jaspal Bindra, Neeraj Swaroop and the India management team</td>
</tr>
<tr>
<td>12:30 – 13:30</td>
<td></td>
<td>Peter Sands</td>
</tr>
<tr>
<td>13:30 – 14:10</td>
<td>India Wholesale Banking</td>
<td>Arup Roy and Hemant Mishr</td>
</tr>
<tr>
<td>14:10 – 14:55</td>
<td>India Q&amp;A &amp; recap</td>
<td>All</td>
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</table>
Key messages

- Long-term prospects for India remain intact
- SCB in an advantaged position to capture this growth
- WB and CB executing well to strategy
- Franchise well-positioned to achieve its aspirations
India’s economic fundamentals are strong and improving

<table>
<thead>
<tr>
<th></th>
<th>2000-01</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$bn)</td>
<td>440</td>
<td>1314</td>
</tr>
<tr>
<td>GDP growth (% YOY)</td>
<td>4.4</td>
<td>7.4</td>
</tr>
<tr>
<td>Forex reserves (US$bn)</td>
<td>42</td>
<td>294*</td>
</tr>
<tr>
<td>S&amp;P ratings</td>
<td>BB+</td>
<td>BBB-</td>
</tr>
<tr>
<td>Market capitalisation (US$bn)</td>
<td>135</td>
<td>1641*</td>
</tr>
<tr>
<td>FDI (US$bn)</td>
<td>3.2</td>
<td>19.7</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>7.1</td>
<td>9.8^</td>
</tr>
</tbody>
</table>

*As of September 2010
^For Apr – Sept 2010

Sources: Standard Chartered Research
The long-term prospects for India remain intact

Demographics
- Young working population - low dependency ratio
- High savings rate

Domestic demand driven
- Growing consumer markets
- Changing lifestyles
- Unleashing rural demand

Economic, social & political drivers

Proactive policy making
- “Inclusive” growth
- Balanced pace of reforms

Integration with the global economy
- Private sector growth overseas
- Trade flows

Infrastructure build
- Support 8-10% GDP growth
- Private sector participation
Demographics are favourable and the population is getting wealthier

28% of increase in global working population will come from India in the next decade

2020 2030

The burgeoning middle class

China  India

Sources: United Nations, Standard Chartered Research

Sources: Mckinsey
Domestic demand drives the economy; Investments have grown in importance

More than 95% of the economy still domestic demand driven…

…And investments have grown in importance

Sources: CEIC, Standard Chartered Research
Proactive policy making is providing a stable platform for growth.

**Impact of liberalisation**
- Growth of the private sector
- Capital inflows
- Taking the ‘global’ view
- Consistent and unidirectional reforms

**Rapid growth in liberalised sectors**

- **Auto**
- **IT/ITES**
- **Telecom**

**Examples**
- De-licensing of auto sector (1993)
- Mobile telephony licenses (1995)
- Setting up of software parks with various tax incentives (1991)

**Progressive reforms will boost growth in other sectors of the economy as well**

Source: Standard Chartered Research
As India integrates with the global economy...

**Growth in exports**

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$bn</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Reduction in tariffs**

- Peak customs duty

<table>
<thead>
<tr>
<th>Year</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>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>50</td>
<td>45</td>
<td>40</td>
<td>35</td>
<td>30</td>
<td>25</td>
<td>20</td>
<td>15</td>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>

**Corporate tax rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>1992</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>90</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Dept of Commerce, GOI

Source: Investment Commission of India
It is set to play a larger role globally

Increased flows*

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Foreign Direct Investment</th>
<th>Outbound Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>2005</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>2007</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>2008</td>
<td>20</td>
<td>7</td>
</tr>
</tbody>
</table>

Indian outbound acquisition (2000-2010 YTD)**

- Tata - Corus, Hindalco - Novelis
- M&M 31%
- 21% Consumer
- Others 20%
- 18% TMT
- ONGC - Imperial
- Bharti – Zain, HCL, Axon
- Tata Motors - Jaguar, United Spirits - W&M

FICCI targeting foreign direct investment inflows of US$75bn by 2015

Source: * Department of Commerce and Industry  
Standard Chartered Research
Infrastructure growth is key; Share of bank credit increasing

Ambitious plan of US$1trn during FY 13-17 and increased participation of private sector

Share of bank credit in infrastructure investment increasing

% from Private Sector

Source: Planning Commission

Source: Economic Survey 2009-10
India’s strong fundamentals will continue to power the growth trajectory

- Domestic demand & favourable demographics
- Reforms to continue despite political changes
- Indian corporates acquiring global scale
- Private sector participation in infrastructure
Commercial Banking has grown rapidly

**Deposits**
- **US$bn**
- **2006**: 482
- **2010**: 1059
- **Growth**: 2.2x

**Advances**
- **US$bn**
- **2006**: 338
- **2010**: 780
- **Growth**: 2.3x

**ROA**
- **%**
- **2006**: 1.01
- **2010**: 1.05

**Gross NPA**
- **%**
- **2006**: 3.30
- **2010**: 2.39

Source: RBI, IBA
Significant steps have been taken to improve the banking environment

**Capital norms**
- Realigning regulatory capital more closely with underlying risk
- Liquidity buffers, capital conservation, proactive policy measures
- Strengthening supervisory measures
- Key elements of Basel III already in place

**Credit & recovery**
- Deregulation of lending rates
- Facilitating recovery of assets from defaulters
- Credit bureaus with participation of leading banks
- Prevention of Money-laundering, Financial Intelligence Unit

**Market infrastructure**
- Electronic clearing and Real Time Gross settlement payment systems
- Commodity exchanges, OTC derivatives, credit derivatives
- Internet and Mobile banking

**Managing financial uncertainty**
- No major financial crisis in the country

**Others**
- Infusing competition into the banking sector, foreign investment
- Changes in ownership pattern, organisational form & domain of operations
- Strengthening corporate governance norms
- Financial inclusion
Momentum is expected to continue though the regulatory scenario is uncertain

- Innovative technology enabling greater reach and market expansion
- Emerging trade corridors & growing importance of non-OECD trade
- Financial products’ penetration is low and will increase rapidly
- Improving infrastructure expands domestic demand

- Roadmap for foreign banks and possible subsidiarisation
- Entry of new banks in the private sector
- Evolving global regulatory scenario
- Basel III
SCB is deeply rooted in India

- 152 years, 94 branches: ~1/3rd of all foreign bank branches, 37 cities, 297 ATMs
- Wider spread with Standard Chartered Capital Markets (erstwhile UTI Securities): 164 outlets, 4 additional cities
- Integrated ANZ Grindlays,
- Workforce of close to 20,000, high-calibre talent pool, cross-border talent exchange
- Diversity: 15 nationalities, 30% female staff in SCB
- Global Shared Service Centre at Chennai (SCOPE)

Additional cities covered by Standard Chartered Capital Markets
We are investing for growth

- Franchise reach
- Brand and market visibility
- IDR listing
- Talent acquisition & retention
- Communities
- Relationship with regulators
And are following a balanced organic strategy...

Balanced strategy across businesses

**WB**
- Deep ‘core bank’ relationships
- Expanding product capabilities
- Cross-border capabilities

**CB**
- Focus on High Value Segments
- Customer-centric value propositions
- Back to basics

Bringing home the network advantage

Balance sheet and liquidity management

Building deep local franchise

Maintaining portfolio quality
...supported by strategic franchise - building actions

**Acquisitions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>ANZ Grindlays</td>
</tr>
<tr>
<td>2005</td>
<td>SMBC</td>
</tr>
<tr>
<td>2007</td>
<td>American Express Bank</td>
</tr>
<tr>
<td>2007</td>
<td>UTI Securities</td>
</tr>
</tbody>
</table>

**Indian Depository Receipts**

**THE ECONOMIC TIMES**

Standard Chartered will become the first foreign company to list in India through the IDR route. "It is a form of homecoming. We see this as a bold, strategic move to increase our brand presence and visibility in India," the banking group’s chief executive Peter Sands said earlier this month. 25 May 2010

**FINANCIAL TIMES**

For India’s government, Standard Chartered’s issue of Indian depositary receipts is a vote of confidence from a multinational in official aspirations to make Mumbai an international financial centre. 28 May 2010

- First IDR to be listed
- Over 30,000 IDR holders
- Visible demonstration of our commitment to India
- Step change in our market visibility and brand value
## Competition continues to be strong

<table>
<thead>
<tr>
<th>Public sector banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leveraging superior distribution / local balance sheet</td>
</tr>
<tr>
<td>Modernising, investing in technology and brand</td>
</tr>
<tr>
<td>Access to lucrative Public Sector / Government business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Private sector banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gained share from state-owned banks, compete with foreign banks</td>
</tr>
<tr>
<td>Rapid expansion in branch network</td>
</tr>
<tr>
<td>Significant technology investments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other foreign banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>All major global players present, others are seeking to enter</td>
</tr>
<tr>
<td>Impacted by global slowdown and portfolio quality</td>
</tr>
<tr>
<td>Most are chasing relatively niche, profitable opportunities</td>
</tr>
</tbody>
</table>
But we remain in an advantaged position

**Versus other foreign banks**
- Longer presence in India, deeply embedded in local franchise
- Wider customer base
- Better distribution network
- Onshore client base in Wealth Management, Private Banking
- Comprehensive product offerings

**Versus local banks**
- International network
- Product range / Innovation
- Global expertise to manage risk/ model risk behaviour

Underpinned by people, processes and governance
And continue to have high aspirations

To be one of the top 3 banks in India by income
- Employer of choice
- Presence in top 100 cities
- Foremost partner to communities

To be one of the top 5 banks in India by income

Sustained strong double-digit growth in income

Presence in top 100 cities

Foremost partner to communities

Employer of choice
Summary

- Long-term prospects for India remain intact
- SCB in an advantaged position to capture this growth
- WB and CB executing well to strategy
- Franchise well-positioned to achieve its aspirations
Q & A
Key messages

- Sustained growth over the years
- Robust business model
- Continue to invest with confidence
- Disciplined focus on balance sheet management
Indian banking industry - structure

Scheduled commercial banks excluding RRBs (81)

Public sector banks (27)

- SBI & associates (7)
- Nationalised banks (20)
  - Punjab National Bank
  - Bank of Baroda
  - Bank of India

Foreign banks (32)

Private sector banks (22)

Rural banks that do not compete with mainstream banks

Figures in brackets indicate number of banks in each group as at 31st March 2010
Source: RBI report on Profile of Banks; Quarterly statistics on deposits & credit of scheduled commercial banks
Indian banking universe

**US$bn**

**Deposits**

- 7 yr CAGR: 20%
- Data as at 31 Mar; converted to US$ at exchange rate as at 31 March 2010

**Advances**

- 7 yr CAGR: 25%

**Income**

- 7 yr CAGR: 16%

**Profit Before Tax**

- 7 yr CAGR: 19%

* Source: Indian Banking Association (IBA)
Banking pool growth across sectors

**Deposits (US$bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign banks</th>
<th>Private sector banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>302</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>1,059</td>
<td>53</td>
</tr>
<tr>
<td>CAGR</td>
<td>20%</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Advances (US$bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign banks</th>
<th>Private sector banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>165</td>
<td>12</td>
</tr>
<tr>
<td>2010</td>
<td>780</td>
<td>36</td>
</tr>
<tr>
<td>CAGR</td>
<td>25%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: IBA; data as at 31 Mar
Banking pool growth across sectors

Income (US$bn)

- 2003: 16 (16%)
- 2010: 47 (22%)
- 2010 Market share: 23%

Profit before tax (US$bn)

- 2003: 5 (19%)
- 2010: 17 (22%)
- 2010 Market share: 24%

Source: IBA; data for years ended 31 Mar
SCB India performance - sustained growth over the years

CAGR (2002 – 2009)

US$m

Income: 24%
Profit before tax: 30%

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>394</td>
<td>166</td>
</tr>
<tr>
<td>2003</td>
<td>466</td>
<td>190</td>
</tr>
<tr>
<td>2004</td>
<td>466</td>
<td>194</td>
</tr>
<tr>
<td>2005</td>
<td>593</td>
<td>238</td>
</tr>
<tr>
<td>2006</td>
<td>817</td>
<td>403</td>
</tr>
<tr>
<td>2007</td>
<td>1,308</td>
<td>690</td>
</tr>
<tr>
<td>2008</td>
<td>1,694</td>
<td>891</td>
</tr>
<tr>
<td>2009</td>
<td>1,813</td>
<td>1,060</td>
</tr>
<tr>
<td>H1 2010</td>
<td>1,011</td>
<td>624</td>
</tr>
</tbody>
</table>

Source: SCB data
Income growth is strong

NII 7-yr CAGR : 22%
NFI 7-yr CAGR : 28%

Source: SCB data
Maintaining healthy margins

Source: SCB data
Continue to drive NFI through value added support

**CB**

- Advisory services e.g. Investment, Insurance
- Wide product suite to suit segment needs
- Transaction support through multiple channels

**Premium segments**

**WB**

- Working capital of Indian subsidiaries offshore
- Trade Finance
- Infrastructure / manufacturing capex
- Acquisitions

- Local teams with deep client relationships
- International network in the right footprint
- Robust processes & systems for end to end delivery & deal monitoring
Strong growth in income and return

WB income growth and return on RWA
(H1 08 - H1 10)

WB income growth (CAGR %)

<table>
<thead>
<tr>
<th>Category</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Banking (Trade)</td>
<td>24%</td>
</tr>
<tr>
<td>Financial Markets</td>
<td>20%</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>39%</td>
</tr>
</tbody>
</table>

Change in return on RWA

1.7x
2.3x
1.2x

Source: SCB data
Changing business mix has contributed to lowering of cost-income ratio

Income 7-yr CAGR: 24%
Cost 7-yr CAGR: 17%

One off tax rebate credits

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (US$m)</th>
<th>Cost (US$m)</th>
<th>Cost to Income %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>190</td>
<td></td>
<td>48%</td>
</tr>
<tr>
<td>2003</td>
<td>212</td>
<td></td>
<td>52%</td>
</tr>
<tr>
<td>2004</td>
<td>252</td>
<td></td>
<td>54%</td>
</tr>
<tr>
<td>2005</td>
<td>306</td>
<td></td>
<td>52%</td>
</tr>
<tr>
<td>2006</td>
<td>375</td>
<td></td>
<td>61%</td>
</tr>
<tr>
<td>2007</td>
<td>528</td>
<td></td>
<td>69%</td>
</tr>
<tr>
<td>2008</td>
<td>646</td>
<td></td>
<td>63%</td>
</tr>
<tr>
<td>2009</td>
<td>571</td>
<td></td>
<td>76%</td>
</tr>
<tr>
<td>H1</td>
<td>344</td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Disciplined cost management leading to positive jaws

- Source: SCB data
Creating investment capacity

**Improve productivity**
- Premises rationalisation
- Contact centre consolidation
- Vendor negotiations

**Invest in growth**
- Frontline staff in CB & WB
- Branches & other channels
- New premises in Mumbai
- Upgrading technology infrastructure
- Brand
Credit environment is improving

- Outlook for credit quality in 2010-11 is positive
- Earnings growth momentum for corporates is robust, outbound M&A activity expected to increase
- Credit bureau reports indicate stabilisation of market performance with personal loans, credit cards & mortgages delinquencies showing improvement or stabilisation since March 2010
- Potential global credit events related to sovereign debt, inflation and exchange rate volatility can impact credit quality
The credit portfolios for both CB and WB remain stable
- CB - portfolio delinquency rates have been improving
- WB - number of accounts on early alert have been steadily declining from the peak in April 2009
Strong liquidity management

Deposits 7-yr CAGR: 19%
Advances 7-yr CAGR: 20%

* Excluding deposits from banks
Source: SCB data

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits*</th>
<th>Advances</th>
<th>A/D ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3.2</td>
<td>2.5</td>
<td>132%</td>
</tr>
<tr>
<td>2003</td>
<td>3.8</td>
<td>3.1</td>
<td>122%</td>
</tr>
<tr>
<td>2004</td>
<td>4.5</td>
<td>4.7</td>
<td>118%</td>
</tr>
<tr>
<td>2005</td>
<td>5.7</td>
<td>5.0</td>
<td>114%</td>
</tr>
<tr>
<td>2006</td>
<td>7.0</td>
<td>6.2</td>
<td>116%</td>
</tr>
<tr>
<td>2007</td>
<td>8.9</td>
<td>7.7</td>
<td>117%</td>
</tr>
<tr>
<td>2008</td>
<td>9.6</td>
<td>7.9</td>
<td>117%</td>
</tr>
<tr>
<td>2009</td>
<td>10.6</td>
<td>8.9</td>
<td>118%</td>
</tr>
<tr>
<td>H1 2010</td>
<td>10.2</td>
<td>7.7</td>
<td>137%</td>
</tr>
</tbody>
</table>

78% 81% 104% 88% 89% 86% 9.6 82% 84% 10.6 84% 10.2
Healthy mix of low cost deposits

**Source:** SCB data

**CASA – Current and savings accounts**
Foreign banks subsidiarisation

- Currently foreign bank branches are required to maintain local capital
- Have to observe Single Borrower and Group Borrower norms of 15% and 40% respectively of capital funds
- Liquidity governed through limits on call / money market, interbank and overseas borrowing

RBI’s conservative and gradualistic stance, with proactive policy responses, ensured stability through the crisis

Some key elements of the Basel III proposals already in place in India
Liquidity

- Statutory reserves at 31% of liabilities - amongst the highest globally
- Structural liquidity limits

Capital

- Minimum capital requirements

<table>
<thead>
<tr>
<th>% of RWA</th>
<th>Basel II</th>
<th>Basel III*</th>
<th>RBI – Basel II</th>
<th>Industry Avg.^</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity</td>
<td>2%</td>
<td>4.5%</td>
<td>60% of Tier 1</td>
<td>NA</td>
</tr>
<tr>
<td>Tier 1 Capital</td>
<td>4%</td>
<td>6%</td>
<td>6%</td>
<td>~ 10%</td>
</tr>
<tr>
<td>Total Capital</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

- Capital conservation - statutory profit retention (25%), restrictions on dividend distribution¹, excess capital not remittable²
- Quality of capital - deductions for deferred tax, securitisation, etc.

Countercyclical measures

- Use of macro - prudential measures to build buffers / control growth by sectors / products already prevalent, e.g. 70% PCR & 0.4% GP

Resolution and recovery plans

- > 75% of the industry comprises government owned banks, no bank “failures”

^ as at 31 March 2010 (Source: RBI) ; 1 - local banks, 2 - foreign banks; PCR - provisioning coverage ratio, GP - general provision
* Excludes conservation (2.5%) and counter cyclical (0 - 2.5%) buffers
Banking sector is tracking well on the back of robust economic growth

SCB India has performed strongly over the years

Indian corporates have increasing global aspirations which we are well placed to support

We continue to invest in the India franchise

Ongoing focus on risk management, liquidity and costs
Consumer Banking
India

Vishu Ramachandran
Regional Head of Consumer Banking,
South Asia, Middle East & Africa

Leading the way
in Asia, Africa and the Middle East
Key messages

- Focused on markets and segments where we can create advantage
- Tough but timely decisions have enabled solid, broad-based performance
- CB transformation delivering strong results; test bed for innovation within CB
- Dealing with new realities
- Confident of doubling income in three to five years
Presence where it matters

58% of income pool in top 40 cities

Total urban household income - 2010

- 94 branches, 37 cities
- 63 Priority Banking centers*
- 5 Private Banking centers
- 2 contact centers
- Branch & direct sales force of 5,500+
- 164 STCI Capital Markets outlets

Source: Indicus Data Analytics

* Part of branches
The ‘focused’ participation model

1. Establish leadership in HVS: Retail Affluent, SME, NRI

2. Make mass market profitable

3. Optimise geographic footprint

4. Significantly improve expense productivity

- 58% of the annual HH income
- 60% of the annual HH savings
- 60% of the Retail Affluent HHs

Source: Indicus Data Analytics
# Broad based and fundamentals driven

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 09</th>
<th>H2 09</th>
<th>H1 10</th>
<th>YOY %</th>
<th>H1 10 vs H2 09 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>213</td>
<td>231</td>
<td>251</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>Expenses</td>
<td>(115)</td>
<td>(133)</td>
<td>(157)</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>98</td>
<td>98</td>
<td>94</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(77)</td>
<td>(70)</td>
<td>(41)</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td>Other impairment</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>nm</td>
<td>nm</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>24</strong></td>
<td><strong>30</strong></td>
<td><strong>53</strong></td>
<td><strong>121</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

Source: SCB data
Have managed risk better

Credit Cards 30+ delinquency %

Home Loans 30+ delinquency %

Personal Loans 30+ delinquency %

Source: CIBIL Macro Reports. Cards data as per VISA reports. H2'08 industry data is as of Nov'08.
Transformation delivering early results

The world’s best international Consumer Bank in each of our chosen markets and segments

- **PARTICIPATION MODEL**
  - Focus on High Value Segments*
  - ‘Focused’ participation model
  - Prioritised investment
  - Hub and spoke, shared utilities

- **CUSTOMER FOCUS**
  - Distinctive customer value propositions and world class RMs
  - Main bank relationship & payroll driven
  - Needs based bundling

- **“BACK TO BASICS”**
  - Re-engineering and COEs
  - Liquidity and secured lending
  - Strong risk and cost discipline
  - Performance management

* High Value Segments (HVS) - SME, Private, Premium
Differentiated proposition for chosen segments

Private Bank

SME Banking

Priority Banking

Preferred Banking
Robust growth in focus products and segments

CASA

Mortgages

SME assets

New to Bank Private Bank households

New to Bank Priority Banking customers

New to Bank Preferred Banking customers

* All numbers are indexed
Redefining customer experience

- Enriched remote banking capabilities
- Express banking centres
- New branch design

Graphs showing:
- Net Promoter Score (%)
- Complaints per 1000 customers
- Active internet users
- Real e-statement ratio (%)

Comparing 2009 vs Aug 2010
Cautiously confident of doubling income

Dealing with new realities

- Competition
- Regulation

We aspire to

- Double income in the next 3 to 5 years
- To be the preferred bank for our chosen segments
- To be a talent factory for SCB globally
- To achieve operational excellence
Summary

- Right place, right time
- “Focused” strategy yielding strong results
- Dealing with new realities
- Cautiously confident
Wholesale Banking

India

Arup Roy
Head, OCC India

Hemant Mishr
Head of Global Markets, India & South Asia

Leading the way
in Asia, Africa and the Middle East
Key messages

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

Our strategy

- Deep ‘core bank’ client relationships
- Local scale and cross-border capabilities
- Balance sheet management

Key enablers

- Infrastructure
- Values and culture
Delivering superior financial performance...

CAGR (2002 - 2009)
Operating income: 33%
Operating profit: 36%

CAGR (2006 - 2009)
Operating income: 40%
Operating profit: 45%

Wholesale Banking income and operating profit
US$m

Source: SCB data
…with accelerated client revenue performance

Client income
US$m

CAGR 41%
CAGR 55%
CAGR 31%

2002 2003 2004 2005 2006 2007 2008 2009 H1 2010

Client income: segmental
US$m

Global Corporate
Local Corporate
Commodity Traders
Financial Institutions

2006
2009

CAGR 49%
CAGR 81%
CAGR 21%
CAGR 26%

5.9x
3.4x
1.8x
2.0x
<table>
<thead>
<tr>
<th>Client Segment</th>
<th>Growth</th>
<th>Services/Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Corporate</strong></td>
<td>+ 49% CAGR growth</td>
<td>Trade corridors, Investments flows</td>
</tr>
<tr>
<td><strong>Local Corporate</strong></td>
<td>+ 81% CAGR growth</td>
<td>Infrastructure financing, New names &amp; cross Sell</td>
</tr>
<tr>
<td><strong>Financial Institutions</strong></td>
<td>+ 26% CAGR growth</td>
<td>Banks, NBFI, Insurance Companies, Mutual Funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FX, Cash &amp; Trade Flows</td>
</tr>
<tr>
<td><strong>Commodity Traders</strong></td>
<td>+ 21% CAGR growth</td>
<td>Specialist industry expertise, Collateral management</td>
</tr>
</tbody>
</table>

CAGR is for 2006 vs. 2009
...with disciplined approach to risk management & capital efficiency

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio optimisation</td>
<td>Risk appetite, country risk, concentration risk</td>
</tr>
<tr>
<td></td>
<td>portfolio parameters (tenor, collateral, risk grade, industry)</td>
</tr>
<tr>
<td>Process controls</td>
<td>Early alert, mark-to-market analysis, covenants &amp; risk triggers, documentation completion</td>
</tr>
<tr>
<td>Transaction monitoring</td>
<td>Excesses, past dues, Anti Money Laundering, customer due diligence</td>
</tr>
<tr>
<td>Risk forums</td>
<td>Portfolio Management Committee, Regional Credit Issues Forum</td>
</tr>
<tr>
<td></td>
<td>tall tree coverage program</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>Collateralisation, tail &amp; limit management, product cross sell, Portfolio management</td>
</tr>
</tbody>
</table>
Successfully executed our strategy

Source: SCB data
Cash & trade provide annuity flows

Payment & collection volumes
(No. of transactions processed in millions)

- 2006: x
- 2007: 1.2x
- 2008: 1.4x
- 2009: 1.8x
- 1H 2010: 1.2x

CAGR 21%

Trade asset build up
(Export & import finance period end assets)

- 2006: x
- 2007: 0.9x
- 2008: 1.6x
- 2009: 1.5x
- 1H 2010: 2x

CAGR 24%

Source: SCB data
Sustained growth in Financial Markets

**Business growth**

CAGR 39%

- 2.0x
- 2.8x
- 2.7x
- 1.7x

2006 2007 2008 2009 1H 2010

**India Capital Markets league table**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>Issues</th>
<th>INR Million</th>
<th>Market share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AXIS BANK</td>
<td>58</td>
<td>140,381</td>
<td>13.4</td>
</tr>
<tr>
<td>2</td>
<td>Standard Chartered</td>
<td>47</td>
<td>137,385</td>
<td>13.1</td>
</tr>
<tr>
<td>3</td>
<td>BARCLAYS</td>
<td>36</td>
<td>118,102</td>
<td>11.3</td>
</tr>
<tr>
<td>4</td>
<td>ICICI Bank</td>
<td>64</td>
<td>116,873</td>
<td>11.2</td>
</tr>
<tr>
<td>5</td>
<td>HSBC</td>
<td>31</td>
<td>82,418</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Source: IFR League Tables for 1st Jan-30 Jun 2010

- CM: Key business for franchise showing strong momentum across products
- Distributing credit optimising capital usage and widening span in the institutional space
- Flow Desk integration with Transaction Banking
- Enhanced focus on strategic clients
- Building new engines of growth
## India M&A league tables 2010

<table>
<thead>
<tr>
<th>Rank</th>
<th>Advisor</th>
<th>Value (US$m)</th>
<th># Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Morgan Stanley</td>
<td>27,287</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Standard Chartered</td>
<td>21,775</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Bank of America Merrill Lynch</td>
<td>20,150</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Citi</td>
<td>14,664</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Barclays</td>
<td>13,993</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>UBS</td>
<td>12,385</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>JM FINANCIAL</td>
<td>12,160</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>HSBC</td>
<td>12,056</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>SNAM</td>
<td>11,613</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>Standard Chartered</td>
<td>10,811</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Bloomberg as of November 10, 2010

## Proven India track record - Significant Corporate Finance transactions announced

- **bharti Airtel**
  - US$10,700m
  - Lead Financial Advisor and Mandated Lead Arranger to Bharti for acquisition of 100% stake in Zain Africa B.V.
  - Standard Chartered 2010

- **Standard Chartered**
  - US$17,733m
  - Sole Bridge Loan Provider Bridge facilities up to $1,733m for purchase of Boeing 777s in 2008, 2009, 2010
  - Standard Chartered 2010

- **Bank of America Merrill Lynch**
  - US$2,700m
  - Financial Advisor for divestment of telecom towers portfolio
  - Standard Chartered 2010

- **Citi**
  - US$2,664m
  - Financial Advisor for sale of 20% stake in Telco C truncation (Reliance Anil Dhirubhai Ambani Group)
  - Standard Chartered 2010

- **JM FINANCIAL**
  - US$2,300m
  - Refinancing of existing Senior Secured Facility at Tata Steel UK (Corus)
  - Standard Chartered 2010

- **HSBC**
  - US$2,160m
  - Financial Advisor & MLA for refinancing of existing Senior Secured Facility at Tata Steel UK (Corus)
  - Standard Chartered 2010

- **SNAM**
  - US$258m
  - Sole Financial Advisor for sale of 20% stake in Telco Construction Equipment
  - Standard Chartered 2010 & Ongoing
And we have been recognised along the way

- **CFO Awards**
  - Best Debt House in India 2010
  - Most Innovative Investment Banking Deal of the Year 2010

- **Asset Asia Awards 2010**
  - Best Structured Trade Finance Deal in India 2010
  - Best Leveraged finance House 2009
  - Best Bank in Indian Corporate Bonds 2009

- **Global Finance 2010**
  - Best Foreign Exchange Bank in India 2010
  - #1 Structured and Vanilla Hedging in Interest rate derivatives (INR) 2010
  - # Vanilla Hedging in Currency derivatives (INR) 2010

- **Global Custodian**
  - Best Pre-shipment financing solution 2010
  - #1 Bank in Securities Services 2009
Investments in equities for future

Acquisition of UTI securities from STCI
- Jan 2008
- Dec 2008
- Oct 2010

India research launched

India equities opportunity
- One of the most liquid emerging markets
- Daily traded volumes >US$25bn
- FII inflows >US$24bn in 2010

- Equity fund raisings by Indian companies now >US$20bn per year
- SCB well positioned with deep relationships
Key challenges

- Increased competition from private sector and foreign banks
- Margin compression in transactional & flow business
- Changing regulatory landscape
Sustaining the momentum

WB India to maintain 10% market share as WB wallet doubles by 2015

2010
- 10%

2015
- 10%

Deepening client relationships
(Global Corporate, Local Corporate, Financial Institutions)

Leverage product capabilities
(Equities, Project Finance, Capital Markets)

Grow network business
(Inbound & outbound investment & trade flows)

Capture India infrastructure opportunity
(Power, ports, shipping, roads, airports)

WB wallet in India
WB India share
Summary

- Clear and consistent strategy

- Sustainable growth across products & segments with deepening client relationships

- Well positioned to capture growth potential