Analyst trip 2011
Greater China

Leading the way
in Asia, Africa and the Middle East
Forward looking statements

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.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

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.
Leading the way
in Asia, Africa and the Middle East

Katherine Tsang
Chairperson of Greater China
Key messages

- Attractive market with sizeable opportunities

- Leading foreign bank in Greater China*; long history in the region

- Strong local presence coupled with cross border capabilities is a key differentiator

- Leading in RMB internationalisation

- Clear and consistent strategy will drive future growth and investment

* Greater China includes: China, Hong Kong and Taiwan
## Greater China:
**Attractive market with sizable opportunity**

### Key market indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (millions)</td>
<td></td>
<td>1,370</td>
</tr>
<tr>
<td>GDP</td>
<td>US$bn</td>
<td>6,581</td>
</tr>
<tr>
<td>GDP growth (CAGR 2006-2010)</td>
<td>%</td>
<td>15</td>
</tr>
<tr>
<td>Per capita GDP</td>
<td>US$</td>
<td>4,804</td>
</tr>
<tr>
<td>Reserves</td>
<td>US$bn</td>
<td>3,498</td>
</tr>
<tr>
<td>FDI into Greater China US$bn</td>
<td>177</td>
<td></td>
</tr>
<tr>
<td>FDI stock US$bn</td>
<td>US$bn</td>
<td>1,741</td>
</tr>
<tr>
<td>Total trade US$bn</td>
<td></td>
<td>4,322</td>
</tr>
<tr>
<td>Exports US$bn</td>
<td></td>
<td>2,243</td>
</tr>
<tr>
<td>Imports US$bn</td>
<td></td>
<td>2,079</td>
</tr>
</tbody>
</table>

### Topping the world league table

#### Economy
- Contributes 10% of world GDP
- Largest foreign exchange reserves
- 2nd largest world economy (China)

#### Consumption and wealth
- One fifth of world population
- 2nd most number of billionaires (China)

#### Trade and business
- Biggest car market (China)
- Largest export market (China)
- Top 10 Forbes largest global companies (PetroChina and ICBC)

#### Financial industry
- Top 10 financial centres (3rd Hong Kong, 5th Shanghai)
- Top 5 exchanges by capital raised (1st Hong Kong, 2nd Shenzhen, 4th Shanghai)
- Most active stock exchange (Hong Kong)

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Information as at 2010, unless otherwise stated.  
Evolving themes are compelling

- Regional connectivity
  - Closer political and economic ties

- Economic growth and influence
  - Growing wealth and purchasing power
  - Influence in global trade
  - Increasing investment - inbound and outbound

- RMB internationalisation
Regional connectivity

- Changing landscape
  - Political relationships
  - Regional trade
  - Investment
Economic growth and influence -
Growing wealth and purchasing power

**Millionaire households**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>3rd</td>
<td>1,110,000</td>
</tr>
<tr>
<td>Taiwan</td>
<td>7th</td>
<td>280,000</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10th</td>
<td>200,000</td>
</tr>
</tbody>
</table>

**Billionaire countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2nd</td>
<td>115</td>
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</table>

**Billionaire cities**

<table>
<thead>
<tr>
<th>City</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>4th</td>
</tr>
<tr>
<td>Taipei</td>
<td>8th</td>
</tr>
<tr>
<td>Beijing</td>
<td>8th</td>
</tr>
<tr>
<td>Shanghai</td>
<td>13th</td>
</tr>
</tbody>
</table>

Source:

2. Forbes 2011 billionaire list
3. Forbes 2011 top 15 cities with the most billionaires
Economic growth and influence - Influence in global trade

Total intra-region trade
- 2010: US$1,107bn
- 2015: US$2,012bn
- CAGR: 13%

Greater China – Trade with rest of the world
- 2010: US$3,215bn
- 2015: US$6,763bn
- CAGR: 16%

China - HK
- 2010: US$806bn
- 2015: US$1,480bn
- CAGR: 13%

China - Taiwan
- 2010: US$226bn
- 2015: US$420bn
- CAGR: 13%

HK - Taiwan
- 2010: US$76bn
- 2015: US$114bn
- CAGR: 8%

Source: CEIC, Standard Chartered Research
### Economic growth and influence - Increasing investment

#### Inbound FDI

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>160</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>69</td>
<td>2</td>
<td>120</td>
</tr>
<tr>
<td>Taiwan</td>
<td>11</td>
<td>120</td>
<td>140</td>
</tr>
</tbody>
</table>

#### Outbound FDI

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>92</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>33</td>
<td>2</td>
<td>80</td>
</tr>
<tr>
<td>South Korea</td>
<td>20</td>
<td>40</td>
<td>60</td>
</tr>
</tbody>
</table>

**Source:** UNCTAD
Strong drive for RMB internationalisation

RMB services available today

- Retail
- Securities Services
- Account services
- Trade Related
  - Settlement and payment
  - Trade finance
  - Foreign Exchange
- Foreign Exchange Trading
Strategic priorities for Greater China

1. Continue leading in RMB internationalisation
2. Support cross border business and trade flows
3. Capture Mainland China wealth opportunity
4. Expand distribution through targeted investment
5. Grow and invest in the talent base
6. Navigate regulatory headwinds
7. Leverage strategic partnerships
### Greater China: Strong contribution to Group performance

#### HONG KONG
- **Total income**: US$1,531
- **WB income**: US$889
- **CB income**: US$642
- **Operating profit**: US$790
- **Total customer loans**: US$47
- **Staff count**: 6,200
- **Outlets**: 78

#### CHINA
- **Total income**: US$404
- **WB income**: US$287
- **CB income**: US$117
- **Operating profit**: US$137
- **Total customer loans**: US$14
- **Staff count**: 4,800
- **Outlets**: 72

#### TAIWAN
- **Total income**: US$281
- **WB income**: US$70
- **CB income**: US$211
- **Operating profit**: US$229
- **Total customer loans**: US$14
- **Staff count**: 3,900
- **Outlets**: 88

#### Greater China
- **Total income**: US$2,216
- **WB income**: US$1,246
- **CB income**: US$970
- **Operating profit**: US$1,156
- **Total customer loans**: US$75
- **Staff count**: 14,900
- **Outlets**: 238

#### % of group
- **Customer loans**: 31%
- **Income**: 25%
- **Operating profit**: 32%
- **Employees**: 17%

* Source: SCB data as at 30 June 2011; income information is for YTD H1 2011
Our key performance indicators

<table>
<thead>
<tr>
<th></th>
<th>Financial</th>
<th>Balance sheet</th>
<th>Infrastructure</th>
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</thead>
<tbody>
<tr>
<td><strong>Customer Loans (US$bn)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Headcount</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income (US$m)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax (US$m)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Deposits (US$bn)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Network</strong></td>
<td></td>
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</tr>
</tbody>
</table>
Our competitive advantages

- Regional and global network coverage and synergies
- Deep local knowledge, coupled with global expertise
- Strength of relationships
- Product and support capabilities
The challenges

- Regional interdependency - good and bad
- Social impact of rapid growth
- Relationship dynamics
- Never enough talent
- Level playing field
Aspiration
To be the best international bank for Greater China corporates and high net worth individuals

- Greater China offers attractive growth opportunities and is strategically important
- Well positioned in this fast growing region
- Clear and consistent strategy, investing for long term growth
- Aspire to deliver double digit revenue growth
- Vigilant of near term challenges
Analyst trip 2011
China

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

Lim Cheng Teck
Chief Executive Officer,
China
A vast and sustained growth market

Regulated market but liberalisation gathering pace

Business growing at pace - income 5 year CAGR 44%

Strong franchise value, onshore plus offshore

Well placed to capture opportunity; continued paced investment in franchise expansion
China’s growing economic dominance

Nominal GDP 2010, US$63tn
(US$tn, % of global)

- 9% China
- 23% US
- 26% EU-27
- 9% Japan
- 8% Latam
- 2% India
- 2% SSA
- 6% Asia ex CIJ
- 4% MENA
- ROW 8%

Estimated nominal global GDP 2011
US$69tn

Sources: IMF, Standard Chartered Research

Nominal GDP 2030, US$308tn
(US$tn, % of global)

- 24% China
- 23% US
- 14% EU-27
- 12% US
- 9% Latam
- 5% CIS
- 3% CIS
- 5% MENA
- 5% SSA
- 8% Asia ex CIJ
- 5% SSA
- 3% CIS
- 9% Latam
- 10% India
- ROW 5%

Sources: IMF, Standard Chartered Research
We have a leading share of the foreign bank market

**Share of total banking assets as at end 2010**

- Policy banks: 8%
- City commercial banks: 8%
- Joint-stock commercial banks: 16%
- Foreign banks*: 2%
- Other: 17%
- Large commercial banks: 49%

**Size of the banking market as at end 2010**

- Total banking assets = US$14 trillion
- Total outlets in China = 196,000
- Total deposit base of the market = US$10.8 trillion
- Total banking wallet = US$424 billion

*Note:
Number of locally incorporated foreign banks: 37
Number of foreign branches and joint-venture banks: 92
Total foreign banks: 129
Source: CBRC Annual Report 2010
Our strengths in China

- Top tier foreign bank
- Unbroken commitment since 1858
- Presence in 19 cities, 72 outlets
- Continued balance sheet strength
- Strong credit rating: A+ (S&P)
- Strong market recognition
- Leading foreign bank for offshore RMB
- Cross border capability a differentiator
- Growing talent pool > 4,800 employees

Cities:
- Beijing
- Tianjin
- Qingdao
- Dalian
- Hohhot
- Nanjing
- Hangzhou
- Chengdu
- Chongqing
- Nanjing
- Shanghai
- Ningbo
- Guangzhou
- Shenzhen
- Xi’an
- Wuhan
- Nanchang
- Xiamen
- Shenzhen
- Zhuhai
Size of opportunity

2010 GDP (US$bn)

Selected Standard Chartered markets

- China: 5,878
- India: 1,632
- S. Korea: 1,014
- Indonesia: 707
- Taiwan: 432
- Thailand: 319
- UAE: 302
- Hong Kong: 238
- Malaysia: 224
- Singapore: 223
- Nigeria: 203
- Pakistan: 177

Selected provinces and cities in China

- China: 680
- Guangdong: 579
- Jiangsu: 612
- Shandong: 410
- Zhejiang: 279
- Liaoning: 254
- Sichuan: 254
- Shanghai: 208
- Fujian: 208
- Beijing: 147
- Inner Mongolia: 143
- Jiangxi: 138
- Tianjin: 119
- Chongqing: 119

Projected GDP growth 2011 - 2015

- China: 11%
- Guangdong: 12%
- Jiangsu: 12%
- Shandong: 10%
- Zhejiang: 9%
- Liaoning: 11%
- Sichuan: 12%
- Shanghai: 14%
- Fujian: 9%
- Beijing: 17%
- Inner Mongolia: 11%
- Jiangxi: 14%
- Tianjin: 12%
- Chongqing: 12%

Sources: IMF, Standard Chartered Research
Strategic approach

- Extend geographical reach
- New capabilities as market liberalises further
- Build scale in Consumer Banking

Wholesale Banking
- Client-led focus
- Core bank approach
- Local scale and cross-border capabilities

Consumer Banking
- “Focused” participation model
- Multi-niche
- Customer focus
Leading the way
in Asia, Africa and the Middle East

Patrick Sullivan
Chief Financial Officer,
China
Key messages

- Strong growth in income supports investment agenda
- Growing local distribution network - both branches and people
- Portfolio credit quality remains robust
- Highly liquid and diverse balance sheet
Strong income momentum

- Income up 44% 5 year CAGR
- Both businesses growing strongly - income in each up over 40% 5 year CAGR
- Growth balanced between both businesses - H1 11 income CB 29% / WB 71% (H1 05 CB21% / WB 79%)
- Key contributor to the Group - offshore income up 135% from H1 2010 to H1 2011
- Strong income growth supports continued investment
Investing at pace to build the network

- Over 4,800 staff
- Added 3,650 staff since 2005, 4 times 2005 levels
- 63% of staff in CB

- Branch network is a competitive differentiator
- 54 branches and 149 ATMs added since local incorporation
- Total of 72 branches and 171 ATMs to date
High portfolio quality

- Disciplined and selective asset growth
- NPLs remain low and below industry averages
- Impairment charge in H1 11 is 4bps of total assets
- Well-positioned portfolio and robust risk management
- We remain vigilant of emerging risks

Source: Standard Chartered Bank (China) Ltd financial reports and annual CBRC statistics
China balance sheet - assets

- Well diversified portfolio
- LTV of mortgage book 45%
- SME lending is less than 5% of total assets
- 75% of Wholesale Banking loans mature in under 1 year
- Limited exposure to problem asset classes, no LGIV lending
Strong liquidity management

- Net interbank lender
- Consistently low AD ratio since incorporation
- 75% regulatory AD ratio met ahead of schedule
- Focus on high quality deposits - CASA now 44% of total
Summary

- Strong growth in income supports investment agenda
- Growing local distribution network - both branches and people
- Portfolio credit quality remains robust
- Highly liquid and diverse balance sheet
Leading the way in Asia, Africa and the Middle East

Eric Lian
Head Origination and Client Coverage, China
Co-Head Wholesale Banking, China
Key messages

- Delivering client-led strategy
- Strong and sustained performance
- Leveraging the strong presence across Greater China
- Continuing to invest for sustainable growth
Consistent client-led strategy

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

Key Enablers
- Infrastructure
- Values and culture
Commercial banking is key to developing our client franchise

% of total client income

Strategic Value added Transactional Basic lending

2006 2007 2008 2009 2010 H1 11

88% 82% 77% 71% 67% 70%
We continue to diversify our income into Strategic and Value added products.

% of total client income

- Strategic: 33%
- Value added: 30%
- Transactional: 18%
- Basic lending: 12%

2006: 12%
2007: 18%
2008: 23%
2009: 29%
2010: 33%
H1 11: 30%
Superior financial performance

WB income and operating profit trend analysis (2005-2010)

CAGR (2005-2010)
- Income: 42%
- Operating profit: 32%

Increase from H1 10 to H1 11
- Income: 15%
- Operating profit: 55%
Strong growth across segments and products

CAGR 2005 - 2010

Client income growth by segment (%)

- Commodity Traders: 29%
- Local Corporates: 34%
- Financial Institutions: 40%
- Global Corporates: 49%

Income growth by product (%)

- Lending & Portfolio Management: 21%
- Transaction Banking: 39%
- Financial Markets: 52%
- Corporate Finance: 107%
Leading the way in Asia, Africa and the Middle East

John Tan
Head Global Markets, China
Co-Head Wholesale Banking, China
Differentiating through strong onshore capabilities

- **2011**
  - Bond Settlement Agent Qualification
  - Market Maker for FWD & Swap
  - RMB FX Options

- **2010**
  - Bond Market Maker license
  - Cross Currency Swap license
  - Credit Risk Mitigation – Dealership license
  - CRM – Primary Dealer Qualification & CRM Certificate Issuer

- **2009**
  - CP/MTN Trading license

- **2008**
  - Shanghai Gold Exchange Membership
  - MOF China Government Bond Primary Dealer
  - PBOC Open market Bills Auction Underwriter
Executing China strategic deals

US$ 77 million
Shaanxi Dongling Industry and Trade Group Co., Ltd.

China Yuanda Holdings

Air China
Sole Lender and Commodity Hedging Bank
Structured Inventory Finance
July 2011

Initial Public Offering
Hong Kong

Joint global coordinator
Joint bookrunner

US$ 333 million
China Lumena

Fosun International
Hilong Holding Ltd New Materials Corp.

US
$350 million
US
$200 million
US
$153 million

Sole Financial Advisor and Financing Provider
Fosun International’s privatization of Shanghai Forte Land
Sole Financing Provider
Bridging Facility IPO
Hong Kong
Joint Bookrunner and Joint Lead Manager

2011
2011
April 2011

Operating Lease of three B737-800
2010
2011
2011

Offshore revenue grow significantly with CAGR (2005-2010) of 53%.

Offshore revenue grow 135% from H1 10 to H1 11.
Huge opportunity on RMB internationalisation

RMB trade settlement: zero to RMB 1.5 trillion in less than two years

- **Aggregate amount of RMB-denominated cross-border trade**
- **RMB as percentage of mainland China’s total trade**

Source: People’s Bank of China, Hong Kong Monetary Authority, Standard Chartered Research
RMB opportunities, strategy and successes

**Opportunities**
- Increasing relevance of RMB in trade flows & capital raising
- Growing needs in RMB financing & investment
- More RMB products as it becomes a reserve currency

**Strategy**
- Maintain thought leadership in RMB internationalisation
- RMB Management Committee for efficient strategy execution
- Greater China RMB team to capture cross border opportunities
- Lead in RMB financial market products development
- Invest in RMB clearing platform

**Successes**
- RMB Services now cover 30 markets
- 3rd largest RMB clearing bank in China, behind BoC and ICBC
- SCB China won the Best RMB Cross-Border Settlement
- 1st in RMB Cross-Border Currency Swaps & Currency Forwards
- 1st in RMB Non-Deliverable Interest Rate Swaps
Continuing to invest for sustainable growth

- Building local scale - network expansion in growth cities
- Leadership in Capital Markets capability
- Build people bench strength
Leading the way
in Asia, Africa and the Middle East

Jungkiu Choi
Head of Consumer Banking,
China
Key messages

- Strong and sustained performance with well-paced investments

- Delivering customer focused strategy

- Continuous investment and discipline for long term growth
**CB China at a glance**

- Key strategic market growing at 50% income CAGR 2005-2010
- Loss making due to continued investments

### Big opportunities
- US$100bn+ retail banking revenue pool
- 42 million SMEs, accounting for 99% of China’s enterprises and contributing 60% of GDP in 2008

### Financials
- Income CAGR at 50% 2005-2010
- H1 2011 income at US$117m, 19.4% H1 2011 on H1 2010 growth
- Expense CAGR at 53% 2005-2010 and loss making due to continued investments

### Customer base
- 9,000+ qualified Priority Banking customers
- 300,000+ Retail customers
- 20,000+ SME customers

### Franchises and people
- Locally incorporated in 2007 currently with 72 outlets
- Presence in 19 cities
- 3,000+ total staff; 1,500+ sales force
Strong income momentum supporting investment

- CB China income CAGR of 50% (2005-2010)
- CB China income increased 7+ times over 2005, crossed US$200m in 2010
- Income & income /outlet outperforming major competitors

Graph showing income and expenses over years from 2005 to 2010, with bars for SCB (including SME), SCB (excluding SME), and major locally incorporated foreign bank average.
### Targeted investments to support future growth

#### Outlet expansion

<table>
<thead>
<tr>
<th>Before incorporation</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>18</strong></td>
<td><strong>72</strong></td>
</tr>
</tbody>
</table>

**X4**

#### People

<table>
<thead>
<tr>
<th>Before incorporation</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total HC 1,900+</strong></td>
<td><strong>Total HC 3,000</strong></td>
</tr>
<tr>
<td><strong>Sales 900+</strong></td>
<td><strong>Sales 1,500</strong></td>
</tr>
</tbody>
</table>

**X1.5**

**X1.7**

#### Infrastructure

<table>
<thead>
<tr>
<th>Before incorporation</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ATM 22</strong></td>
<td><strong>ATM 171</strong></td>
</tr>
</tbody>
</table>

**X7.7**

#### Call center in 2007

- Total HC 900+
- Total office area: 8,000+ sqm

**HC = Headcount**
Robust growth in products and customer base

<table>
<thead>
<tr>
<th>CASA</th>
<th>Mortgages</th>
<th>SME assets</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Preferred Banking Customers</th>
<th>Priority Banking Customers</th>
<th>SME Banking Customers</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

*Competitor data from China Bank Regulatory Committee annual reports*
Our aspiration in China

The world’s best international consumer bank in our chosen markets and segments

- Most **recommended** bank through innovation
- Solution provider for **Greater China** nomads
- **Best service, trusted and emotionally engaging** Bank
- **Discipline** and professionalism
- **Inspiring work place**
Delivering focused strategy

The world’s best international consumer bank in our chosen markets and segments

**HIGH VALUE SEGMENT FOCUS**
- Focus on High Value Segments
- “Focused” participation model
- Prioritised investment
- North East Asia synergy (Shenzen/Hong Kong)

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

**BACK TO BASICS**
- Reengineering and Centres of Excellence
- Liquidity and AD ratio management
- Strong risk and cost discipline
- Performance management
Focusing on core cities and growth cities in four clusters

Core cities

Growth cities

Total China GDP - 2010

Focused cities 26%

4 core and 8 growth cities

Rest

Source: National Bureau of Statistics of China; city annual statistical report on national economic and social development
Customer focus - High Value Segments

Private Bank

SME Banking

Priority Banking
Customer focus - redefining customer experience

Emotional engagement with customers

In branch birthday parties

New online and mobile banking

Hand written letters

Enhanced branch service standard

45% extended banking hours

98% customers served within 8 mins
Strong progress of customer metrics

- **Net promoter score**
  - 2008: 13
  - 2009: -3
  - 2010: 22
  - Q211: 26

- **Real e-statement ratio (%)**
  - 2008: 35%
  - 2009: 70%
  - 2010: 93%
  - Jun 11: 96%

- **Complaints / '000 accounts**
  - 2008: 1.8
  - 2009: 0.5
  - 2010: 0.45
  - Jun 11: 0.39

- **Active internet users ('000)**
  - 2008: 9
  - 2009: 14
  - 2010: 28
  - Jun 11: 29

- **First time resolution (%)**
  - 2009: 9%
  - 2010: 32%
  - Jun 11: 58%

- **Products per customer (PPC) indexed**
  - 2008: 100
  - 2009: 106
  - 2010: 112
  - Jun 11: 146
## Competitive advantages underpinned by strong strategy execution

### Innovation
- Innovation in WM products and advisory service well recognised
- Innovative retail banking products in China market
- New outlet format (WB-SME)
- Channel innovation & Breeze Banking

### Customer service
- Fast, accurate and friendly services
- Needs based and overall asset allocation solutions
- Emotional engagement with customers and recognition of total relationship

### Discipline
- High standard of professionalism and code of conduct
- Strong cost consciousness and discipline
- Tight risk management
- Performance culture
SME – sizeable opportunities but we remain watchful

**Performance**
- Strong consistent growth. 42% CAGR income growth between 2005 and 2010
- Increased growth trajectory from investments in people, products and geographical footprint, supported by dedicated customer value proposition

**Opportunities**
- Large SME market potential with 42 million SMEs, accounting for 99% of China’s enterprises and contributing 60% of GDP in 2008
- Standard Chartered is the largest international bank in China with a dedicated SME focus. Presence in 17 cities and over 200 Relationship Managers
- Full product/service range across transaction, yield enhancement, liquidity management, risk management and business expansion
- Aspiration to achieve double digit market share in our target cities by 2013
Here for good for SMEs

- Innovative product/services
  - 1st bank to launch an unsecured lending offering for Small Businesses
  - Launched SME CVP in 2010 to enhance customer offering

- Great market profile
  - Award Best SMEs in China from 2006 to 2011
  - Launched SME Entrepreneur White Paper - leading SME market research in China and won Interbrand Brand Building Award in 2011
  - ONLY bank partner for APEC SME Summit in 2011
  - Launch SME Confidence Index in China in 2011

- Strong market recognition
  - 2010 Best Foreign Bank for SME in China by Global Finance
  - 2010 Best SME Service by CIEEC
  - 2010 Best One-Stop Shop for SMEs by Sohu Finance
Key messages

- Our performance is strong and sustainable

- We will continue with customer focused strategy which is proven to be successful

- Based on this confidence, we will continue our investment while keeping discipline for long term growth
Here for good
Leading the way
in Asia, Africa and the Middle East

Ben Hung
Chief Executive Officer,
Hong Kong
Key messages

- Good first half, well diversified businesses delivering
- Balance sheet - a competitive advantage
- Positive emerging opportunities in Greater China
- Strongly positioned to grow
Network with 78 branches, 240 ATMs and approximately 6,200 staff

Well diversified business underpinned by strong balance sheet

Advanced competitively post crisis

Oldest note issuing bank in Hong Kong

Rotating chairman of the Hong Kong Association of Banks
Economic overview

GDP and exports

Retail sales

Property market

Unemployment

Source: Census and Statistics Department, Rating and Valuation Department, HKMA
Attractive emerging opportunities

RMB internationalisation

Mainland wealth

New trade / investment corridors
<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event</td>
<td>Started personal RMB business</td>
<td></td>
<td></td>
<td>Mainland FIs allowed to issue RMB bond</td>
<td>RMB trade settlement launched for 5 cities</td>
<td>1st RMB sovereign bond</td>
<td>Corporates allowed to open accounts</td>
<td>RMB ODI RMB IPO RMB Equity Trading Support Facility RMB FDI RMB trade settlement for all 31 provinces RMB QFII</td>
</tr>
<tr>
<td>Deposits in HK</td>
<td>RMB12bn</td>
<td>RMB23bn</td>
<td>RMB23bn</td>
<td>RMB33bn</td>
<td>RMB56bn</td>
<td>RMB63bn</td>
<td>RMB315bn</td>
<td>RMB622bn (up to Sept)</td>
</tr>
</tbody>
</table>

FDI = Foreign Direct Investment; ODI = Overseas Direct Investment; QFII = Qualified Foreign Institutional Investor; IPO = Initial Public Offering

Hong Kong at the leading edge as an offshore RMB centre

10x since beginning 2010
Expanding in-flows and out-flows of RMB

**Out-flows:**
- Imports in RMB
- RMB ODI

**In-flows:**
- Exports in RMB
- RMB FDI
- RQFII
- Interbank bonds

China (Onshore RMB)

Hong Kong (Offshore RMB)
## Rapid development in offshore RMB since 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RMB deposits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount (US$)</td>
<td>Jan 10bn</td>
<td>Jun 86bn</td>
</tr>
<tr>
<td>% of HK’s deposit base</td>
<td>1%</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>RMB trade settlement</strong></td>
<td>H1 11bn</td>
<td>H1 150bn</td>
</tr>
<tr>
<td>Amount (US$)</td>
<td>0.7%</td>
<td>9%</td>
</tr>
<tr>
<td>% of China’s total trade</td>
<td>75%</td>
<td>84%</td>
</tr>
<tr>
<td>Via HK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligibility</td>
<td>5 cities</td>
<td>All 31 provinces</td>
</tr>
<tr>
<td><strong>RMB bond</strong></td>
<td>Full year</td>
<td>H1 6.7bn</td>
</tr>
<tr>
<td>Amount (US$)</td>
<td>5.6bn</td>
<td></td>
</tr>
<tr>
<td><strong>RMB FX daily turnover</strong>*</td>
<td>Jul ~0.005bn</td>
<td>Jun ~3bn</td>
</tr>
<tr>
<td>Amount (US$)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RMB lending</strong></td>
<td>Full year</td>
<td>H1 1.7bn</td>
</tr>
<tr>
<td>Amount (US$)</td>
<td>0.3bn</td>
<td></td>
</tr>
</tbody>
</table>

Source: HKMA, *Standard Chartered estimates*
# Mainland wealth spilling over to Hong Kong

## Mainland wealth

- **Mainland AUM in HK**
  - Est. Retail AUM (2010)
  - HK Total
  - US$950bn
  - 5%

- **From China**
  - ~US$80 - 100bn
  - 33%

## Growing mainland AUM

- **Mainland AUM in HK**
  - Source: Standard Chartered estimates

## Over 60% of tourists come from the mainland

- **Visitor arrivals (n o. of people)**
  - From mainland China
  - Source: The People's Bank of China, Hong Kong Tourism Board, Standard Chartered estimates

## HK wealth

- **GDP**
  - Source: Standard Chartered estimates

<table>
<thead>
<tr>
<th>2010:</th>
<th>UK</th>
<th>US</th>
<th>China</th>
<th>Singapore</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.45x</td>
<td>0.58x</td>
<td>1.82x</td>
<td>1.43x</td>
<td>1.13x</td>
</tr>
</tbody>
</table>
New trade corridors

World trade in 2000 vs 2010

CAGR (2000-2010)

- EU: 5.6%
- Asia: 5.7%
- Asia US: 27.6%
- Asia EU: 25.7%

Source: Standard Chartered Research; CIJ – China, India and Japan
Banking industry landscape

- Attractive and profitable market given
  - High wealth concentration
  - Highly cost-efficient industry
  - Greater China hub

- Well represented (>150 banks) but dominated by a few banks: ~ 60% of deposits in top four banks

- Well capitalised and highly liquid, but landscape has fast changed in 2011

- Offshore RMB changing balance sheet dynamics

- Beneficiary in times of crisis – flight to quality
Share of market profits

Standard Chartered Bank Hong Kong

Source: Standard Chartered estimated market share of 10 key commercial banks in Hong Kong
Strategic priorities

- Deepen and grow client relationships
- Capture Greater China opportunities
- Drive balance sheet strength
- Invest in products, infrastructure and people
- Maintain tight discipline in risk
Leading the way
in Asia, Africa and the Middle East

Saleem Razvi
Chief Financial Officer,
Hong Kong and North East Asia
Hong Kong – income and profit growth

2005 to 2010 income and profit CAGR of 11% and 9%

RoRWA* (%)

Income
Operating profit
RoRWA

*RoRWA is calculated based on profit after tax
### Hong Kong – results by half year

<table>
<thead>
<tr>
<th>US$ million</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
<th>H1 11 vs H1 10 %</th>
<th>H1 11 vs H2 10 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1,191</td>
<td>1,309</td>
<td>1,531</td>
<td>29</td>
<td>17</td>
</tr>
<tr>
<td>Expenses</td>
<td>(656)</td>
<td>(699)</td>
<td>(684)</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>535</td>
<td>610</td>
<td>847</td>
<td>58</td>
<td>39</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(25)</td>
<td>(18)</td>
<td>(57)</td>
<td>128</td>
<td>217</td>
</tr>
<tr>
<td>Other impairment</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating profit</td>
<td>511</td>
<td>592</td>
<td>790</td>
<td>55</td>
<td>33</td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>55%</td>
<td>53%</td>
<td>45%</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>JAWS</td>
<td></td>
<td></td>
<td></td>
<td>25</td>
<td>19</td>
</tr>
</tbody>
</table>
A well-diversified business

H1 2011 income US$1,531m

Lending/Portfolio Management
Transaction Banking
Wealth Management
Transaction Banking
Credit Cards/Personal Loans
Corporate Finance/Capital Markets/Principal Finance
SME
Financial Markets
Other retail products
ALM/Own Account

Source: Standard Chartered management accounts

CB US$642m (42%)
WB US$889m (58%)
Strong liquidity profile

**Market**

<table>
<thead>
<tr>
<th>Period</th>
<th>Market Commercial Surplus (US$bn)</th>
<th>Market A/D Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 09</td>
<td>396.5</td>
<td>52%</td>
</tr>
<tr>
<td>H1 10</td>
<td>330.7</td>
<td>59%</td>
</tr>
<tr>
<td>H2 10</td>
<td>337.8</td>
<td>62%</td>
</tr>
<tr>
<td>H1 11</td>
<td>307.7</td>
<td>67%</td>
</tr>
</tbody>
</table>

**Standard Chartered Bank Hong Kong**

<table>
<thead>
<tr>
<th>Period</th>
<th>SCB HK Commercial Surplus (US$bn)</th>
<th>SCB HK A/D Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 09</td>
<td>38.9</td>
<td>44%</td>
</tr>
<tr>
<td>H1 10</td>
<td>33.6</td>
<td>52%</td>
</tr>
<tr>
<td>H2 10</td>
<td>30.8</td>
<td>59%</td>
</tr>
<tr>
<td>H1 11</td>
<td>34.1</td>
<td>58%</td>
</tr>
</tbody>
</table>

**RMB Deposits (US$bn)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2 09</td>
<td>9.1</td>
</tr>
<tr>
<td>H1 10</td>
<td>13.2</td>
</tr>
<tr>
<td>H2 10</td>
<td>47.7</td>
</tr>
<tr>
<td>H1 11</td>
<td>85.5</td>
</tr>
</tbody>
</table>

Source: HKMA
## Balance sheet

<table>
<thead>
<tr>
<th>US$bn</th>
<th>H2 09</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Banking</td>
<td>19.4</td>
<td>22.1</td>
<td>24.8</td>
<td>25.8</td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>10.6</td>
<td>14.3</td>
<td>18.8</td>
<td>21.3</td>
</tr>
<tr>
<td>Portfolio impairment provision</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Total loans and advances to customers</td>
<td>30.0</td>
<td>36.3</td>
<td>43.5</td>
<td>47.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>US$bn</th>
<th>H2 09</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customer accounts</td>
<td>68.9</td>
<td>69.8</td>
<td>74.3</td>
<td>81.1</td>
</tr>
<tr>
<td>IFRS A/D Ratio</td>
<td>44%</td>
<td>52%</td>
<td>59%</td>
<td>58%</td>
</tr>
<tr>
<td>Commercial surplus</td>
<td>38.9</td>
<td>33.6</td>
<td>30.8</td>
<td>34.1</td>
</tr>
<tr>
<td>CASA to total customer accounts %</td>
<td>67%</td>
<td>64%</td>
<td>66%</td>
<td>62%</td>
</tr>
</tbody>
</table>
Low interest rates impacting Net Interest Margin

- **Prime**
  - 5.25%
- **3M Hibor**
  - 0.26%

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCB HK NIM</td>
<td>2.3%</td>
<td>2.1%</td>
<td>1.8%</td>
<td>1.6%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Market NIM: NIM of HK retail banks (source: HKMA Half-Yearly Monetary and Financial Stability Report)
Impaired advances to customers

Gross impaired advances as % of gross customer advances

<table>
<thead>
<tr>
<th>Past due but not impaired</th>
<th>Dec 07</th>
<th>Dec 08</th>
<th>Dec 09</th>
<th>Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.8%</td>
<td>1.4%</td>
<td>0.9%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Bank (Hong Kong) Ltd financial reports
We remain well capitalised

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Tier 1</th>
<th>Basic Tier 2</th>
<th>Basel II Tier 1</th>
<th>Basel II Tier 2</th>
<th>AIRB* Tier 1</th>
<th>AIRB* Tier 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>13.2%</td>
<td>2.7%</td>
<td>13.2%</td>
<td>1.3%</td>
<td>10.5%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2008</td>
<td>13.1%</td>
<td>11.7%</td>
<td>14.4%</td>
<td>0%</td>
<td>12.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td>14.4%</td>
<td>10.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td>12.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.1%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

* Advanced Internal Ratings Based
Key messages

- Good momentum across both businesses
- Strong liquidity position with increasing commercial surplus
- Capital accretive business leading to improved capital position
- Efficient balance sheet usage leading to improved margins
Leading the way
in Asia, Africa and the Middle East

Gloria Chow
Head of Origination and Client Coverage,
Wholesale Banking, Hong Kong
2005 to 2010 income and profit CAGR of 22% and 32%

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Operating Profit</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>1,092</td>
<td>545</td>
</tr>
<tr>
<td>2009</td>
<td>1,288</td>
<td>688</td>
</tr>
<tr>
<td>2010</td>
<td>1,384</td>
<td>753</td>
</tr>
<tr>
<td>H1 11</td>
<td>889</td>
<td>520</td>
</tr>
</tbody>
</table>
## Wholesale Banking - results by half year

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
<th>H1 11 vs H1 10 %</th>
<th>H1 11 vs H2 10 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>668</td>
<td>716</td>
<td>889</td>
<td>33%</td>
<td>24%</td>
</tr>
<tr>
<td>Expenses</td>
<td>(305)</td>
<td>(329)</td>
<td>(343)</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>363</td>
<td>387</td>
<td>546</td>
<td>50%</td>
<td>41%</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(3)</td>
<td>5</td>
<td>(26)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other impairment</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating profit</td>
<td>361</td>
<td>392</td>
<td>520</td>
<td>44%</td>
<td>33%</td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>46%</td>
<td>46%</td>
<td>39%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>JAWS</td>
<td></td>
<td></td>
<td></td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>
Strategic priorities

- Deepen ‘core bank’ client relationships
- Expand product capabilities, e.g. Financial Markets, Debt Capital Markets, RMB
- Leverage cross-border and Greater China network
- Manage balance sheet - capital, liquidity and risk
Up-tiering client relationships

% of total client income

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic lending</td>
<td>25%</td>
<td>31%</td>
<td>37%</td>
<td>46%</td>
<td>50%</td>
<td>58%</td>
</tr>
<tr>
<td>Transactional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value added</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Strategic: 50%
- Value added: 46%
- Transactional: 37%
- Basic lending: 25%
Broadening product capabilities

- FX Options
- Corporate Finance
- Fixed Income & Derivatives
- Equity Derivatives
- Cash Equities
- Capital Markets
- Commodities

2004 → 2011
Strong growth across client segments and products

CAGR 2005 - 2010

Client income growth by segment (%)

- Financial Institutions: 18%
- Global Corporates: 19%
- Local Corporates: 23%
- Commodity Traders: 45%

Income growth by product (%)

- Transaction Banking: 7% (12 excluding Cash)
- Lending & Portfolio Management: 14%
- Financial Markets: 43%
- Corporate Finance: 50%
Industry recognition

2011
Best Sales Services in Credit Derivatives for HKD and CNY
Best Interest Rates Research & Market Coverage for CNH

2011
Best Foreign Exchange Provider in Asia-Pacific

2011
#1 Overall for Precious Metals
#1 for Structured Liability Products

2011
#1 for Currency Derivatives in Asia
#1 for Currency Forwards in RMB
#1 for Currency Options in HKD

2011
#1 Overall for Derivatives in Asia
#1 for Currency Derivatives
#1 for Interest Rate Derivatives

2011
Best Cash Management House in Asia

2011
Best Transaction Bank in Asia (2010-2011)

2011
Best Trade Finance Bank in Asia (2010-2011)
China clients present biggest cross-border opportunity

CAGR 2005 - 2010 : 51%

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

Revenue from China clients:
- 2010
- 2009
- 2008
- 2007
- 2006
- 2005
Key messages

- Consistent strategy well executed
- Deepening core client relationships
- Delivering enhanced product capabilities
- Greater China success
- Well-positioned and well invested for growth
Leading the way
in Asia, Africa and the Middle East

Mary Huen
Head of Consumer Banking,
Hong Kong
## Consumer Banking - results by half year

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
<th>H1 11 vs H1 10 %</th>
<th>H1 11 vs H2 10 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>523</td>
<td>593</td>
<td>642</td>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>Expenses</td>
<td>(351)</td>
<td>(370)</td>
<td>(341)</td>
<td>-3</td>
<td>-8</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>172</td>
<td>223</td>
<td>301</td>
<td>75</td>
<td>35</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(22)</td>
<td>(23)</td>
<td>(31)</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td>Operating profit</td>
<td>150</td>
<td>200</td>
<td>270</td>
<td>80</td>
<td>35</td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>67%</td>
<td>62%</td>
<td>53%</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>JAWS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Strategic priorities - progressing well

### Consumer Banking transformation journey

<table>
<thead>
<tr>
<th>Participation model</th>
<th>Customer focus</th>
<th>‘Back to basics’</th>
</tr>
</thead>
</table>
| - Establish leadership in High Value Segments (HVS)* | - Embed Customer Charter  
- Deepen relationships with customers  
- Distinctive Customer Value Propositions  
- Reposition Wealth | - Drive profitable balance sheet growth with core deposits and lending  
- Continue with disciplined cost and risk management |
| - Grow quality customers | | |

* High Value Segments are Priority, Private, and SME
Establish leadership in HVS - Priority Banking

Tapping into global Chinese potential and deepening existing base

- Global Chinese customers growth (new to bank)
- Products per customer
- AUM growth

- Leveraged international network
- Bundled product solutions enabled by effective sales process
- Conscious deepening effort by experienced Relationship Managers

H1 09 - H1 11

Leveraged international network

Bundled product solutions enabled by effective sales process

Served by international Relationship Manager

Conscious deepening effort by experienced Relationship Managers

+34%
Establish leadership in HVS - SME Banking

Strengthened relationships with solid and diverse growth

- Better product diversification
- Leveraged cross border teams to capture mainland opportunities
- High Value Segment cross referral

<table>
<thead>
<tr>
<th>Income mix (%)</th>
<th>Income per customer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32%</td>
</tr>
</tbody>
</table>

32%
Establish leadership in HVS - Private Banking

Strong Private Banking franchise

- Sales force expansion to deliver business growth

- Strong referral pipeline from Wholesale Banking and SME

- Expanded product suite to cater to lending and investment needs
Wealth Management repositioned

Resilient performance from all segments and products

Trusted advisors

Enabled by:

- Specialists model
- Extensive training
- iPortfolio tool
- Treasury hub

Income

+104%

H1 08  H2 08  H1 09  H2 09  H1 10  H2 10  H1 11

H1 07  H1 11
Gaining share in target credit card segment

Credit card spending

- Better High Value Segment penetration
- Grew market share through disruptive marketing and “everyday” value proposition

Credit card outstanding balance

- Healthy growth in balances from a good mix across segments
Service-led mortgage offering a differentiator

Average NIM of new mortgages*

Customer segment mix in portfolio

Differentiated:
- Bundled solution
- High quality staff training
- Speed of approval
- Service hours

Quality growth in new booking from Priority Banking and Preferred Banking

No net bad debt recorded for the past 5 years

* Weighted average NIM of newly booked HIBOR and Prime
Customer centric distribution model is redefining banking experience

1. Strategic locations and expansion
2. Specialised centres
3. Outreach teams
4. International banking centre
5. Non-face to face: hubs
6. Non-face to face: online and mobile
Continued investment in brand visibility

External branding

Before

After

Communication

您尋求更低樓按息率
我們讓您節省更多

HIBOR特低樓按年利率
0.85%*

Mortgage Master Home Purchase
Financial Management Services -
The total first-class
mortgage services plus

*Loan-to-value ratio 60%
Minimum monthly payment $3,000
Mortgage amount $900,000
Mortgage term 10 years

Mortgage hotline: 2866 8855
Customer charter underpinned by service pledges

- **8 Minutes Service Pledge**
- **1 Day Mortgage Approval Service Pledge**
- **1 Hour Loan Disbursement**
- **BIL Express Approval Guarantee within 48 Hours**
Key messages

- Strong underlying momentum delivering good performance
- CB transformation pillars well institutionalised
- Conscious diversification of income streams and customer base
- Leveraging cross-border, cross-segment, and across the Bank
- Staying invested with cost discipline
Leading the way
in Asia, Africa and the Middle East

Ben Hung
Chief Executive Officer,
Hong Kong
Key messages

- Good first half, well diversified businesses delivering
- Balance sheet - a competitive advantage
- Positive emerging opportunities in Greater China
- Strongly positioned to grow
Analyst trip 2011 Taiwan

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

Sunil Kaushal
President and Chief Executive Officer,
Taiwan
Key messages

- Successfully completed three integrations
- CB distribution gaps largely closed
- WB capitalising on network connectivities
- Solid balance sheet, high quality loan book with costs well controlled
- Good performance in a tough market

Established platform for quality earnings growth
Taiwan integration journey
Invested in distribution

Increased presence in key cities

- Other cities
- Other key cities
- Greater Taipei

Investment in branches

- Partially refurbished
- Fully refurbished

Pre-acquisition: 3
Jul 2007: 10
Dec 2008: 14
Oct 2011: 18

Jun 2007: 3
Oct 2011: 43
Costs base reshaped

Flat costs while investing

Staff rationalisation

Source: SCB Group accounts and management information, * Excludes One-off items of c.$120m. The Gallup ® Q12 engagement survey
Portfolio de-risked

Loan impairment (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>(159)</td>
<td>(158)</td>
<td>(68)</td>
<td>32</td>
<td>46</td>
</tr>
</tbody>
</table>

Non-performing loans (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dec 07</th>
<th>Jun 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.83</td>
<td>1.84</td>
</tr>
</tbody>
</table>

Net recoveries

<table>
<thead>
<tr>
<th>Year</th>
<th>Dec 07</th>
<th>Jun 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.52</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Bad debt coverage (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dec 07</th>
<th>Jun 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>196</td>
<td>228</td>
</tr>
</tbody>
</table>

Source: SCB Group accounts and management information, SCBTL local statements
3 acquisitions since 2006
88 branches
3,900 staff
Assets: US$25bn
Income mix: CB 75%, WB 25%
No. 2 most profitable international bank
Credit rating: AAA stable
Taiwan macro environment
Improved macro environment

Interest rates below historical average; inflation contained

CBC rediscountrate (%) - Inflation (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>CBC Rediscountrate (%)</th>
<th>Inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>2001</td>
<td>2.23</td>
<td>0.97</td>
</tr>
<tr>
<td>2002</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2003</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2004</td>
<td>1.8</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>1.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2006</td>
<td>1.2</td>
<td>0.7</td>
</tr>
<tr>
<td>2007</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>2008</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>2009</td>
<td>0.7</td>
<td>1.3</td>
</tr>
<tr>
<td>2010</td>
<td>0.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Domestic spending driven by improved confidence and lower unemployment

Unemployment (%) - Retail sales (NT$tn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment (%)</th>
<th>Retail sales (NT$tn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>3.5</td>
<td>2.0</td>
</tr>
<tr>
<td>2001</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>2002</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2003</td>
<td>2.0</td>
<td>2.8</td>
</tr>
<tr>
<td>2004</td>
<td>1.5</td>
<td>3.0</td>
</tr>
<tr>
<td>2005</td>
<td>1.0</td>
<td>3.2</td>
</tr>
<tr>
<td>2006</td>
<td>0.5</td>
<td>3.4</td>
</tr>
<tr>
<td>2007</td>
<td>0.0</td>
<td>3.6</td>
</tr>
<tr>
<td>2008</td>
<td>0.2</td>
<td>3.8</td>
</tr>
<tr>
<td>2009</td>
<td>0.4</td>
<td>4.0</td>
</tr>
<tr>
<td>2010</td>
<td>0.6</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: Taiwan Statistical Data Book 2011, Standard Chartered Research
Taiwan: a wealthy economy

Nominal GDP - 24th largest

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>US$bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>China</td>
<td>5,878</td>
</tr>
<tr>
<td>9</td>
<td>India</td>
<td>1,632</td>
</tr>
<tr>
<td>15</td>
<td>S. Korea</td>
<td>1,014</td>
</tr>
<tr>
<td>18</td>
<td>Indonesia</td>
<td>707</td>
</tr>
<tr>
<td>24</td>
<td>Taiwan</td>
<td>432</td>
</tr>
<tr>
<td>38</td>
<td>Hong Kong</td>
<td>238</td>
</tr>
<tr>
<td>39</td>
<td>Singapore</td>
<td>223</td>
</tr>
</tbody>
</table>

Foreign reserves - 5th largest

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>US$bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>3,197</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>1,138</td>
</tr>
<tr>
<td>3</td>
<td>Russia</td>
<td>531</td>
</tr>
<tr>
<td>4</td>
<td>Saudi Arabia</td>
<td>497</td>
</tr>
<tr>
<td>5</td>
<td>Taiwan</td>
<td>400</td>
</tr>
<tr>
<td>6</td>
<td>Brazil</td>
<td>352</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>318</td>
</tr>
</tbody>
</table>

Real GDP growth (YoY)

10Y average = 4%

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5.8</td>
</tr>
<tr>
<td>2002</td>
<td>5.3</td>
</tr>
<tr>
<td>2004</td>
<td>3.7</td>
</tr>
<tr>
<td>2006</td>
<td>4.7</td>
</tr>
<tr>
<td>2008</td>
<td>6.0</td>
</tr>
<tr>
<td>2009</td>
<td>0.1</td>
</tr>
<tr>
<td>2010</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Affluent society

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2010 GDP per capita PPP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Singapore</td>
<td>56,700</td>
</tr>
<tr>
<td></td>
<td>Hong Kong</td>
<td>45,900</td>
</tr>
<tr>
<td>7</td>
<td>U.S</td>
<td>46,900</td>
</tr>
<tr>
<td>20</td>
<td>Taiwan</td>
<td>35,600</td>
</tr>
<tr>
<td>21</td>
<td>UK</td>
<td>35,100</td>
</tr>
<tr>
<td>24</td>
<td>Japan</td>
<td>33,900</td>
</tr>
</tbody>
</table>

Source: Nominal GDP as of 2010, foreign reserve as of 1H 2011. Taiwan Statistical Data Book 2011, IMF; Standard Chartered Research
Leading position in tech manufacturing

- Top global tech player
  - IT hardware
  - Data communications
  - Mobile devices
  - High-end functional textiles

- Emerging player in other sectors
  - Biotechnology
  - Pharmaceutical
  - Green energy
  - High-end agriculture

Source: Taiwan Statistical Data Book 2011; iSuppli
Well positioned to invest in other markets

Abundant capital + Manufacturing capabilities = Ability to invest in emerging markets

- Significant foreign direct investor to mainland China and Vietnam
- Looking to invest in other frontier markets in our footprint

Source: Taiwan Statistical Data Book 2011, MOF COM, InvestHK, FIA Vietnam
Increasing intra-regional trade

Large trade economy, over 70% trade with Asia and the Middle East

2010 Taiwan total trade

<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2010</th>
<th>CAGR</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China</td>
<td>381</td>
<td>526</td>
<td>6.6%</td>
<td>145%</td>
</tr>
<tr>
<td>Other Asia</td>
<td>35%</td>
<td>34%</td>
<td>6.0%</td>
<td>-1%</td>
</tr>
<tr>
<td>Middle East</td>
<td>6%</td>
<td>7%</td>
<td>6.6%</td>
<td>1%</td>
</tr>
<tr>
<td>Europe</td>
<td>14%</td>
<td>11%</td>
<td>10%</td>
<td>-3%</td>
</tr>
<tr>
<td>North America</td>
<td>14%</td>
<td>9%</td>
<td>14%</td>
<td>-5%</td>
</tr>
<tr>
<td>Others</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: China Customs statistics, Hong Kong Trade and Industry Department
A new chapter in cross strait relations

Economic Cooperation Framework Agreement (ECFA) in early stages but could be a game changer

- Reduced tariffs and boost to tourism
- Mainland investments permitted in Taiwan
- Increased limits on investments into China
- Financial services including RMB settlements
- Future free trade agreements
Good prospects but there are challenges

**Opportunities**
- High affluence
- ECFA
- Growing interconnectivity with our markets
- Normalisation of interest rates

**Risks**
- Market instability
- Major slowdown in China
- Outcome of presidential election
- Regulatory super-equivalence
Our strategic priorities

- Sweat investments
- Deepen client relationships
- Leverage connectivity in Greater China and beyond
- Remain vigilant on risks and costs

Aspiring to be more local than any international bank, and more international than any local bank in Taiwan
Leading the way
in Asia, Africa and the Middle East

Jamie Ling
Chief Financial Officer,
Taiwan
Key messages

- Good performance in a tough market
- Regulatory headwinds absorbed
- Costs well controlled
- Strong platform for future growth
## Taiwan financial performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 09</th>
<th>H2 09</th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>270</td>
<td>263</td>
<td>283</td>
<td>284</td>
<td>281</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(289)</td>
<td>(187)</td>
<td>(171)</td>
<td>(190)</td>
<td>(98)</td>
</tr>
<tr>
<td>One-off adjustments</td>
<td>(171)</td>
<td>(187)</td>
<td>(181)</td>
<td>(190)</td>
<td>(184)</td>
</tr>
<tr>
<td></td>
<td>(118)*</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>86</td>
</tr>
<tr>
<td><strong>Working profit</strong></td>
<td>(19)</td>
<td>76</td>
<td>112</td>
<td>94</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total LI</strong></td>
<td>(41)</td>
<td>(27)</td>
<td>9</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>(60)</td>
<td>49</td>
<td>121</td>
<td>117</td>
<td>229</td>
</tr>
</tbody>
</table>

*relates to US$170m charge for the buy back of structured notes issued by the PEM Group and US$52m reduction in retirement obligations
Good performance in a tough market

Operating profit (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>88</td>
</tr>
<tr>
<td>2010</td>
<td>238</td>
</tr>
<tr>
<td>H1 11</td>
<td>229</td>
</tr>
</tbody>
</table>

Income (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>608</td>
</tr>
<tr>
<td>2010</td>
<td>567</td>
</tr>
</tbody>
</table>

Income impacts:
- FVA
- Structured Notes
- NIM compression
- De-risking
Deposit margin headwinds

Good growth on CASA
Time Deposit margins impacted by regulations

<table>
<thead>
<tr>
<th>Year</th>
<th>CASA NIM % (RHS)</th>
<th>TD NIM (% RHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>1.5%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2009</td>
<td>0.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>2010</td>
<td>1.0%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>H1 11</td>
<td>2.0%</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>
Wealth management headwinds

Structured note sales suspended

MF, PCI, Insurance, Securities
Structured notes

<table>
<thead>
<tr>
<th>Year</th>
<th>MF, PCI, Insurance, Securities</th>
<th>Structured notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>40%</td>
<td>22%</td>
</tr>
<tr>
<td>2008</td>
<td>22%</td>
<td>2%</td>
</tr>
<tr>
<td>2009</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>2010</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>H1 11</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Solid balance sheet, high quality loan book

Capital adequacy ratio (%)

Asset growth (US$bn)

Loan mix (%)

2007 2010

Tier 1

8.68 5.37

10.45 Tier 2

15.82

14.3 15.82

49% 53%

44% CB

49% WB

Other

2007 2010

61 39

74 26

Secured

Unsecured
Cost well controlled

**What we did**
- Centralisation
- Staff rationalisation
- Branch consolidation
- Efficiency projects

**Invested in**
- 650+ new sales
- HVS branches
- Marketing
- Onshore retail securities
- Onshore private banking
- Infrastructure

- Costs reduced (08 vs 09) = US$44m
- LI reduced (08 vs 09) = US$90m
- 1,000 staff exited
In summary

- Good performance in a tough market
- Regulatory headwinds absorbed
- Costs well controlled
- Strong platform for future growth
Leading the way
in Asia, Africa and the Middle East

Helen Hui
Head of Origination and Client Coverage, Taiwan
Key messages

- Good progress on client led strategy
- Broadening product capabilities to drive cross-sell
- Deepened client relationships with key accounts
- Leveraging Greater China network and beyond
- Strong platform for sustainable growth
Journey in Taiwan

2005 to 2007
- Global Corporates and Custody focus
- Small yet profitable
- Low brand visibility

2007 to 2009
- Local Corporates client base acquired from HIB
- Integration and migration
- Invested through the cycle

2010 and beyond
- Key to greater China strategy
- Core bank to top tier Taiwanese corporates
- Product capabilities as competitive edge

Accelerated growth
Broadening product capabilities

- **MLA role in Syndication**
  - February '10
- **Rights issue**
  - June '10
  - TCC International
  - HK$ 2.3bn Rights Offering
  - Joint Underwriter
- **Promoter Finance**
  - November '10
  - US$ 400m Term Loan
  - Mandated Lead Arranger
- **M&A**
  - Q4 '11
- **Sub-Debt Issuance**
  - March '10
- **Convertible Bond**
  - September '10
- **Project Finance**
  - Q4 '11
- **US$ 720m Shipping Finance**
  - March '10
  - Term Loan Facility

- **Hon Hai Precision**
  - US$ 1bn ECB Issuance
  - Joint Bookrunner

- **Ta Chong Bank**
  - US$ 2.62bn Sub Debt
  - Sole Bookrunner
Deepening client relationships

Key client groups

# of clients with revenue > US$1m per annum

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0X</td>
<td>1.3X</td>
<td>1.8X</td>
<td></td>
</tr>
</tbody>
</table>

Cross-sell ratio (%)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2007 Average cross-sell 2.1 products</th>
<th>H1 11 Average cross-sell 3.5 products</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>21</td>
<td>32</td>
</tr>
<tr>
<td>&gt;5</td>
<td>11</td>
<td>&gt;5</td>
</tr>
<tr>
<td>&gt;5</td>
<td></td>
<td>38</td>
</tr>
<tr>
<td>&gt;5</td>
<td></td>
<td>30</td>
</tr>
</tbody>
</table>

Number of products

- 1-2
- 3-4
- >=5

* Cross-sell ratio for BCA clients across 14 product groups
Building offshore connectivities

**China**
- Revenue up 57%
- Taiwan desks in 4 cities, to build scale and consolidate in a few cities
- Penetration with top 1,000 Taiwanese clients in China by phases

**Hong Kong**
- Revenue up 43%
- Offshore RMB financial hub
- CM/CF product execution centre
- Dedicated Taiwan desk since 2005

**India**
- Revenue up 11%
- Driving agenda via “Thought leadership” and government collaboration
- Taiwan desk to be established in 2012

**Vietnam**
- Revenue up >300%
- Taiwan is largest inbound investor
- Taiwan desk since Aug 2009

Note: All percentages are 2010 & 2011 half on half comparison
Cross border transactions in last 12 months

Greater China

- DaChan Food

- TPK

Pan-China Liquidity Management

- US$ 300m Cross Border Receivables Financing Facility
- US$ 40m Mortgage Loan

- AUO - SunPower JV
  - US$ 300m 5-Year Term Loan Facility

- Project Jade

- US$ 26m Term Loan Facility for Phuc My Hung

- US$ 60m to finance new plant in India

Other geographies

- Malaysia
- Vietnam

- Sep 2011
- Jun 2011
- Nov 2011
Improving client revenue mix

Transactional = Transaction Banking + Cash FX; Value Added = FM - Cash FX; Strategic = Corporate Finance + Principal Finance
Performance highlights

Revenue growth - H1 11 v H1 10

By segment (%)
- Global Corporates: 44%
- Local Corporates: 31%
- Financial Institutions: 0%

By product (%)
- Transaction Banking: 10%
- Lending: (23%)
- Global Markets Sales: 57%
- Own A/C: 23%
Our strategic priorities

1. Further deepen relationships with key clients
2. Continue to expand product capabilities
3. Strengthen network connectivities
4. RWA management
5. Multiply leadership
Key messages

- Good progress on client led strategy
- Broadening product capabilities to drive cross-sell
- Deepening client relationships with key accounts
- Leveraging Greater China network and beyond
- Strong platform for sustainable growth
Leading the way
in Asia, Africa and the Middle East

Choon Hin Tan
Head of Consumer Banking,
Taiwan
Key messages

- Leadership position in retail lending and distribution
- Global CB strategy well under execution
- Wealth management significant contributor
- Revenue momentum key to profit growth
Top player in many aspects...

Leading international bank

Position within CB group

- No. 5 in income
Unique distribution network

Pre-acquisition

- Taipei: 1
- Taoyuan: 26
- Hsinchu: 15
- Miaoli: 10
- TaiChung: 1
- Changhua & Jiayi: 2
- Tainan: 3
- Kaoshiung: 1

Today

- Island wide branch coverage
- 2 Express banking outlets
- 11 Securities branches
- More than 400 ATMs

3 branches
88 branches
A clear Taiwan strategy

The world’s best international consumer bank in each of our chosen markets and segments

Participation model

- Taoyuan, Hsinchu and Miaoli (“TCM”) - “Leading bank with 20%+ share”
- Major cities - “Bank of choice for the affluent and SME”

‘Back to basics’

- Improve productivity and efficiency
- Build a high quality loan book
  Enhance performance management culture

‘Back to basics’

- Embed Customer Charter and SC Way
- Develop clear target Customer Value Proposition (CVP)
- Deepen main bank relationship
Redefined customer experience

Innovative distribution – Express Banking centres

New branch design
Delivering fast and accurate service

365-day banking, extended banking hours

8-min service pledge

SME service pledge
Customer metrics show good progress

**Net promoter score**
- 2009: 9
- 2010: 25
- H1 11: 35

**Products per customer**
- 2009: 100
- 2010: 102
- H1 11: 109

**Active internet users (‘000)**
- 2009: 117
- 2010: 191
- H1 11: 230

**Sales / man day**
- Baseline: +9%
- Jun 11: +9%

**Solutions / sale**
- Baseline: +22%
- H1 11: +22%

**Number of Priority customers (‘000)**
- 2009: 52
- 2010: 70
- H1 11: 76

**Q12® engagement score**
- 2009: 4.02
- 2010: 4.40
- 2011: 4.46

SC Way: Standard Chartered Bank Way, *Products per customer (PPC) index ^Baseline: Pre-SCBWay implementation
Wealth management: large but volatile

Significant WM income

Correlated with market

Total CB income US$211m

Wealth Management

Other

TWSE index

MF income (indexed)

<table>
<thead>
<tr>
<th>Jan 08</th>
<th>Jun 08</th>
<th>Jan 09</th>
<th>Jun 09</th>
<th>Jan 10</th>
<th>Jun 10</th>
<th>Jan 11</th>
<th>Jun 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWSE index</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MF income</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
Good momentum but regulatory headwinds

H1 11 vs H1 10

<table>
<thead>
<tr>
<th>SCB growth (%)</th>
<th>Market growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>14</td>
</tr>
<tr>
<td>Credit cards*</td>
<td>(0.3)</td>
</tr>
<tr>
<td>P-loans</td>
<td>9</td>
</tr>
<tr>
<td>SME Lending</td>
<td>20</td>
</tr>
<tr>
<td>Deposit**</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: FSC information, SCBTL accounts. *Market CC uses revolving balance data while SCB CC uses PE balance. **Note: Market deposit is total bank. SCB deposit is CB deposit only.
Execution priorities - 2011 and beyond

1. Drive quality top-line growth
2. Embed SC Way and customer focus
3. Focus on people
4. Ensure prudent risk and cost management
In summary

- Large CB business with a leading position in Taiwan
- Focus on driving good quality income growth
- Wealth management income is key
- Strong foundation for growth
Leading the way
in Asia, Africa and the Middle East

Sunil Kaushal
President and Chief Executive Officer,
Taiwan
Summary

- Well managed acquisition with a sound platform
- Good performance in a tough market, Wealth Management volatility and regulatory challenges continue
- Solid balance sheet, high quality loan book with costs well controlled
- CB is large with good opportunities in High Value Segments
- WB moving up the value chain, capitalising on network connectivity
Analyst trip 2011
Group perspectives

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

Richard Meddings
Group Finance Director
We remain well capitalised with a Core Tier 1 ratio of 11.9% as at 30 June 2011.

We maintain our capital position to protect our ability to grow.

Equity generation funds our RWA growth and influences capital allocation:
- Target RoRWA by customer
- Investing in less RWA intensive businesses
- Each country aspires to be equity generative
Liquidity

- We remain strongly liquid in both local currency and USD.
- Well positioned to gain market share and reprice as competitors withdraw; we stand by our existing clients and remain open for business.
- All our key markets (except Korea) have an A/D ratio < 100%.
- Daily stress tests and internal limits underpin our strong liquidity position.
- Liquid assets actively managed with a LAR of 26.5% as at 30 June 2011.
- Limited refinancing requirements over the next few years.
Conservative approach to risk

- Loan books highly diversified by geography, industry and client segment
- Asset quality remains strong and we are not seeing any signs of stress
- Continued focus on anticipation and vigilance, especially given market conditions
- Strongly embedded risk culture with established and robust governance structures
- Experience risk management team, country rotation ensures shared experience of risk events across diverse markets
Overview

- We are uniquely positioned in some of the most dynamic markets in the world

- Significant opportunities for growth across geographies in both Consumer Banking and Wholesale Banking

- Customers remain the focus of our strategy

- Our culture of collaboration and communication is difficult to replicate
Culture and values

- A shared sense of values permeates our culture
- Leaders draw on experience gained in a number of geographies and functions
- Our values are a means to deepen relationships with clients and attract talent
- Performance is not just about revenues and profits but on how they are achieved
- We play an important role in the economy and want to have a positive impact on broader society
Guidance

- Double digit income growth in 2011 and beyond
- Flat jaws for the full year excluding the impact of the UK bank levy
- Double digit growth in earnings per share
- Mid-teens ROE in the medium term
Key messages

- Significant opportunities for profitable growth across our franchise
  - Growth prospects for our markets remain intact
  - Diverse income streams by geography, product and customer segment
  - Deep relationships and longevity of presence

- Customer-centric strategy and unique network

- Conservative business model, focused on the basics of banking

- Culture and values underpin our sustainable growth
Seeing is Believing

- Seeing is Believing provides access to eye care and changes lives

- 39 million blind people in the world, projected to increase to 76 million by 2020

- We have reached 25 million people to date
  - Cataract operations
  - Training health care workers
  - Distributing eyeglasses

- Relevant to our markets: 90% of blindness occurs in developing countries

- We have an ambitious target to raise US$100m by 2020

- We are committed to the aim of eliminating avoidable blindness and visual impairment