Key messages

- The balance sheet is strong: highly liquid, well capitalised with an efficient funding structure and low leverage

- We have been managing the balance sheet proactively and have the levers to deliver sufficient capital accretion while funding growth and meeting regulatory requirements

- The refreshed strategy will also underpin capital accretion, with its focus on disciplined RWA management and improved returns across segments and businesses
Customer deposit funded franchise: A/D ratio consistently in the high 70s

Liquid asset ratio of 30.5% - cUS$210bn of cash or near cash on balance sheet

Basel 3 LCR and NSFR > 100% today

Structurally well positioned for resolution & TLAC debate
  - No UK ring fence
  - SPE resolution strategy fits existing structure
  - Loss absorbing capacity >20% and in the right place
Strong leverage ratio well above future requirements

- H1 14 leverage ratio of 4.8% vs. estimated FPC requirement of 3.35%
- Scope to increase leverage ratio further through issuance of Additional Tier 1 capital
Strongly capitalised above known CET1 requirements

- H1 14 ratio of 10.5% vs. known end point requirement of 8.7%
- Requirements are not yet finalised
- Intend to continue to operate with a prudent buffer over regulatory requirements
Continued growth in the quantum of equity and total capital

**Capital ratios (%) and capital amounts (US$bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Common Equity Tier 1*</th>
<th>AT1</th>
<th>Tier 2</th>
<th>TLAC</th>
<th>Total capital base (US$bn)</th>
<th>Common Equity Tier 1* capital (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 09</td>
<td>8.9</td>
<td></td>
<td>1.8</td>
<td></td>
<td>10.7</td>
<td>8.9</td>
</tr>
<tr>
<td>FY 10</td>
<td>11.8</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>11.8</td>
</tr>
<tr>
<td>FY 11</td>
<td>11.8</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>11.8</td>
</tr>
<tr>
<td>FY 12</td>
<td>11.7</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>11.7</td>
</tr>
<tr>
<td>HY 13</td>
<td>11.4</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>11.4</td>
</tr>
<tr>
<td>FY 13 (B2)</td>
<td>11.8</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>11.8</td>
</tr>
<tr>
<td>FY 13 (B3)</td>
<td>10.9</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>10.9</td>
</tr>
<tr>
<td>HY 14</td>
<td>10.5</td>
<td></td>
<td>1.8</td>
<td></td>
<td>13.6</td>
<td>10.5</td>
</tr>
</tbody>
</table>

* Core Tier 1 under Basel 2
Evolution of CET1 ratio

CET1\(^1\) ratio trajectory (%)

- **FY 09**: 8.9
- **FY 10**: 11.8
- **FY 11**: 11.8
- **FY 12**: 11.7
- **FY 13 (B3)**: 10.9
- **HY 14**: 10.5

1. **Includes 2010 rights issue & IDR**
2. **Includes model changes and foreseeable dividend**
3. **US settlement**
4. **Primarily Basel 3 impact and Permata consolidation**

1) Core Tier 1 under Basel 2
Historical underlying CET1 accretion of c30 bps a year

CET1\(^1\) movement and underlying accretion\(^2\) (%)

- FY 09: 8.9%
- 2010 capital issuance: 2.7%
- Regulatory and one offs: 2.4%
- Adjusted: 9.3%
- Underlying CET1 accretion: 1.3%
- HY 14: 10.5%

1) Core Tier 1 under Basel 2
2) RWA changes are capitalised at 10.5%. Underlying capital accretion is calculated as profit less dividends (net of scrip) less underlying RWA growth and other underlying CET1 movements.

H1 CET1 – underlying accretion of 20 bps

- Underlying CET1 accretion of c20bps at H1
- Consistent with a historic annual underlying CET1 accretion of c30bps after levy
H1 RWA – effective RWA management

RWA trajectory (US$bn)

<table>
<thead>
<tr>
<th>FY 13 (B3)</th>
<th>Model changes</th>
<th>HY 14 post one-offs</th>
<th>RWA Efficiencies</th>
<th>Asset Growth</th>
<th>Credit migration</th>
<th>Other</th>
<th>HY 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>331.3</td>
<td>11.7</td>
<td>343.0</td>
<td>(8.8)</td>
<td>9.4</td>
<td>6.3</td>
<td>1.7</td>
<td>351.6</td>
</tr>
</tbody>
</table>

- **RWA efficiencies:** about US$9bn, principally from
  - FM portfolio management: data clean up, CCP clearing, counterparty management to reduce CVA
  - BAU efficiencies: loan sales, CLOs, collateral efficiencies, lower asset tenors
- **Asset growth includes US$5bn reduction from tail end management**
# Shape of Business – H1 2014

<table>
<thead>
<tr>
<th>Client segment¹</th>
<th>Client Income (US$bn)</th>
<th>RWA²,³,⁴ (US$bn)</th>
<th>NFR ratio⁴,⁷</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA²,³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate and Institutional</td>
<td>4.6</td>
<td>182</td>
<td>41%</td>
<td>48%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.6</td>
<td>18</td>
<td>51%</td>
<td>59%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Private Banking</td>
<td>0.3</td>
<td>5</td>
<td>67%</td>
<td>72%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Retail</td>
<td>2.8</td>
<td>49</td>
<td>37%</td>
<td>65%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Own Account Income</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product¹</th>
<th>Income (US$bn)</th>
<th>RWA³,⁴,⁵ (US$bn)</th>
<th>NFR ratio⁴,⁷</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA³,⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Banking</td>
<td>1.9</td>
<td>49</td>
<td>49%</td>
<td>51%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Financial Markets</td>
<td>1.8</td>
<td>53</td>
<td>79%</td>
<td>57%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Corporate Finance⁶</td>
<td>1.4</td>
<td>50</td>
<td>4%</td>
<td>44%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>0.8</td>
<td>4</td>
<td>90%</td>
<td>77%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Retail Products</td>
<td>2.4</td>
<td>48</td>
<td>25%</td>
<td>70%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Others⁶</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Client segment client income and cost:income ratios on disclosed basis. Product income figures on disclosed basis; 2) Client segment RWA and return metrics on client basis and excludes own account income and related RWAs; 3) RWAs and return metrics include fully implemented impact of Basel 3 and model changes. Profit returns calculated using regulatory expected loss; 4) Figures on managed basis; 5) Product RWA and return metrics include own account income and related RWAs. 6) Corporate Finance figures include Principal Finance. Others consists of Asset and Liability Management and Lending and Portfolio Management. 7) Non financing revenue (NFR) ratio defined as % income generated by non financing products.
## Managing for the future

### Strategy
- Strong franchise
- Higher return opportunities
- Improving cost efficiency
- Leveraging the network
- Restoring profitable growth

### Further Regulatory Impacts on CET1
- Regulatory models
  - LGD (-ve)
  - IMM / others (+ve)
- Valuation adjustments
  - PVA (-ve)
- Others
  - AFS gains (+ve)

### Management Levers
- Disciplined RWA management & deployment
- Portfolio management & optimisation
- Evaluating asset sales & exiting non strategic businesses
- Intense focus on productivity improvements

---

IMM: = Internal Models Method, LGD = Loss Given Default, PVA = Prudent Valuation Adjustment, AFS = Available for Sale
Key messages

- The balance sheet is strong: highly liquid, well capitalised with an efficient funding structure and low leverage

- We have been managing the balance sheet proactively and have the levers to deliver sufficient capital accretion while funding growth and meeting regulatory requirements

- The refreshed strategy will also underpin capital accretion, with its focus on disciplined RWA management and improved returns across segments and businesses
Q&A
Key messages

- **Strong foundations of Risk Management**
  - Diversified, short tenor and well collateralised portfolio
  - We have been active and early in managing the risks in the hotspots of India, China and Commodities
  - In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
  - CIC and Commercial impairment is currently elevated
  - Retail loan impairment is flat year-to-date
Strong foundations of risk management

We remain disciplined on our 5 foundations of risk management:

- Discipline and Governance
- Tenor
- Market risk
- Diversification
- Collateral
Group risk: Group and country level governance

- Credit Risk Committee provides senior management oversight on key aspect of credit risk management (risk reports, deep dives, credit policies, risk models, portfolio standards, credit issues and regulatory compliance)
- Credit Approval Committee reviews and sanctions material credit proposals; and Underwriting Committee reviews underwriting proposals
- Credit Model Assessment Committee provides technical challenge on risk models used for internal credit decisions and credit risk capital estimation

- Executive or Country Risk Committee provides country level oversight on various risk types including credit risk
- Credit Issues Committee provides country level oversight on the Retail portfolios, Early Alert accounts from CIC and Commercial Client segments and problem accounts managed through a specialised unit
Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
## CIC and Commercial portfolio remains diversified

### Energy
(20% of CIC and Commercial portfolio - 385 clients)

<table>
<thead>
<tr>
<th>Sub - industry</th>
<th>H1 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade in fuel and lubricants</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Extraction of oil</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Petroleum refineries</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>Oil rig operators</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Coal mining</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Others</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Tenor &lt;1 year</strong></td>
<td><strong>68%</strong></td>
<td><strong>61%</strong></td>
</tr>
</tbody>
</table>

### Real Estate
(8% of CIC and Commercial portfolio - 135 clients)

<table>
<thead>
<tr>
<th>Sub - industry</th>
<th>H1 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed</td>
<td>27%</td>
<td>31%</td>
</tr>
<tr>
<td>Office</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Residential</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>Retail and Shopping Mall</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>Industrial and Logistics</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Hotel</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Others</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>LTV%</strong></td>
<td><strong>42%</strong></td>
<td><strong>41%</strong></td>
</tr>
</tbody>
</table>

### Metals and Mining
(9% of CIC and Commercial portfolio - 636 clients)

<table>
<thead>
<tr>
<th>Sub - industry</th>
<th>H1 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron and steel</td>
<td>36%</td>
<td>37%</td>
</tr>
<tr>
<td>Metal traders</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Non-ferrous metals</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Copper and zinc</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Gold and precious metal loans</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Diamonds</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Tenor &lt;1 year</strong></td>
<td><strong>67%</strong></td>
<td><strong>76%</strong></td>
</tr>
</tbody>
</table>

### Transportation
(6% of CIC and Commercial portfolio - 380 clients)

<table>
<thead>
<tr>
<th>Sub - industry</th>
<th>H1 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea</td>
<td>48%</td>
<td>43%</td>
</tr>
<tr>
<td>Air</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Road</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Rail</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Others</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Retail Clients business also remains diversified

- Retail portfolio’s geographical and product composition is unchanged over the year
- Mortgages accounted for 63% of the Retail portfolio with an average LTV of 50%

### Retail Clients – L&A by geography

<table>
<thead>
<tr>
<th>Regions</th>
<th>H1 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>ASEAN</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>North East Asia</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>South Asia</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>MENAP</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Africa</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Americas / Europe</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Retail Clients – L&A to customers

- **Consumer Banking**
  - Mortgages & Auto
  - Secured Others
  - CCPL

- **Retail Clients**
  - Private Banking
  - Partially Secured
  - Business Instalment Loan
Tenor profile is broadly stable

- Since 2010, the tenor profiles of the CIC and Commercial and Retail Clients portfolios have not changed significantly
- CIC and Commercial Clients portfolio is mostly short term, with 66% of L&A to customers with maturity < 1 year
- CIC and Commercial Clients exposure in long tenor (>5 year) has remained between 6% - 8% of the portfolio
- The higher proportion of longer term maturity in Retail Clients portfolio comes from Mortgages

Tenor trend – CIC and Commercial Clients

<table>
<thead>
<tr>
<th></th>
<th>Dec 10</th>
<th>Dec 11</th>
<th>Dec 12</th>
<th>Dec 13</th>
<th>Jun 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Banking</td>
<td>66%</td>
<td>64%</td>
<td>62%</td>
<td>64%</td>
<td>66%</td>
</tr>
<tr>
<td>CIC and Commercial</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Tenor trend – Retail Clients

<table>
<thead>
<tr>
<th></th>
<th>Dec 10</th>
<th>Dec 11</th>
<th>Dec 12</th>
<th>Dec 13</th>
<th>Jun 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Banking</td>
<td>56%</td>
<td>52%</td>
<td>52%</td>
<td>50%</td>
<td>61%</td>
</tr>
<tr>
<td>Retail Clients</td>
<td>18%</td>
<td>21%</td>
<td>18%</td>
<td>17%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Maturity 1-5 years (%)
Collateral position for CIC and Commercial stays strong

- The amount of collateral is up 19% YoY to June 2014
- Level of collateral against customer L&A up from 31% to 34% YoY to June 2014
- Collateral taken for long term and non-investment grade loans at 65%
- Overall collateral composition is similar to June 2013
- FSV are conservative, calibrated to downturn and back tested

**CIC and Commercial portfolio collateral**

*Current Market Value (CMV) and Forced Sale Value (FSV)*

<table>
<thead>
<tr>
<th>Category</th>
<th>CMV (US$)</th>
<th>FSV (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>US$ 63.6bn</td>
<td>US$ 75.7bn</td>
</tr>
<tr>
<td>Plant, machinery and other stock</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Cash</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Securities</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>Repos and reverse repo</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Commodities</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Ships and aircraft</td>
<td>13%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Level of collateral against L&A (%): 31% for HY 13, 34% for HY 14.
Our top 20 corporate exposures are stable and diversified

- Most relationships are well diversified conglomerates
- The exposures in the “Extraction of oil” classification are to global oil majors or government supported entities
- Over 50% of the top 20 corporate exposures have a tenor of ≤ 1 year
- Remain broadly stable, both as a proportion of Group Capital (Tier 1) and CIC and Commercial exposures
Market risks are low and client driven

Trading book VaR continues to be low reflecting our strategy to support client driven business

Daily market trading revenue/average VaR

Group VaR trend

Average VaR/CT1 capital
Strong foundations of risk management – summary

We remain disciplined on our 5 foundations of risk management

**Discipline and Governance**
- Tightening underwriting criteria in India, China, Commodities and Korea
- Intense ongoing program of stress testing and portfolio reviews, taking 12-18 month view of economic cycle
- Independent Risk function works closely with front line teams to optimise exposures and returns
- Robust Early Alert process

**Diversification**
- Low concentration in any product or geography
- Largest industry exposure is Energy at 20%, spread across 385 client groups
- Single name concentration stable as a proportion of Group CET1 and CIC and Commercial exposures since 2010

**Tenor**
- Tenor profile not changed significantly since 2010
  - 66% < 1 year of CIC and Commercial L&A to customers
  - CIC and Commercial long tenor L&A (>5 years) remains between 6% - 8% of the portfolio

**Collateral**
- Collateral for longer term and non-investment grade CIC and Commercial loans remains high at 65%
- Overall collateral in CIC and Commercial as % of L&A at 34% (up from 31% June prior year)
- FSV computed conservatively, calibrated to downturn and back tested

**Market Risk**
- Trading activities for market making to facilitate client business
- Trading book VaR continues to be low, reflecting client driven business
- Daily trading income to average VaR remains in a very tight range
Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
CIC and Commercial portfolio overview (as at June 2014)

- Total exposure is US$38bn
- Decrease of 11% in total exposures YTD 2014
- 41 group exposures > US$100m
- 2802 client groups

Actions taken

- Portfolio review led to reduction of exposure to more leveraged clients
- In 2014 corporate exposures reduced by US$3.1bn and bank exposures by US$1.3bn
- Stress tested banks – no concerns and exposure is 91% < 1 year
- Derivative book stressed for 20% INR depreciation and 250bp interest rates spike – no significant impact

Note: CIC and Commercial exposure is presented on a Country of Credit Responsibility (“CCR”) basis where total exposures are made up of the following exposure types, regardless of booking location: Loans & Advances, Securities, Trade & Contingents, Central Bank Balances, Derivatives, Acceptances & Endorsements. This represents the most comprehensive view of credit exposures by country. It differs from customer L&A included in our published accounts, which include retail customer L&A, L&A extended and booked in the country to non-Indian customers, and excludes loans to banks.
China CIC and Commercial portfolio is mostly short dated bank exposure

CIC and Commercial portfolio overview (as at June 2014)

- Total exposure is US$83bn
- 87% of bank exposures < 6 months (46% of total exposure)
- Increase of 7% in exposures YTD 2014, made up of:
  - Financial Institutions 8% increase
  - Corporates 5% increase
- 681 client groups
- 61 group exposures >US$100m
- 96% of Financial Institutions exposure is investment grade

Actions taken

- Stress and liquidity test on Chinese Real Estate
- Refinancing risk review on Chinese private owned enterprise in Q3 2014 - 13 clients with limits reduced or exited

CIC and Commercial exposure by industry

- Financial Institutions, 59%
- Real Estate, 4%
- Energy, 6%
- Trading companies and distributors, 2%
- Metals and Mining, 7%
- Food, Beverage and Tobacco, 1%
- Sovereign and Multilateral Development Organisations, 8%
- Transportation, 2%
- Others, 9%

CIC and Commercial exposure trend by product

Wholesale Banking | CIC and Commercial

Dec 10 | Dec 11 | Dec 12 | Dec 13 | Dec 13 | Jun 14

Trade Finance | ALM | Working Capital | Term Loans | Derivatives
Corporate Finance | Others |

Note: CIC and Commercial exposure is presented on a Country of Credit Responsibility ("CCR") basis where total exposures are made up of the following exposure types, regardless of booking location: Loans & Advances, Securities, Trade & Contingents, Central Bank Balances, Derivatives, Acceptances & Endorsements. This represents the most comprehensive view of credit exposures by country. It differs from customer L&A included in our published accounts, which include retail customer L&A, L&A extended and booked in the country to non-Chinese customers, and excludes loans to banks.
We are actively managing our commodity credit exposure

Portfolio overview (as at June 2014)

- Total exposure US$61bn
- Total exposure down by 2% YTD 2014
- 46% Producers - 54% Traders
- 107 group exposures >US$100m
- 76% of the portfolio <1 year

Actions taken

Metals and Mining and Energy Producers
- Q1 2013 stress test for 20-50% price drop – only small proportion of exposure identified as vulnerable; these exposures reduced by 17% by June 2014
- Refreshed stress tests have identified no additional vulnerabilities

Commodity Traders
- >150 clients with aggregate US$1bn exposure exited since 2013

Agriculture Producers and Traders
- Increased collateral, improved security and shortened tenor for US$1.1bn of exposure

Exposure by geography

North East Asia 4%
Greater China 24%
Europe 19%
ASEAN 17%
South Asia 11%
Africa 9%
Americas 9%
MENAP 7%

Exposure trend by product

Note: Commodity exposures are presented on a classified Country of Credit Responsibility ("CCR") basis utilising ISIC codes to aggregate all clients exposures in commodity industries, made up of the types, regardless of booking location: Loans & Advances, Securities, Trade & Contingents, Derivatives, Acceptances & Endorsements. This represents the most comprehensive view of credit exposures for commodity clients.
Commodity credit exposure profile as at June 2014

**Commodities**

- **US$60.7bn**
  - 8B
  - 76%
  - 5%

**Producers**

- **US$28.1bn**
  - 8A
  - 60%
  - 7.3%

**Traders**

- **US$32.6bn**
  - 8B
  - 89%
  - 3%

**Energy**

- **US$14.6bn**
  - 7B
  - 54%
  - 6.1%

**Agriculture**

- **US$1.5bn**
  - 9A
  - 48%
  - 3.9%
  - US$1.1bn trade related

**Metals & Mining**

- **US$12bn**
  - 8B
  - 68%
  - 9%

**Majors / SOEs**

- **US$17.8bn**
  - 8A
  - 86%
  - 0%

**Rest of Portfolio**

- **US$1.5bn**
  - 9A
  - 48%
  - 3.9%

**Collateral US$0.7bn**

- US$1.5bn in short term trade related
- US$1.3bn in tightly structured and secured project and corporate finance

**Majors / SOEs**

- **US$5.3bn**
  - 9B
  - 63%
  - 9%

**Rest of Portfolio**

- **US$6.7bn**
  - 9B
  - 73%
  - 9%

**Collateral US$1.1bn**

- US$3.5bn in short term trade related
- US$0.8bn in tightly structured and secured project and corporate finance

**Collateral US$4.0bn**

- US$13.1bn is in short term trade related and/or transaction secured

*All collateral values shown are FSV*
Structured inventory products (SIP)

Portfolio Overview (as at June 2014)
- Total SIP exposure US$3.9bn
- US$113m of Qingdao-related impairment was taken YTD 2014 against this portfolio
- Offered for liquid, exchange traded commodities to existing CTA clients
- 69% of SIP exposure is in exchange controlled locations like London Metals Exchange warehouses and/or in low risk jurisdictions like US, W. Europe, Singapore and Hong Kong with robust collateral management arrangements
- US$1bn of exposure is in China

Actions taken
- All warehouses in China (other than in Qingdao) inspected since June 2014 and no issues have surfaced
- Commodities moved to acceptable self managed warehouses or to locations outside China
- Tightening of warehouse on-boarding procedures, inspections and legal documentation

SIP exposure by collateral location
- China 27%
- Exchange controlled warehouses / Other Jurisdictions 69%
- On Sea 4%
Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
Actions taken on Korea retail unsecured are taking effect

- Of the US$185m Korea total retail loan impairment in H1 2014, 54% was PDRS
- Korea retail unsecured impairment accounts for 27% of group total retail loan impairment in H1 2014
- Levels of PDRS applications in the market remained elevated compared to 2012
- Stopped new acquisition of Select Loan
- Further tightened underwriting standards

- Tighter client selection criteria for DRIM Loans
- Focus on affluent and employee banking segments
- The positive effects of the de-risking actions are evidenced in:
  - Lower delinquencies in the new bookings since H2 2013
  - Lower match rate in new bookings since Dec 13
  - Delinquency rate in older bookings however remain elevated
Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
Impairment for CIC and Commercial has increased

- 51bps figure for 9 months to September 2014 annualised includes Qingdao related credit loss of US$62m
- Loss of US$113m reported under ‘Other Impairment’ at half year 2014 relates to the operational loss of Structured Inventory Product in Qingdao
Forward looking risk indicators (1/2)
(NPL inflow recently stabilised; WACG\(^1\) flat)

CIC and Commercial NPL inflow – 12 month moving average

Weighted Average Credit Grade (WACG) trend

<table>
<thead>
<tr>
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<th>Wholesale Banking</th>
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<th>CIC and Commercial</th>
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<td>Dec 12</td>
<td>Dec 13</td>
<td>Dec 13</td>
<td>Sep 14</td>
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<td>CIC and Commercial</td>
<td>7A</td>
<td>7A</td>
<td>7A</td>
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<tr>
<td>Of which Corporates</td>
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<td>8B</td>
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<td>China</td>
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<td>9A</td>
<td>9B</td>
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Note: This excludes the Medium Enterprise part of the former SME portfolio due to lack of historical data. WACG = Weighted Average Credit Grade
### Forward looking risk indicators (2/2)
(CG12 elevated but stable; Early Alerts improving)

### CG 12 trend

<table>
<thead>
<tr>
<th>Dec 10</th>
<th>Dec 11</th>
<th>Dec 12</th>
<th>Dec 13</th>
<th>Dec 13</th>
<th>Jun 14</th>
<th>Sep 14</th>
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<tbody>
<tr>
<td>CG 12 (US$m)</td>
<td>1,564</td>
<td>1,674</td>
<td>1,400</td>
<td>1,738</td>
<td>1,956</td>
<td>5,347</td>
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<tr>
<td>% of L&amp;A to customers</td>
<td>1.2%</td>
<td>1.1%</td>
<td>0.9%</td>
<td>1.0%</td>
<td>1.1%</td>
<td>2.9%</td>
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</table>

### Early Alerts trend

[Bar chart showing EAR nominal carried over and EAR nominal (new) for Wholesale Banking and CIC and Commercial Clients]
Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
Retail Clients loan impairment is flat year-to-date
Retail Clients delinquency trend has stabilised in 2014

Overall delinquency trend

Retail Unsecured delinquency trend

Consumer Banking

Retail Clients

30+ dpd delinquency

90+ dpd delinquency

30+ dpd delinquency (ex Korea and Thailand)

90+ dpd delinquency (ex Korea and Thailand)
Key messages - conclusions

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date
Technology and Operations

Jan Verplancke

Here for good
Key messages

- Growth in the past years was led by significant investments in product capabilities, channels and services
- Investments helped us deepen our client franchise and diversify our revenue streams
- We are now entering a phase of integration and convergence, driven by key regulatory and internal programmes
- We are extending our successes in scalability, efficiency and industrialisation from the back-office to the front-office
- Our emphasis on Operational Risk Management, Stability, Security and Service remains strong
The evolving external environment

**Disruptive technologies**
- Mobility and Digitisation
- Alternative payment systems
- Data analytics; automation of knowledge
- Virtual Currency/Keychain

**Differentiators in client proposition**
- Channels and footprint
- Asset-class to client-centred
- Back-office to front-office capability
- Service assurance
- Information security

**Regulations impacting technology and operations**
- BCBS239/FDSF
- CCP, CDD, AML, Sanctions, FATCA
- On-shoring vs Centralization
- Data Privacy
- Sourcing/Outsourcing

**The new competition?**
- Direct banks
- Tech companies
- Shadow financial services
- Telecom companies

**Changing profile of the banking wallet**
- Lower margins due to eTrading/Exchanges
- ROE and investment headroom
- RMB internationalisation
- Migration across client continuum

**The changing profile of the banking wallet**
Internal agenda in context

Integration and convergence

Product capabilities

Innovation

Scalability and efficiency

Stability and security
Restructuring technology and operations for “One Bank”

- Unified “Engineer, Build, Run” model across the client continuum
- Adjacencies between product classes – cluster synergies
- Single architecture roadmap
- Promote standardisation
- Further scaling up of utilities
- Sharper focus on data governance and regulatory programmes
The product development life-cycle

Process governance

- One Bank investment strategy for better trade-off decisions
- Active management of change-velocity
- Effective gaps-to-design feedback loop
- Structurally embedded with process governance
Integration and convergence

Integration bus reduces interface complexity.

Customer / Client access systems (Breeze, S2B)

Delivery Systems (CEMS, Workbench)

Enrich our data from external sources

Unstructured data

Unstructured "big data" aligned to structured data

Timely access to key metrics and trends.

Joined-up timeline of structured transactional and results data.

Information repository

Analytical engines

Transaction Processing System 1

Transaction Processing System 2

Transaction Processing System 3

Information repository

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Joined-up timeline of structured transactional and results data.
Integration and convergence – the Razor example

**Current state**

“Legacy risk is hindering growth”

- 14 FEDS
- 6 OPICS
- 3 FX SUITE
- 507 point-to-point interfaces
- FEDS and OPICS end-of-life
- FEDS hardware difficult to extend
- Very limited support for volume growth & new products
- Hard to integrate with other systems

**Enabling the business**

“Incremental benefits”

- Significant F2B productivity improvements
- Ability to grow business volumes
- Resilience to deal with volume surges in volatile markets
- 24x7 availability to trading, sales and clients (eCommerce)
- Global risk management on a single platform
- Global, consolidated view of risk
- Global, consolidated view of funding and liquidity

**Target architecture**

“Sustainable and scalable”

- 1 Murex for FX and 1 Murex for ALM
- 1 upstream channel (S2BX)
- 1 downstream GL feed (GLEL)
- 87% reduction in interfaces to 66
- Supportable technology
- Scalable and high throughput (1000 FX trades per second)
- 24X7 availability
Sharpening the focus on digital

One Bank Digital Solutions to increase sales, drive cost-saves and grow customer base

**Internet and mobile as one**
A single, unified responsive web user experience that will allow for multi-market product launch, increased speed to market and lower repetitive costs

**Statements consolidation**
Standardised eStatements, eLetters and eAdvices for all Retail and Corporate clients which will be more cost-effective, secure and environmentally-friendly

**Mobility, sales and services**
A single mobile sales solution for both staff-assisted and self-service digital channels that will simplify front-end sales for our frontline

**More partnerships**
Following the successful launch Dash SG, plans are in place for similar tie-ups in major markets globally to grow our customer base and offer new value-added services

**Enhanced Straight2Bank**
A rationalised and client centric user experience with key focus on aggregated analytics and reporting, personalisation, intuitive initiations and enhanced security
Sharpening the focus on digital

- **31 markets** with online banking presence
- **73% customer growth** since 2010¹
- **13 markets** with Breeze Mobile Banking
- **1.3+ million** Breeze downloads and counting
- **US$14.7 million** in annual cost avoidance² from switching to eStatements

---

**Wealth**

- **Online Equities** (HK, SG) – access over 10,000 shares listed on 13 stock exchanges in 10 global markets
- **Online Mutual Funds** (HK, SG) – pick from over 300 funds offerings
- **CPOS** (CN, IN) – gives clients a graphical consolidated view of their investment portfolio and more
- **Instant registration** for clients to access Portfolio View and Messaging
- **Online signups up 14%** since last release

---

¹ As of June 2014; ² FY2013
Innovating new channels

- Teller driven service model via video conferencing
- Adding doc scanning, e-signature and instant ATM card issuance capabilities to teller counter

**For Standard Chartered**

**Cost reduction**
- Reduction of branch floor space
- No need for Cashier Room
- No need for bullet proof materials

**Time to market**
- Drastically reduce preparation time for new branches

**Market reach**
- Able to provide branch services to remote areas
- Capturing new business & CSR
- Less constraints to choice of branch location

**Resource optimisation**
- Pooling frontline resources into a few centralised locations
- Full outsourcing of cash handling

**For customer**

**Extended service hours**

**More service points**

**Service quality**
- Higher availability & service quality
- Accessibility to staff with the right skills (language, product knowledge, etc.)
- Concierge-class service to mass market with dedicated tellers
Innovation – “bank in a box”

- Pre-built and certified standard set of Transaction Banking and Financial Markets applications, processes and infrastructure
- Quick and cost-efficient entry into new markets
- Has halved deployment costs and timelines

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<td>ISIS MONITORING</td>
<td>15389</td>
</tr>
<tr>
<td>ISIS-GATEWAY</td>
<td>16389</td>
</tr>
<tr>
<td>MIBS</td>
<td>28509</td>
</tr>
</tbody>
</table>
Dash – in partnership with Singtel
Data analytics – in partnership with Palantir
Operating efficiencies – the journey never ends

1) Group Shared Service Centers

- Scaling up and shifting of leadership to the GSSCs
- One Bank saves to cover flow-thru Tech costs
- Data Centre efficiencies – 5% save in annual costs
- Consolidation and Integration of networks
- Build-out of FMSD capacity in Kuala Lumpur and Tianjin
- Sourcing – BAU saves exceed US$50m YTD
FX – efficiency and scalability

- Business volume
- STP volume
- Headcount
- Business volume
- STP volume

Q1 2012: 385,000
Q2 2012: 402,000
Q3 2012: 402,000
Q4 2012: 385,000
Q1 2013: 385,000
Q2 2013: 385,000
Q3 2013: 385,000
Q4 2013: 385,000
Q1 2014: 372,000
Q2 2014: 372,000
Q3 2014: 372,000
Efficiency creating headroom for investments

- Technology and Operations efficiency has helped shave three percentage points off cost/income
- This has made headroom for a bigger share of investments, climbing from 30% to 40% of technology spend
- Our annual efficiency initiatives target to absorb the higher flow-through support costs implied by a bigger investment agenda. This is a sustainable virtuous cycle
- “Defects-to-design” will sharpen our digitization focus further
Improving stability

Severity incident trending

Q2 13  |  Q3 13  |  Q4 13  |  Q1 14  |  Q2 14  |  Q3 14
---     | ---     | ---     | ---     | ---     | ---
Apr     | May     | Jun     | Jul     | Aug     | Sep
       | Oct     | Nov     | Dec     | Jan     | Feb
       | Mar     | Apr     | May     | Jun     | Jul
       | Aug     |         |         |         |       

Sev1   | Sev2   | Moving average (3mths)

0       | 5       | 10       | 15       | 20       | 25
30      | 35      |         |         |         |
Collective Intelligence Centre (CNC), Kuala Lumpur

Artist impression

- State-of-the-art command and control centre
- Equipped with the latest technologies to improve service and stability
- Pre-emptive approach to incident management with predictive technologies
- Fully enabled to respond to and resolve all significant service events
Key messages

- Growth in the past years was led by significant investments in product capabilities, channels and services
- They have helped us deepen our client franchise and diversify our revenue streams
- We are now entering a phase of integration and convergence, driven by key regulatory and internal programmes
- We are extending our successes in scalability, efficiency and industrialisation from the back-office to the front-office
- Our emphasis on operational risk management, stability, security and service remains strong
Q&A
Our priorities

Priorities

Taking action to respond to a tough environment

Executing on our refreshed strategy

Goals

Delivering returns above our cost of capital

Restoring sustainable, profitable growth
Understanding investor concerns

- Capital accretion
- Risk discipline
- Performance
- Cost control
## Shape of Business – H1 2014

### Client Segment

<table>
<thead>
<tr>
<th>Client Segment</th>
<th>Client Income (US$bn)</th>
<th>RWA (US$bn)</th>
<th>NFR ratio</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate and Institutional</td>
<td>4.6</td>
<td>182</td>
<td>41%</td>
<td>48%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.6</td>
<td>18</td>
<td>51%</td>
<td>59%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Private Banking</td>
<td>0.3</td>
<td>5</td>
<td>67%</td>
<td>72%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Retail</td>
<td>2.8</td>
<td>49</td>
<td>37%</td>
<td>65%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Own Account Income</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Product

<table>
<thead>
<tr>
<th>Product</th>
<th>Income (US$bn)</th>
<th>RWA (US$bn)</th>
<th>NFR ratio</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Banking</td>
<td>1.9</td>
<td>49</td>
<td>49%</td>
<td>51%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Financial Markets</td>
<td>1.8</td>
<td>53</td>
<td>79%</td>
<td>57%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>1.4</td>
<td>50</td>
<td>4%</td>
<td>44%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>0.8</td>
<td>4</td>
<td>90%</td>
<td>77%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Retail Products</td>
<td>2.4</td>
<td>48</td>
<td>25%</td>
<td>70%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Others</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1) Client segment client income and cost:income ratios on disclosed basis. Product income figures on disclosed basis; 2) Client segment RWA and return metrics on client basis and excludes own account income and related RWAs; 3) RWAs and return metrics include fully implemented impact of Basel 3 and model changes. Profit returns calculated using regulatory expected loss; 4) Figures on managed basis; 5) Product RWA and return metrics include own account income and related RWAs. 6) Corporate Finance figures include Principal Finance. Others consists of Asset and Liability Management and Lending and Portfolio Management. 7) Non financing revenue (NFR) ratio defined as % income generated by non financing products.
What we hope you heard – Day 1

**Corporate and Institutional Clients**
- Strong franchise with superb client base
- Leverage our network and cross sell to deepen client relationships
- Focus on higher return segments and sell higher return products

**Retail Clients**
- Significant franchise with distinct positions across markets
- Tackle high cost income ratio by rationalising branch network, digitisation and centralisation
- Accelerate shift towards more high value segments

**Commercial Clients**
- New segment with access to unique network proposition
- Remediate, then build scale through the "ecosystem"
- Enhance the platform and invest in the frontline

**Private Banking Clients**
- Opportunity to be "the private bank of entrepreneurs"
- Focus on building scale by investing in RMs and our platform
- Drive new client acquisitions and deepen existing client relationships
- Enhance operations and productivity
What we hope you heard – Day 2

**Korea**
- Reshape franchise by exiting off-strategy businesses, de-risking the unsecured book, driving productivity initiatives, reshaping balance sheet
- Play to our strengths by driving network income, pivoting to wealth management and high value segments and re-energizing financial markets

**Hong Kong**
- Strengthen resilience of franchise, intensifying network collaboration to capture Greater China opportunities
- Drive market leadership in RMB
- Drive balance sheet and capital efficiency and disciplined risk management

**China**
- Broaden portfolio exposure in growth industries
- Grow high net worth clients via enhancing wealth and digital capabilities
- Connect China to our network with enhanced product capabilities
- Stay alert and focused on asset quality
Intensifying network collaboration

- Leverage our unique cross border network across our Client segments
- Focus on tapping international opportunities from our client ecosystems to deepen our relationships
- Offer more cross border products in Retail, Wealth Management and Corporate Finance
- Intensify collaboration to capitalise on Greater China opportunities
- Grasp the opportunity as RMB develops into a G4 currency by 2020
Realising One Bank synergies

1. Leverage client ecosystem via Employee Banking

2. Leverage client life cycle – up tier clients from Priority to Private

3. Cross-referrals to tap our internal client base

4. Supply Chain Finance; Up tier Commercial Clients to Corporate and Institutional

5. Leverage product capabilities across client segments, together with aligning people, systems, and priorities to seize One Bank opportunities
Increased focus on returns

<table>
<thead>
<tr>
<th>Client segment</th>
<th>Client Income (US$bn)</th>
<th>OP RoRWA&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions</td>
<td>1.4</td>
<td>3.1%</td>
</tr>
<tr>
<td>Priority Retail</td>
<td>1.0</td>
<td>2.9%</td>
</tr>
<tr>
<td>Private Banking</td>
<td>0.3</td>
<td>2.4%</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.6</td>
<td>2.2%</td>
</tr>
<tr>
<td>Business Retail</td>
<td>0.3</td>
<td>2.1%</td>
</tr>
<tr>
<td>Personal Retail</td>
<td>1.5</td>
<td>1.4%</td>
</tr>
<tr>
<td>Local Corporates</td>
<td>1.5</td>
<td>1.4%</td>
</tr>
<tr>
<td>Global Corporates</td>
<td>1.7</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Return metrics on managed basis. RWA figures include fully implemented impact of Basel 3 and model changes. Profit figures calculated using regulatory expected loss. Client segment return metrics on client basis and excludes own account income and related RWAs.
Financial impact of exiting sub-scale, non-strategic businesses

- Consumer Finance and Savings Bank businesses in Korea
- Consumer Finance in Hong Kong and China
- SME business run down in UAE
- Retail and Private businesses in Germany, Lebanon, Geneva
- Retail securities business in Taiwan
- Leasing companies in Pakistan

Financial impact\(^1\)

Income
~US$350m

Profits
~US$120m

1) Annualized based on Q3 14 YTD impact
Delivering US$400m in productivity improvements in 2015

- Re-design of sales force
- Branch rationalisations
- Reduction in marketing spend
- Standardisation and automation

Retail clients
~US$200m

Corporate and Institutional Clients and supporting product groups
~US$100m

- Headcount reductions
- Rationalisation of sales forces
- Centralisation of client due diligence teams
- Standardisation and automation

Support functions
~US$100m

- Headcount relocation and reduction
- Hubbing and automation
- Vendor re-negotiation

Retail clients
~US$200m

Corporate and Institutional Clients and supporting product groups
~US$100m

Support functions
~US$100m
We’ve told the world that we’re Here for good... we need to prove it in every interaction we have and every decision we make.

ٍٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔٔ]|
You will see further progress in 2015

Key Metrics - examples

1. Deepening and broadening client relationships
   - **Corporate and Institutional**: Increase multi-product and multi-market ratio
   - **Wealth Management**: Grow total AUM by >10%
   - **Commercial and Private Banking**: Increase number of clients

2. Enhancing capabilities
   - **FM**: Grow client FX notional volumes by >20%, increase eFX
   - **Commercial and Private Banking**: Increase number of RMs
   - **TB**: Continue Cash Management capabilities roll out

3. Improving efficiencies
   - Deliver productivity improvements of ~US$400m
     - Retail clients: ~US$200m
     - Corporate and Institutional (incl. products): ~US$100m
     - Support functions: ~US$100m
   - **Corporate and Institutional**: Increase share of non-financing revenues
Key financial takeaways

- We are committed to capturing the growth opportunity in our markets
- We are committed to delivering improved returns
- We are intensely focused on sustainable improvements in productivity
- We are optimising capital deployment to drive underlying capital accretion
- We are enhancing the transparency of our reporting and our metrics
- We are now focused on execution
Key messages

- We recognise our recent performance has been disappointing and are determined to get back on to a trajectory of sustainable, profitable growth, delivering returns above our cost of capital

- We understand and are responding to the challenges we are facing

- We still have enormous advantages – a distinctive business model, superb client franchise, markets that present enormous opportunities and a Here for good culture

- We have refreshed and sharpened our strategy to adapt to external changes and to focus on our biggest opportunities

- We are taking action to execute this refreshed strategy

- You will see further progress in 2015
Q&A