Welcome

Andy Halford

Here for good
Investor trip 2014 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
Understanding investor concerns

- Capital accretion
- Performance
- Risk discipline
- Cost control

Management
Understanding your concerns

**Theme 1: Management action**
- Does management understand that BAU is not enough?
- What is the management team solving for? Achieving top line growth or better returns?
- Is management able to drive efficiencies rather than growth when times are tough?
- How long will the group be in a transition phase?
- Is the management response sufficient?

**Theme 2: Performance – Income and costs trajectory**

**Income**
- Balance sheet shrinkage – deliberate?
- Are local competitors taking more of a share?
- How much of fall is structural and what is structural response? Impact of de-risking?

**Costs**
- Is US$400m enough cost action?
- Are you sub-scale in too many markets?

**Theme 3: Asset quality concerns remain high**
- Does the group have concentrated risks?
- What is the scale and nature of the balance sheet in India, China and Commodities?
- What risk indicators should the market use?
- Why are NPLs and CG12’s rising?
- What actions have you taken in the areas where you are “watchful”?
- How can forward looking indicators be stable?

**Theme 4: Capital accretion faces headwinds**
- What capital level are you targeting?
- Why are you comfortable with not increasing your headline ratio?
- How will you generate improved returns from core business to accrete enough capital?
- What is your dividend policy going forward?
- What are your capital management levers?
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
## Agenda

### DAY 1 – Clients and Products

<table>
<thead>
<tr>
<th>Retail Clients</th>
<th>Opening remarks – Mike Rees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial &amp; Private Clients</td>
<td>Karen Fawcett</td>
</tr>
<tr>
<td>Corporate and Institutional Clients</td>
<td>Anna Marrs</td>
</tr>
<tr>
<td>Sean Wallace</td>
<td></td>
</tr>
<tr>
<td>Retail Products</td>
<td>TS Anil</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>Bernadette Murphy</td>
</tr>
<tr>
<td>Transaction Banking</td>
<td>Alex Manson</td>
</tr>
<tr>
<td>Financial Markets &amp; Corporate Finance</td>
<td>Mark Dowie</td>
</tr>
</tbody>
</table>

### DAY 2 – Geographies

<table>
<thead>
<tr>
<th>Guest Speaker</th>
<th>Opening remarks – Jaspal Bindra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Norman Chan – Chief Executive HKMA</td>
</tr>
<tr>
<td>Greater China</td>
<td>Ajay Kanwal / Gregg Powell</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Ben Hung</td>
</tr>
<tr>
<td>China</td>
<td>May Tan / Jamie Ling</td>
</tr>
<tr>
<td>Offshore RMB</td>
<td>Jerry Zhang / Yee Mann Hau / Xie Wen</td>
</tr>
<tr>
<td></td>
<td>Gene Kim</td>
</tr>
</tbody>
</table>

### DAY 3 – Group

<table>
<thead>
<tr>
<th>Capital &amp; Liquidity</th>
<th>Opening remarks – Peter Sands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Rupert Mingay</td>
</tr>
<tr>
<td>Technology</td>
<td>Richard Goulding</td>
</tr>
<tr>
<td>CEO / CFO summary</td>
<td>Jan Verplancke</td>
</tr>
<tr>
<td></td>
<td>Peter Sands / Andy Halford</td>
</tr>
</tbody>
</table>
What you will hear

- Client and product strategies
- Short term performance
- Opportunities / Competitive position
- Challenges
- Strategic priorities and actions
- Key metrics for progress
Potential for growth in our markets...

2013–2019 forecast GDP and trade growth (CAGR%)

- **India**: GDP 6.4%, Trade 8.6%
- **China**: GDP 6.8%, Trade 6.5%
- **Korea**: GDP 3.9%, Trade 7.7%
- **Taiwan**: GDP 4.1%, Trade 5.2%
- **UAE**: GDP 4.5%, Trade 10.8%
- **Hong Kong**: GDP 3.5%, Trade 8.2%
- **Singapore**: GDP 3.0%, Trade 6.4%
- **Indonesia**: GDP 5.7%, Trade 6.2%
- **Malaysia**: GDP 5.2%, Trade 5.2%

Source: International Monetary Fund, World Trade Organization
Global structural changes

- Unemployment and economic disparity
- Changing political landscape
- Changing trade patterns
- Internationalisation
Global unemployment and increased economic disparity

Global unemployment and working poor\(^1\)

- Global unemployment increased to 202 million people in 2013 (2012: 197 million)
- Bulk of unemployment increase came from East Asia and South Asia
- Youth affected the most with 75 million people unemployed
- ~840 million workers or ~27% of the global workforce receive less than USD2 a day

Disparity also exists in global wealth distribution

Distribution of global wealth by wealth band, 2013\(^2\) (Number of adults, share of global wealth)

<table>
<thead>
<tr>
<th>Wealth Band</th>
<th>Total Adult Population</th>
<th>Total Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;US$10k</td>
<td>23%</td>
<td>68%</td>
</tr>
<tr>
<td>US$10k-100k</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>US$100k-1m</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>&gt;US$1m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Global trade slowing but growth in our markets

Trade growth has slowed since the crisis, but remains higher than GDP growth

Global export growth vs GDP growth
(1970–2013, volumes, %YoY)

Some of the fastest growing trade corridors are linked to our markets

Value of exports in selected trade corridors
(1980–2013, value of exports in US$)

Source: WTO, IMF DOTS, Standard Chartered Research, 2014
Internationalisation on the rise

**Capital markets**

**Capital markets volumes**¹ (DCM + ECM, #deals ‘000s)

- 2008: 88%
- 2013: 75%

Footprint share increased >2x

- 2008: 12%
- 2013: 25%

**Investment**

**Foreign Direct Investment**² (US$tr)


+14%

**Wealth**

**AUM for emerging markets funds**³ (US$bn)

- Debt: 657 (2008), 1,220 (2014)

+11%

+26%

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1) Source: Dealogic, Standard Chartered analysis; 2) Inward Foreign Direct Investment; Source: UNCTAD STAT; 3) Only listed mutual funds; Source: EPRF, Standard Chartered Research
Major shifts in the banking industry

- Prudential regulation
- Conduct regulation
- Change in business models
## Key prudential agenda

<table>
<thead>
<tr>
<th>Category</th>
<th>Law/rule</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>• Pillar 1 Common Equity and Total capital</td>
</tr>
<tr>
<td></td>
<td>• Pillar 2 Capital requirements</td>
</tr>
<tr>
<td></td>
<td>• Leverage ratio</td>
</tr>
<tr>
<td></td>
<td>• Group and Subsidiary capital requirements</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td>• Individual Liquidity Adequacy Standards (ILAS) / Liquidity Coverage Ratio (LCR)</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>• Bank of England Stress Testing</td>
</tr>
<tr>
<td></td>
<td>• G-SIB – Globally Systemically Important Bank</td>
</tr>
<tr>
<td></td>
<td>• Models Review</td>
</tr>
<tr>
<td></td>
<td>• Countercyclical buffers</td>
</tr>
<tr>
<td><strong>Resolution</strong></td>
<td>• Single vs multiple point of entry</td>
</tr>
<tr>
<td></td>
<td>• Total Loss Absorbing Capacity (TLAC)</td>
</tr>
</tbody>
</table>
Raising the bar on conduct

Conduct involves not only asking “can we do this business” but “should we?”

Integrated approach to conduct

- Conduct risk framework elements
  - Definition and strategy articulation
  - Leadership
  - Oversight
  - Risk appetite and framework
  - Metrics
  - Management processes

Business processes

- Pre-sales
  - New product approval
  - Product shelf
  - Client segmentation
- Sales Execution
  - Suitability and appropriateness
  - Disclosure
  - Pricing
- Post-sales
  - Complaints handling
  - Client reporting
- Culture/people
  - Selection
  - Training and development
  - Compensation and other incentives
  - Culture
## Our Ambition

**The world’s best international bank**

## Our Strategy

**We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East**

## Our Brand Promise

**Here for good**

### Our Aspirations

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Investment</th>
<th>Trade</th>
<th>Wealth</th>
<th>Relevant scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build trusted relationships with the people, companies and institutions shaping our markets’ future</td>
<td>Play a leading role in facilitating investment and deepening financial markets</td>
<td>Become the undisputed leader in commercial payments and financing for and in Asia, Africa and the Middle East</td>
<td>Be recognised as a leader in growing and protecting our clients’ wealth</td>
<td>Establish sufficient scale, balance sheet and franchise strength to be relevant and influential in our key markets</td>
</tr>
</tbody>
</table>

### Our Values

<table>
<thead>
<tr>
<th>Courageous</th>
<th>Responsive</th>
<th>International</th>
<th>Creative</th>
<th>Trustworthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>We stand up for what the Bank believes and do the right thing</td>
<td>We can be relied on to respond quickly and deliver lasting value</td>
<td>We value others and actively collaborate</td>
<td>We adapt and innovate to meet evolving needs</td>
<td>We act with integrity and earn the trust of others</td>
</tr>
</tbody>
</table>

### Our Commitments

<table>
<thead>
<tr>
<th>Colleagues</th>
<th>Society</th>
<th>Investors</th>
<th>Regulators</th>
</tr>
</thead>
<tbody>
<tr>
<td>A great place to work, enabling individuals to grow and teams to win</td>
<td>A force for good, promoting sustainable economic and social development</td>
<td>A distinctive investment, delivering consistently superior performance via disciplined growth</td>
<td>A responsible partner with exemplary governance and ethics</td>
</tr>
</tbody>
</table>
Our aspirations

**Relationships**
- Build trusted relationships with the people, companies and institutions shaping our markets’ future

**Investment**
- Play a leading role in facilitating investment and deepening financial markets in our economies

**Trade**
- Become the undisputed leader in commercial payment and financing for and in Asia, Africa and the Middle East

**Wealth**
- Be recognised as a leader in growing and protecting our clients’ wealth

**Relevant scale**
- Establish sufficient scale, balance sheet and franchise strength to be relevant and influential in our key markets
Tests for peripheral business

**Clients**
Does this business bank the people, companies and institutions that shape our markets’ future?

**Activities**
Does this business drive investment, trade and creation of wealth?

**Here for good**
Is the business consistent with Here for good?

**Geographies**
Does the business strengthen our position in Asia, Africa and the Middle East?

**Economics**
Does the business contribute to our earnings growth, returns and capital accretion trajectory? Is the business model sustainable?
Principles of the reorganisation

- Alignment to our Strategic Intent
- 4 client segments, supported by 5 products across 8 regions
- Serve our clients better by grouping them more logically by their needs
- Deploy capital, liquidity and investment spend more effectively
- Deliver productivity gains and improvements in the quality of services and products offered to our clients
- Strengthen our distinctive culture, enhancing collaboration across the Group
Our reorganisation

1) Reports to the Group Head, Retail Customers
Benefits of the reorganisation

Client adjacencies

- Client lifecycle, e.g. migrating clients across segments
- Client ecosystem, e.g. employee banking, supply chain
- Cross-referrals, e.g. Private Banking – Commercial / Corporate

Aligning products to client needs

- Meeting client needs, e.g. Transaction Banking - Commercial
- Leveraging capabilities, e.g. Wealth Management - Financial Markets

Capturing external opportunities to strengthen our differentiation

- RMB
- Africa
- Commodities
- Channels
Performance has slowed since 2010

**Group income and operating profit**

(US$bn and CAGR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>4.5</td>
<td>1.3</td>
</tr>
<tr>
<td>2006</td>
<td>8.6</td>
<td>3.2</td>
</tr>
<tr>
<td>2010</td>
<td>16.1</td>
<td>6.1</td>
</tr>
<tr>
<td>2011</td>
<td>17.6</td>
<td>6.8</td>
</tr>
<tr>
<td>2012</td>
<td>18.8</td>
<td>7.5</td>
</tr>
<tr>
<td>2013</td>
<td>18.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Q3 13 YTD</td>
<td>14.2</td>
<td></td>
</tr>
<tr>
<td>Q3 14 YTD</td>
<td>13.8</td>
<td></td>
</tr>
</tbody>
</table>

**2002-2010 CAGR**
- Income: +17%
- Profit: +22%

**2010-2012 CAGR**
- Income: +8%
- Profit: +11%

**FY 2013 YoY**
- Income: (1)%
- Profit: (7)%

**Q3 YTD 2014 YoY**
- Income: (3)%
- Profit: (19)%

**Normalised return on equity (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>13.4%</td>
</tr>
<tr>
<td>2006</td>
<td>16.9%</td>
</tr>
<tr>
<td>2010</td>
<td>14.1%</td>
</tr>
<tr>
<td>2011</td>
<td>12.2%</td>
</tr>
<tr>
<td>2012</td>
<td>12.8%</td>
</tr>
<tr>
<td>2013</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

1) Income excludes Own Credit Adjustment (OCA); Operating profit excludes OCA, US$667m settlement with the US authorities in 2012 and US$1bn of Korea goodwill in 2013.
Challenging environment

**External**
- UK Bank Levy
- Additional Regulatory and Compliance Cost
- Liquidity Cost – ILAS/ LCR
- Equity and RWA models
- FM Structural Factors: Lower spreads on Cash FX; Lower own account income

**Structural**

**Cyclical**
- Liquidity/ QE
- Low interest rates
- EM currency depreciation
- FM Cyclical Factors: Low levels of volatility; negative EM sentiment

**Internal**
- Reshaping Client Segments
- Aligning resource in Financial Markets
- Business Disposals
# 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.
What you will hear

- Client and product strategies
- Short term performance
- Opportunities / Competitive position
- Challenges
- Strategic priorities and actions
- Key metrics for progress
Q&A
Key messages

- Substantial opportunity to bank the growing affluent segments in key cities
- Attractive returns marred by high costs
- We are reshaping the business
  - Accelerating shift to priority and business clients
  - Improving efficiency and risk
  - Further strengthening conduct
We are a full service retail bank across 34 markets

<table>
<thead>
<tr>
<th></th>
<th>H1 13</th>
<th>H1 14</th>
<th>YoY%¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>3,061</td>
<td>3,005</td>
<td>(2)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(1,947)</td>
<td>(1,948)</td>
<td>(0)</td>
</tr>
<tr>
<td>Working profit</td>
<td>1,114</td>
<td>1,057</td>
<td>(5)</td>
</tr>
<tr>
<td>Total impairment</td>
<td>(479)</td>
<td>(480)</td>
<td>(0)</td>
</tr>
<tr>
<td>Profit from associates</td>
<td>15</td>
<td>12</td>
<td>(20)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>650</td>
<td>589</td>
<td>(9)</td>
</tr>
</tbody>
</table>

- Full retail banking services to over 10 million individual and business clients across 34 markets
- Historical focus on personal segment and Credit Cards and Personal Loans (CCPL) gradually being replaced by higher value segments
- Substantial net liquidity provider

**H1 14 income by segment²**

- Business Clients
- Consumer Finance
- Priority
- Personal

**H1 14 income by product**

- CCPL
- Other
- Deposits
- Wealth Management
- Mortgages & Auto Finance

**H1 14 income by geography**

- Hong Kong
- Korea
- UAE
- India
- China
- Singapore

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1) Better / (Worse)
2) Priority segment includes Preferred
## Current status

H1 2014 figures

### Scale

<table>
<thead>
<tr>
<th></th>
<th>Personal + Consumer Finance</th>
<th>Priority 2</th>
<th>Business Clients</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active clients (m)</td>
<td>~8.4</td>
<td>~1.6</td>
<td>~0.4</td>
<td>~10.4</td>
</tr>
<tr>
<td>Client income (US$bn)</td>
<td>1.5</td>
<td>1.0</td>
<td>0.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Operating profit (US$bn)</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Income RoRWA³</td>
<td>9%</td>
<td>18%</td>
<td>12%</td>
<td>12%</td>
</tr>
</tbody>
</table>

### Profitability

<table>
<thead>
<tr>
<th></th>
<th>Personal + Consumer Finance</th>
<th>Priority 2</th>
<th>Business Clients</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit RoRWA³</td>
<td>1.4%</td>
<td>2.9%</td>
<td>2.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Cost Income Ratio</td>
<td>60%</td>
<td>77%</td>
<td>70%</td>
<td>65%⁴</td>
</tr>
</tbody>
</table>

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1) Segment figures on management basis.
2) Priority segment includes Preferred
3) Return on Risk Weighted Assets
4) 67% excluding Consumer Finance

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Strong returns, constrained by high cost to income ratio
Shifting focus from top line growth to returns

Consumer Banking

2002-2007 CAGR
Income: +19%
Profit: +22%

2007-2009 CAGR
Income: (2)%
Profit: (28)%

2009-2012 CAGR
Income: +9%
Profit: +27%

YoY (H114)
Income: (2)%
Profit: (9)%
ex-Korea
Income: +1%
Profit: +12%

Retail Clients

Operating profit
Loan Impairment
Expense
External environment limiting short term top line growth

External

- Regulatory
  - Prudential controls on consumer leverage
  - Conduct and data privacy
- Competition for high value segments

Structural

- Low interest rates
- Slower economic growth
- Property market cooling

Cyclical

- Attrition and retaining talent
- Change management

Internal
Sizeable market revenue pool with high growth and returns dominated by priority and business segments

- Total revenue Pool of US$207bn in 12 markets, 2/3rds is from Priority and Business clients
  - Fast growth >10%
  - High returns >12%
- Local Banks strong but few able to offer cross border

2013 market pool for Retail Clients segment (US$bn)

<table>
<thead>
<tr>
<th>Segment</th>
<th>HK</th>
<th>SG</th>
<th>UAE</th>
<th>KR</th>
<th>TW</th>
<th>MY</th>
<th>TH</th>
<th>CN</th>
<th>ID</th>
<th>IN</th>
<th>KY</th>
<th>NG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rich cities</strong></td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>14</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>98</td>
<td>22</td>
<td>17</td>
<td>2</td>
<td>5</td>
<td>207</td>
</tr>
<tr>
<td><strong>Slow growing</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Fast growing</strong></td>
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<tr>
<td><strong>Emerging Africa</strong></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34%</td>
<td>45%</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1) Includes both Priority and Preferred segment pools
In the right cities with good client base and product suite

- Located in the right place
  - 69/100 top cities are in our footprint and we are in 43
  - Well positioned for cross border propositions
- Large client base of >10m
  - 2m high value segments
  - Large under-tapped ecosystem
- Strong capabilities
  - Full suite of products
  - Strong client data
  - Leading online capabilities

43 cities amongst top 100 with Standard Chartered retail presence

<table>
<thead>
<tr>
<th>North Asia</th>
<th>ASEAN</th>
<th>South Asia</th>
<th>ME/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>Bangkok</td>
<td>Bangalore</td>
<td>Abu Dhabi</td>
</tr>
<tr>
<td>Changsha</td>
<td>Ho Chi Minh</td>
<td>Chennai</td>
<td>Doha</td>
</tr>
<tr>
<td>Chengdu</td>
<td>Jakarta</td>
<td>Dhaka</td>
<td>Karachi</td>
</tr>
<tr>
<td>Chongqing</td>
<td>Kuala Lumpur</td>
<td>Kolkata</td>
<td>Lahore</td>
</tr>
<tr>
<td>Dalian</td>
<td>Manila</td>
<td>Mumbai</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>Foshan</td>
<td>Singapore</td>
<td>Hyderabad</td>
<td></td>
</tr>
<tr>
<td>Guangzhou</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hangzhou</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jinan</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Nanchang</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Nanjing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ningbo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qingdao</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shenzhen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suzhou</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Taichung</td>
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<td></td>
<td></td>
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<tr>
<td>Taipei</td>
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<td></td>
<td></td>
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<tr>
<td>Tianjin</td>
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<td></td>
<td></td>
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<tr>
<td>Wuhan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Xi'an</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Xiamen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zhongshan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Regaining momentum and improving operating profit

Key priorities

1. Accelerating shift to priority and business clients
2. Improving efficiency and risk
3. Further strengthening conduct

Actions

- Shifting from a product to client segment focus
- Redesigning distribution and leveraging the ecosystem
- Affluent products and “aspirational” marketing
- Improving productivity through better technology, branch reductions and centralisation
- De-risking through portfolio restructuring
- Exited 3rd party sales
- Automating Customer Due Diligence/Know Your Customer (CDD/KYC)
- Upgrading “treating clients fairly” and metrics
Shifting from a product to client segment focus

Individual life cycle

Marginal saving → Borrowing → Investing or wealth accumulation → Wealth consumption

- College
- Marriage
- Home purchase
- Health insurance requirements
- Receive inheritance
- Paid off mortgage
- Access pension
- Prepare for children’s future
- Retirement
- Losing spouse

Age (years)
- 0
- 25
- 30
- 35
- 40
- 45
- 50
- 55
- 60
- 65
- 70
- 75
- 80+

Wealth

Source: Group Strategy
Redesigning distribution and leveraging the ecosystem

**Sales force redesign**

- **Impact**: US$ 40-60m

**Ecosystem**

- **Staff**
  - B2B: Employee Banking
  - B2C: Personal/Priority

- **Buyers**
  - Bank the supply chain: Business and Commercial Clients

- **Suppliers**
  - Alliances

**Key shifts**

- From product to segment teams
- Fewer job families
- Greater focus on deepening existing clients
- Focus on ecosystem for client acquisition
Deepening relationships with more affluent products and “aspirational” marketing
Improving productivity through better technology

**Retail workbench**

- Single front-end system
- Digitisation: Straight through processing and paperless
- Client data management
- Customer Due Diligence and Know Your Customer

**Client self service**

- Best Internet Banking 19 countries
- Worlds Best Consumer Internet Bank
- Best Internet Bank in Asia
- Best Internet Bank in Africa and the Middle East

<table>
<thead>
<tr>
<th>No. of Clients (millions)</th>
<th>Monthly Online and mobile transaction volumes (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>+12% YoY</td>
</tr>
<tr>
<td>3.3</td>
<td>+44% YoY</td>
</tr>
<tr>
<td>2.2</td>
<td>+35% YoY</td>
</tr>
<tr>
<td>6.2</td>
<td>+7% YoY</td>
</tr>
</tbody>
</table>
Improving efficiency and risk

**Branch optimisation**

- **Strategic**
  - Invest to grow
  - Optimise

- **Non-strategic**
  - Restructure, exit multiple outlets
  - Candidates for restructuring

**Impact**
- **Total Retail network**
  - US$ 30-50m

**Increasing centralisation**
- **Impact**
  - US$ 100-120m
  - Product Management
  - Analytics
  - Management information
  - Marketing

**De-risking**
- Exit Consumer Finance subsidiaries
- Country exits
- De-risking Personal Loan portfolios
Raising the bar on conduct

- Client Due Diligence
- Exited third party sales
- Client experience
  - Treating clients fairly
  - Reducing complaints
- Net Promoter Score

![Net Promoter Score - Top 2 box method](chart.png)
## Key actions and metrics

<table>
<thead>
<tr>
<th>Accelerating shift to Priority and Business Clients</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of revenues from Priority¹ and Business Clients</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td>Frontline attrition (annualised)</td>
<td>24%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improving efficiency</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost income ratio (excluding Consumer Finance)</td>
<td>67%</td>
<td>65%</td>
</tr>
<tr>
<td>Number of retail branches</td>
<td>1,248</td>
<td>Reduce by 80-100</td>
</tr>
<tr>
<td>Total year to date digital transactions</td>
<td>47m</td>
<td>10% growth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengthening conduct</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly average number of complaints / 1000 accounts</td>
<td>0.21</td>
<td>Reduce</td>
</tr>
<tr>
<td>Net Promoter Score</td>
<td>1</td>
<td>Improve</td>
</tr>
</tbody>
</table>

1) Includes both Priority and Preferred segment pools
Key messages

- Substantial opportunity to bank the growing affluent segments in key cities
- Attractive returns marred by high costs
- We are reshaping the business:
  - Accelerating shift to priority and business clients
  - Improving efficiency and risk
  - Further strengthening conduct
Key messages

- This new client segment is now established, enabling us to better address challenges and capture significant opportunities

- We have a winning proposition in both Commercial and Private Banking, and across the two segments

- Execution to capture these opportunities is well underway

- Executing on the opportunity will grow both segments while maintaining or improving returns
Commercial Clients
Commercial Clients was set up to better serve medium sized companies in our markets

42,000 client groups
19 countries
3,000 staff

H1 14 income by product

- Lending and Portfolio Management
- Wealth Management
- Financial Markets
- Transaction Banking
- Other

H1 14 income by geography

- Hong Kong
- Singapore
- UAE
- Africa
- India
- Other

<table>
<thead>
<tr>
<th></th>
<th>H1 13</th>
<th>H2 13</th>
<th>H1 14</th>
<th>YoY %</th>
<th>HoH %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>812</td>
<td>699</td>
<td>616</td>
<td>(24)</td>
<td>(12)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(374)</td>
<td>(357)</td>
<td>(362)</td>
<td>3</td>
<td>(1)</td>
</tr>
<tr>
<td>Working profit</td>
<td>438</td>
<td>342</td>
<td>254</td>
<td>(42)</td>
<td>(26)</td>
</tr>
<tr>
<td>Total impairment</td>
<td>(29)</td>
<td>(141)</td>
<td>(100)</td>
<td>(245)</td>
<td>29</td>
</tr>
<tr>
<td>Profit from associates</td>
<td>17</td>
<td>20</td>
<td>11</td>
<td>(35)</td>
<td>(45)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>426</td>
<td>221</td>
<td>165</td>
<td>(61)</td>
<td>(25)</td>
</tr>
</tbody>
</table>

1) Better/ (Worse)
Commercial’s plans seek to overcome both external and internal challenges

**External**
- High and rising bar on financial crime risk compliance
- Economic slowdown in some markets

**Structural**

**Cyclical**

**Internal**
- Locally managed, domestically-focused, not leveraging Standard Chartered’s competitive advantages
- Inefficiencies created by internal split between SME and “Middle Market”
Commercial Clients represent a huge opportunity

- US$370bn revenue pool growing at ~15% per annum
- SMEs make up 40-60% of the GDP in our markets
- Clear client needs
  - “Be my international bank”
  - “Make it easier to access a core international banking product set”

Source: Mckinsey, Standard Chartered Research
Our competitive advantages – more international, more sophisticated and more connected across our footprint

<table>
<thead>
<tr>
<th>Competitive advantage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The network</td>
<td>▪ Enabling our Commercial clients to more easily grow internationally&lt;br&gt;▪ The only Commercial franchise able to connect Asia, Africa and the Middle East</td>
</tr>
<tr>
<td>The product set</td>
<td>▪ Offering a fuller and more sophisticated product set to medium-sized companies</td>
</tr>
<tr>
<td>The “ecosystem”</td>
<td>▪ Partnering with the Corporate and Institutional client base to bank their distributors and suppliers&lt;br&gt;▪ Growing with our clients, migrating them to Corporate and Institutional as their needs evolve</td>
</tr>
</tbody>
</table>
We have been executing on our plan to achieve the potential of this segment along four key priorities:

**Key priorities**

1. **Growing the client base**
   - Remediate, then grow new to bank clients
   - Leverage the supply chain
   - Develop receivables financing solution

2. **Enhancing the platform**
   - Execute infrastructure integration
   - Develop credit approach
   - Standardise organisation model
   - Improve operational performance

3. **Building frontline expertise**
   - Build product expertise and align coverage
   - Reduce frontline attrition

4. **Making the network work**
   - Align Relationship Managers to the opportunity
   - Incentivise and track cross border business
The supply chains of Global and Local Corporates are significant new to bank client acquisition sources

Nigeria consumer goods example

Anchor

Distributors

Standard Chartered proposition

- Partnership between Corporate and Institutional and Commercial, jointly pitching to Local and Global Corporates
- Ability to offer distributors working capital, cash, trade, FX
- Superior credit management capability, spotting relationship trends between Local / Global Corporate and distributors

Targeting 60 potential anchors within Corporate and Institutional Client base across Commercial Markets
We are investing in our Relationship Managers

**Hiring**
Actively recruiting Relationship Managers in all markets

**Training**
>90% of frontline to be taken through a robust certification program across Cash & Trade. Rolling out enhanced credit curriculum

**Retention**
Reducing Relationship Manager attrition

**Career paths**
Developing and rolling out standard career paths, including migration between Commercial and Corporate and Institutional
We are targeting a return to growth – top line, bottom line, Relationship Managers and clients

<table>
<thead>
<tr>
<th>Key actions and metrics</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add new clients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ New to bank clients</td>
<td>~1k</td>
<td>~3k</td>
</tr>
<tr>
<td>Invest in people/front line</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Number of Relationship Managers</td>
<td>982</td>
<td>Increase</td>
</tr>
<tr>
<td>▪ Relationship Manager attrition</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Raise the bar on conduct</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Client Due Diligence remediation</td>
<td>&lt;60%</td>
<td>Largely complete</td>
</tr>
</tbody>
</table>
Private Banking Clients
Private Banking focuses on high and ultra high net worth clients

6
Advisory and booking centres

374
Relationship Managers

US$5m
Average AUM per client

H1 14 AUM

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3 13</th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>55</td>
<td>58</td>
<td>58</td>
<td>61</td>
</tr>
<tr>
<td>MENAP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater China</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 13</th>
<th>H2 13</th>
<th>H1 14</th>
<th>YoY% †</th>
<th>HoH% †</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>301</td>
<td>285</td>
<td>314</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Expenses</td>
<td>(213)</td>
<td>(194)</td>
<td>(227)</td>
<td>(7)</td>
<td>(17)</td>
</tr>
<tr>
<td>Working profit</td>
<td>88</td>
<td>91</td>
<td>87</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td>Total impairment</td>
<td>(8)</td>
<td>0</td>
<td>(16)</td>
<td>(100)</td>
<td>nm</td>
</tr>
<tr>
<td>Profit from associates</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>nm</td>
<td>nm</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>81</td>
<td>92</td>
<td>71</td>
<td>(12)</td>
<td>(23)</td>
</tr>
</tbody>
</table>

1) Better/ (Worse)
The market opportunity is exciting with our footprint expected to grow from a fifth to a third of the global high net worth pool.

- **Asia adding billionaires faster than any other region** – 19% growth over the past 12 months.
- **2.2m High Net Worth individuals in our footprint**, growing at >1.7x the global growth rate.

**Footprint HNW Financial Wealth**

- **2013**: Asia (ex JP, ANZ) ~11–16%, Africa ~10%, ME ~11%
- **2018**: Asia (ex JP, ANZ) ~11–18%, Africa ~10%, ME ~16–28%

Source: McKinsey GBP Database; McKinsey Private Bank Workshop Deck; BCG; Team estimates

1) Forward-looking projections are ranged based on BCG (low end) and McKinsey (high-end) - Footprint: Asia, Africa and the Middle East (AAME)
Our competitive advantages – The footprint, product set and the opportunity to be “the private bank of entrepreneurs”

<table>
<thead>
<tr>
<th>Competitive advantage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The network</td>
<td>• Delivering international options to our clients – 374 Relationship Managers across 6 advisory and booking centres</td>
</tr>
</tbody>
</table>
| The product set              | • Providing both sides of the balance sheet  
• Increasingly leveraging the full Standard Chartered product set through our open architecture platform                               |
| The internal client base     | • Partnering with the Commercial Client base and Corporate and Institutional Client base to bank their owners                                 |
We have been executing on our plan to achieve the potential of this segment along five key priorities:

**Key priorities**

1. **Growing the front line**
2. **Driving new client acquisition**
3. **Deepening client relationships**
4. **Enhancing tech and ops**
5. **Building enablers – brand and market model**

**Actions**

- Reduce attrition
- Ramp up Relationship Manager hiring
- Capture referral opportunity
- Improve and expand products and services
- Establish distinctive segment propositions
- Leverage the balance sheet as a differentiator
- Implement fixes to enhance productivity
- Improve client experience
- Institute market model
- Establish booking centres utilities
Global Referral Program – Changing Relationship Manager behaviour

Fostering understanding and conviction
- Global communication campaign supported by local initiatives
- Success stories communicated and calibrated

Developing talent and skills
- Markets conducting “road shows” and joint Relationship Manager events
- Joint client events organised across markets

Role modelling
- Active involvement of leadership to launch and implement the pilot in their markets
- Country Heads personally role modelling “asking for the business”

Reinforcing with formal mechanisms
- Target setting for top markets
- Relationship Managers to be given an individual target to be incorporated in Job Objectives
- Central administration and tracking of referrals

Private Banking new client acquisition in 2015

We are working to capture the referral opportunity

Targeting 20% from referrals
We are targeting a return to growth – top line, bottom line, Relationship Managers and clients

<table>
<thead>
<tr>
<th>Key actions and metrics</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Add new clients</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ New to segment clients</td>
<td>~700</td>
<td>~2000</td>
</tr>
<tr>
<td><strong>Grow and deepen relationships</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Investment product penetration</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>▪ Assets Under Management (US$)</td>
<td>56bn¹</td>
<td>&gt;10% growth</td>
</tr>
<tr>
<td><strong>Invest in people/frontline</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Number of Relationship Managers</td>
<td>374</td>
<td>Increase</td>
</tr>
</tbody>
</table>

1) From continuing operations
Key messages

- This new client segment is now established, enabling us to better address challenges and capture significant opportunities.

- We have a winning proposition in both Commercial and Private Banking, and across the two segments.

- Execution to capture these opportunities is well underway.

- Executing on the opportunity will grow both segments while maintaining or improving returns.
Corporate and Institutional Clients

Sean Wallace

Here for good
Key messages

- We have built a strong and extensive Corporate and Institutional Clients franchise
- Growth has been driven by the addition of new products, new markets, and a favorable macro environment
- The opportunities are still there, but we are now facing greater challenges: model changes, increased competition, macro slowdown and regulatory challenges
- We are reshaping our business to address these challenges
  - Driving Risk Weighted Assets, cost and process efficiencies
  - Reallocating capital and resources to higher return businesses
  - Driving greater client penetration and shifting the revenue mix to non-financing revenue
We have built a strong Corporate and Institutional client franchise

<table>
<thead>
<tr>
<th>Corporate and Institutional Clients</th>
<th>Local Corporates</th>
<th>Global Corporates</th>
<th>Financial Institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Mid-caps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Local/regional champions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Large, sophisticated and international</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Footprint and Network GCs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Public Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Current status – H1 2014 figures**

<table>
<thead>
<tr>
<th>Scale</th>
<th>BCA Groups</th>
<th>Client income (US$bn)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>2,900</td>
<td>1.5</td>
<td>4,950</td>
</tr>
<tr>
<td>Client income</td>
<td>650</td>
<td>1.7</td>
<td>4.6</td>
</tr>
<tr>
<td>(US$bn)</td>
<td>1,400</td>
<td>1.4</td>
<td></td>
</tr>
</tbody>
</table>

**Returns**

<table>
<thead>
<tr>
<th>Returns</th>
<th>Income RoRWA (%)</th>
<th>Operating Profit RoRWA (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income RoRWA</td>
<td>5.4%</td>
<td>1.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Operating Profit RoRWA</td>
<td>5.4%</td>
<td>1.0%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

**Penetration**

<table>
<thead>
<tr>
<th>Penetration</th>
<th>Multi-market</th>
<th>Multi-product</th>
<th>NFR / Client income %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-caps</td>
<td>1.6</td>
<td>5.3</td>
<td>30%</td>
</tr>
<tr>
<td>Local/regional</td>
<td>4.7</td>
<td>7.9</td>
<td>29%</td>
</tr>
<tr>
<td>champions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large,</td>
<td>3.9</td>
<td>6.2</td>
<td>62%</td>
</tr>
<tr>
<td>sophisticated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and international</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Footprint and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network GCs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>2.7</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Investors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Segment figures on a managed basis for client income 2) Includes Commodity Traders and Agri business
Recent performance has slowed but we are determined to deliver sustainable, profitable growth

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 13</th>
<th>H2 13</th>
<th>H1 14</th>
<th>YoY%(^1)</th>
<th>HoH%(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>5,577</td>
<td>5,079</td>
<td>5,334</td>
<td>(4)</td>
<td>(2)</td>
</tr>
<tr>
<td>(2,500)</td>
<td>(2,454)</td>
<td>(2,546)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>3,077</td>
<td>2,625</td>
<td>2,788</td>
<td>(9)</td>
<td>6</td>
</tr>
<tr>
<td>Working profit</td>
<td>(225)</td>
<td>(376)</td>
<td>(435)</td>
<td>(93)</td>
<td>(16)</td>
</tr>
<tr>
<td>Total impairment</td>
<td>79</td>
<td>77</td>
<td>90</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>2,931</td>
<td>2,326</td>
<td>2,443</td>
<td>(17)</td>
<td>5</td>
</tr>
</tbody>
</table>

### Income by client segment
- Financial Institutions 31%
- Global Corporates 36%
- Local Corporates 33%

### Income by product
- Transaction Banking 30%
- Corporate Finance 23%
- Financial Markets 31%
- Others 16%

### Income by geography
- Europe 10%
- Americas 8%
- Africa 10%
- MENAP 11%
- ASEAN 19%
- Greater China 26%
- North East Asia 4%
- South Asia 12%

1) Better / (Worse)
There are huge opportunities across our footprint

- **Global Corporates** – shift in activity to our footprint
- **Fast growing Local Corporates** – 40% doubled revenues in last 5 years
- **Growing capital needs from footprint clients** – 25% of global issuances, doubled in 5 years
- **US$22tr AUM from Investors** – 13% CAGR in footprint since 2000
- **RMB** – 7th largest global payments currency, becoming 4th by 2020

### Expected shift of large companies\(^1\) HQs to Standard Chartered footprint

(Number of large companies\(^1\) and % distribution)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rest of World</th>
<th>Standard Chartered footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7,941</td>
<td>33% 67%</td>
</tr>
<tr>
<td>2025</td>
<td>15,003</td>
<td>44% 56%</td>
</tr>
</tbody>
</table>

2.5x as many large companies in our footprint by 2025

### Capital market volumes (Debt and Equity)

(\% and number of deals (‘000s))

<table>
<thead>
<tr>
<th>Year</th>
<th>Rest of World</th>
<th>Standard Chartered footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>23</td>
<td>12% 88%</td>
</tr>
<tr>
<td>2013</td>
<td>25</td>
<td>25% 75%</td>
</tr>
</tbody>
</table>

Footprint share increased >2x

Source: Dealogic, McKinsey Global Institute Financial Assets Database, Team analysis

1) Large companies defined as those with revenues > US$1bn
We need to leverage our unique network and product capabilities to deepen our wallet share

- Best cross-border network across Asia, Africa, and the Middle East
- 5,000 client groups across the footprint
- ~3,250 on-the-ground sales force (coverage and product sales)
- Full suite of product solutions
- Untapped opportunity from client ecosystems

Standard Chartered penetration of client universe and share of addressable revenue pool

Client universe penetration (# of clients)

- Global Corporates: 80%
- Local Corporates: 40%
- FI: 70%

Share of addressable revenue pool

- Global Corporates: 2.6%
- Local Corporates: 2.2%
- FI: 2.0%

1) Banks and Investors
What makes us different in the marketplace?

<table>
<thead>
<tr>
<th></th>
<th># Products</th>
<th># Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUAWEI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Sep-14</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>HYUNDAI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Sep-14</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>Fuj corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Sep-14</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Sterling Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Sep-14</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>
We are working to address a mix of external and internal challenges.

**External**

- Increased capital and liquidity requirements
- Increased competition, particularly from local and regional banks
- Increased compliance costs

**Structural**

- Record low interest rates
- Margin compression / credit cycle
- Slowing trade growth

**Cyclical**

- Improve productivity and alignment of salesforces
- Driving broader and deeper client relationships
- Increasing the mix of non financing revenue

**Internal**
Four key execution priorities underway

Key priorities

1. Drive Risk Weighted Assets, cost, and process efficiencies
2. Reallocate resources to higher returning businesses
3. Drive deeper and broader client penetration
4. Shift revenue mix to Non-Financing Revenue

Actions

- Reduce Risk Weighted Assets on low returning relationships
- Reshape geographies and segments to reduce cost
- Enhance sales force effectiveness through improved processes, enhanced tools and tracking
- Re-deploy resources from low returning areas to high returning areas across segments and products
- Leverage our network and product capabilities to increase the average number of markets and products per client
- Increase the share of non-financing revenue by focusing on Cash, FX and other fee based revenue streams
Drive Risk Weighted Assets, cost and process efficiencies

**Risk Weighted Asset reallocation**

Reduction (US$bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>13.6</td>
<td>18.0</td>
<td>16.2</td>
<td>23.1</td>
</tr>
</tbody>
</table>

- Disposals: Loan sales, securitisation
- Reducing underperformers
- Reducing outsized risks
- Holding lending flat

**Cost efficiencies**

Headcount Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Jun 13</th>
<th>Dec 13</th>
<th>Aug 14</th>
<th>Jun 15F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,437</td>
<td>3,406</td>
<td>3,293</td>
<td>3,118</td>
</tr>
</tbody>
</table>

- Reducing costs to reinvest
- Revenue neutral structural changes
- Better people, growth opportunities

**Processes**

- Alignment and Accountability
- Time, Tools, Tracking
- World class sales force

1) Headcount excludes Middle Markets, IGs and CDD Remediation
Re-allocate resources to higher return areas – Investors segment

Investors\(^1\) segment performance

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014E</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues ((US$m))</td>
<td>452</td>
<td>479</td>
<td>587</td>
<td>650</td>
<td>13%</td>
</tr>
<tr>
<td>Top 100 revenues ((US$m))</td>
<td>314</td>
<td>334</td>
<td>414</td>
<td>462</td>
<td>14%</td>
</tr>
<tr>
<td># US$10m clients(^2)</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>14</td>
<td>67%</td>
</tr>
<tr>
<td>Income RoRWA (%)(^3)</td>
<td>20%</td>
<td>18%</td>
<td>19%</td>
<td>16%</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

1) Investors segment comprises of Real Money Funds, Hedge Funds, Sovereign Wealth Funds & Public Pension Funds; 2) Top 100 & US$10m Client count are based on BCA and non-BCA Client Groups; 3) 2014E RoRWA adversely impacted by Basel 3 impact (~400bps)
Driving client penetration

Local Corporates
New to bank vs. deepening
- Realignment drives specialisation
  - CC focus on NTB
  - LC focus on deepening

Global Corporates
Leveraging the network
- European client survey
- Structural changes / passporting
- Opportunity: double multi market/product ratios

Financial Institutions
Mid-tier banks
- Focus had been on larger banks
- Upgraded leadership, increased resources and tracked

Local Corporates New to bank clients

Network Global Corporates (Europe & Americas)

<table>
<thead>
<tr>
<th></th>
<th>Top 20</th>
<th>Rest (ex Top 20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCA Client Groups</td>
<td>20</td>
<td>309</td>
</tr>
<tr>
<td>Average revenue ($m)</td>
<td>15.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Average # markets</td>
<td>10.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Average # products</td>
<td>12.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Income RoRWA (%)</td>
<td>7.0%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

1) Headcount excludes Middle Markets, IGs and CDD Remediation

Mid-tier banks revenue ($m)

Income
RoRWA (%) 2012 2013 2014
10.6% 10.6% 9.4%
Shifting revenue mix to non-financing revenue

**Local Corporates**

“FM 700”
- Account planning identified >700 low FM penetration accounts
- Better alignment and tracking

**FM Revenue Index (734 names)**

**Global Corporates**

Cash Focus
- Regional Treasury Centre account planning and client calling
- Driving Unity platform
- Building Treasury Advisory capability

**Global Corporates Cash Performance**
(H1 13 vs. H1 14 YoY%)

<table>
<thead>
<tr>
<th></th>
<th>Top 50</th>
<th>Rest (ex Top 50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash revenue</td>
<td>+6%</td>
<td>(4)%</td>
</tr>
<tr>
<td>Liabilities</td>
<td>+6%</td>
<td>(6)%</td>
</tr>
</tbody>
</table>

**Financial Institutions**

FX buying centres
- FM/Corporate and Institutional account planning to identify new FX buying centres
- Hundreds of new buying centres discovered and record client on-boarding to e-commerce

**New client on-boarding to e-commerce**

[Bar charts and tables showing year-over-year comparisons and client onboarding metrics]
Driving broader and deeper penetration will change the shape of our business

2010: 80% of income from 12% of clients
2018: 80% of income from 20%+ of clients
We have set clear targets to deliver both top line growth and the desired shape of the portfolio.

**Key actions and metrics**

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broaden and deepen relationships</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of clients delivering 80% of revenues</td>
<td>18%</td>
<td>Continue to grow</td>
</tr>
<tr>
<td><strong>Increase network and product penetration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average multi-market ratio</td>
<td>2.7</td>
<td>3.0-3.5</td>
</tr>
<tr>
<td>Average multi-product ratio</td>
<td>5.9</td>
<td>6.0-6.5</td>
</tr>
<tr>
<td><strong>Improve returns - shift mix to non-financing revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-financing revenue as % of client revenue</td>
<td>41%</td>
<td>+2%</td>
</tr>
</tbody>
</table>
Key messages

- We have built a strong and extensive Corporate and Institutional Clients franchise

- Growth has been driven by the addition of new products, new markets, and a favorable macro environment

- The opportunities are still there, but we are now facing greater challenges: model changes, increased competition, macro slowdown and regulatory challenges

- We are reshaping our business to address these challenges
  - Driving Risk Weighted Assets, cost and process efficiencies
  - Reallocating capital and resources to higher return businesses
  - Driving greater client penetration and shifting the revenue mix to non-financing revenue
Q&A
Retail Products

TS Anil

Here for good
Key messages

- Substantial opportunity to bank the growing affluent segments in key cities
- Starting from a strong position to succeed
- Attractive returns marred by high costs in a challenging external environment
- We are reshaping the business
  - Accelerating shift to priority and business clients
  - Improving efficiency and risk
  - Further strengthening conduct
Retail Products – Income, balance sheet and awards

**Income split by product**

- CCPL 50%
- Deposits 24%
- Mortgages 18%
- Business lending 8%

**Income split by client segment**

- Personal 51%
- Priority 26%
- Consumer Finance 7%
- Business Clients 12%
- Private Bank 4%

**Balance sheet composition**

- Deposits: 39% CCPL, 60% Casa, 5% Time Deposits, 6% Other
- Lending: 39% CCPL, 60% Casa, 5% Time Deposits, 6% Other

**Awards and recognition**

- Best Credit Card Product in the Middle East 2014
- Best Deposit Product – Korea 2013
- Product Excellence in Debit Cards, Singapore 2013
- Best Home and Living Brand – Mortgage Services (2013)

---

1) HY 2014 figures

CCPL: Credit Cards and Personal Loans – CASA: Current and Saving Accounts
# Retail Products – Overview


<table>
<thead>
<tr>
<th>Credit Cards</th>
<th>Personal Loans</th>
<th>Mortgages</th>
<th>Deposits</th>
<th>Business Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>WorldMiles</td>
<td>Personal Instalment Loans</td>
<td>Home Suite</td>
<td>Bonus$aver</td>
<td>Business Instalment Loans</td>
</tr>
<tr>
<td>Visa Infinite</td>
<td>Personal Line of Credit</td>
<td>MortgageOne</td>
<td>e$aver</td>
<td>Business Mortgage Loans Against Property</td>
</tr>
<tr>
<td>Saadiq</td>
<td>CashOne</td>
<td></td>
<td>Marathon Savings Account</td>
<td>Channels – Business Internet Banking</td>
</tr>
<tr>
<td>Gulf Air</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Credit Cards:** WorldMiles, Visa Infinite, Saadiq, Gulf Air
- **Personal Loans:** Personal Instalment Loans, Personal Line of Credit, CashOne
- **Mortgages:** Home Suite, MortgageOne
- **Deposits:** Bonus$aver, e$aver, Marathon Savings Account
- **Business Clients:** Business Instalment Loans, Business Mortgage Loans Against Property, Channels – Business Internet Banking
Ensuring Retail Products priorities support our client strategy

Client priorities

- Accelerating shift to Priority and Business Clients

- Improving efficiency and risk
  - Further strengthening conduct

Retail Products priorities

- Creating new market leading capabilities
- Alliances and digital solutions
- Driving efficiency – standardisation and digitisation
- Reshaping unsecured lending

Actions and activities

- Cross-border propositions
- Trade and working capital proposition
- Scale successful alliances
- Alliances that leverage Standard Chartered Bank ecosystem
- Standardise product propositions and platforms
- Digitisation
- Revised origination model
- Responsible lending framework
- De-risking
Examples of opportunities in Priority and Business Clients

**Cross-border proposition**
1. Mortgages
2. Banking / Funds transfers

6 out of 10 nationalities that are the top buyers of new-built cross-border residential properties globally sit in our network\(^1\)
Most common x-border purchase location: London\(^1\)

22%: proportion of cross border banking customers in key markets in Asia\(^2\)

**Business Clients**
Trade and Working Capital Solution

---

**2013 Revenue pool (US$bn)\(^3\)**

![Pie chart showing revenue distribution]

**Business clients income mix forecast (US$m)**

![Bar chart showing income mix forecast]

Sources: 1) Knight Frank Residential Research, Global Development Insight Q3 2013; 2) Cross Border Banking in Asia - RFI. July 2014; 3) McKinsey
Selective unsecured portfolio derisking in line with strategy

**Context**
- Impairments lag income
- Market specific stresses – Korea, Thailand
- Regulatory changes

**Recent Performance**
Unsecured Lending 2009–2014

**Taking action**
- Tighten underwriting criteria
- Exit of third party direct sales agents
- Good growth through
  - Employee Banking
  - Alliances
  - Online
- Focus on deepening relationships
## Scaling solutions for our clients

<table>
<thead>
<tr>
<th>Actions</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product simplification and standardisation</strong></td>
<td>Proliferation of non-standard products</td>
<td>Standard product suite and CVPs globally</td>
</tr>
<tr>
<td><strong>Platform standardisation</strong></td>
<td>Non-standard systems and multiple interfaces</td>
<td>Standard global platform architecture</td>
</tr>
<tr>
<td><strong>Digitisation</strong></td>
<td>Manual processing, poor client data capture</td>
<td>Digitised processing and client data capture</td>
</tr>
</tbody>
</table>
Scaling excellence

Co-brand alliances client economics
(2011 vintages)

Total revenue per client

Alliance A

Alliance B

BAU Portfolio

0-12 months 13-24 months

+270%

+60%

Innovative market leading channel solutions

Straight2Bank
Key messages

- Substantial opportunity to bank the growing affluent segments in key cities
- Starting from a strong position to succeed
- Attractive returns marred by high costs in a challenging external environment
- We are reshaping the business
  - Accelerating shift to priority and business clients
  - Improving efficiency and risk
  - Further strengthening conduct
Key messages

- Resilient franchise underpinned by diversified income streams and strong capabilities
- Sharpened strategy and new client centric organisation structure
- Significant opportunity in our footprint and client franchise
- We are scaling up the business
  - Institutionalising wealth advisory
  - Broadening product delivery to more clients
  - Increasing brand awareness for Wealth Management
Wealth Management well positioned for future growth

Diversified income streams

Income mix by product

- Structured products: 8%
- Portfolio Lending: 10%
- Cash Equities and Fixed Income: 10%
- Retail FX spread: 20%
- Funds: 24%
- Insurance: 27%
- Others: 1%

Income mix by client segment

- Commercial: 8%
- Priority: 54%
- Private Banking: 25%
- Business Clients: 4%
- Personal: 9%

Income mix by geography

- Greater China: 46%
- North East Asia: 6%
- MENAP: 4%
- Africa: 4%
- South Asia: 5%
- ASEAN: 27%

Resilient income and AUM growth

Income (US$m)

<table>
<thead>
<tr>
<th>Period</th>
<th>Income (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 09</td>
<td></td>
</tr>
<tr>
<td>H2 09</td>
<td></td>
</tr>
<tr>
<td>H1 10</td>
<td></td>
</tr>
<tr>
<td>H2 10</td>
<td></td>
</tr>
<tr>
<td>H1 11</td>
<td></td>
</tr>
<tr>
<td>H2 11</td>
<td></td>
</tr>
<tr>
<td>H1 12</td>
<td></td>
</tr>
<tr>
<td>H2 12</td>
<td></td>
</tr>
<tr>
<td>H1 13</td>
<td></td>
</tr>
<tr>
<td>H2 13</td>
<td></td>
</tr>
<tr>
<td>H1 14</td>
<td></td>
</tr>
</tbody>
</table>

Wealth AUM (US$bn)

<table>
<thead>
<tr>
<th>Period</th>
<th>Wealth AUM (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 09</td>
<td></td>
</tr>
<tr>
<td>H2 09</td>
<td></td>
</tr>
<tr>
<td>H1 10</td>
<td></td>
</tr>
<tr>
<td>H2 10</td>
<td></td>
</tr>
<tr>
<td>H1 11</td>
<td></td>
</tr>
<tr>
<td>H2 11</td>
<td></td>
</tr>
<tr>
<td>H1 12</td>
<td></td>
</tr>
<tr>
<td>H2 12</td>
<td></td>
</tr>
<tr>
<td>H1 13</td>
<td></td>
</tr>
<tr>
<td>H2 13</td>
<td></td>
</tr>
<tr>
<td>H1 14</td>
<td></td>
</tr>
</tbody>
</table>

1) H1 14 figures
## Key challenges

### External

- Raising the bar on conduct
- Intense demand for talent

### Structural

- Performance correlated with market sentiment

### Cyclical

- Scalability of advice and products
- Select product gaps
- Brand awareness for Wealth Management

### Internal
Attractive market opportunity for Wealth Management

Continued wealth growth in our footprint

Asia, Africa and the Middle East market
Total investible assets\(^1\) (US$tr) (2013)

- **2009**: 21
- **2013**: 39
- **2018F**: 65

CAGR +11%

CAGR +17%

Source: BCG Global Wealth Market-sizing database, 2013 and 2014; Swiss RE Insurance; St Louis Fed

1) Market AUM is measured by financial wealth or investible assets across all private households

Low penetration of key wealth products

**Mutual funds (AUM as % of GDP)**

- **Nigeria**: <0.5%
- **China**: 5%
- **India**: 5%
- **US**: 80%

**Insurance (Premium as % of GDP)**

- **Nigeria**: <0.5%
- **Indonesia**: 2%
- **China**: 3%
- **India**: 4%
- **US**: 8%

CAGR +17%
Significant opportunity in our current client franchise

Number of individuals clients

- Total Retail Clients
- Clients with no wealth product
- Clients with at least one wealth product

Distribution of Priority Clients by age\(^1\) (%)

- <30 years: 8%
- 30-40 years: 19%
- 40-50 years: 17%
- 50-60 years: 26%
- >60 years: 29%

Product penetration (individuals) (%)

- Total Retail Clients
- Mutual Funds penetration
- Life Insurance penetration

Wealth penetration for Priority Clients by vintage\(^1\) (%)

- <2 years
- 2-5 years
- >5 years

---

1) Top 9 markets
## Rigor in governance and compliance

### Key risks

- Mis-selling
- Product failure including poor design
- Non-compliance to regulations and policies

### Risk mitigation practices

<table>
<thead>
<tr>
<th>Pre-sales</th>
<th>Sales / Execution</th>
<th>Post-sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Centralised product and provider diligence / approval</td>
<td>✓ Needs and suitability</td>
<td>✓ Trade surveillance</td>
</tr>
<tr>
<td>✓ Ongoing product performance and provider reviews</td>
<td>✓ Disclosures</td>
<td>✓ Mystery shopping</td>
</tr>
<tr>
<td>✓ Product risk ratings</td>
<td>✓ Pricing policy</td>
<td>✓ Complaint root cause analysis</td>
</tr>
<tr>
<td>✓ Certification and training</td>
<td>✓ Balanced scorecard</td>
<td>✓ Fair accountability</td>
</tr>
</tbody>
</table>

### Key metrics

- Client complaints
- Proven inappropriate sales
- Pricing exceptions
- Product performance vs. market and peers

---

**Global Operational Risk framework**
### Key capabilities to leverage for growth

<table>
<thead>
<tr>
<th>Competitive advantage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment advisory</strong></td>
<td>▪ House views backed by rigorous process</td>
</tr>
<tr>
<td></td>
<td>▪ Tailored to local markets</td>
</tr>
<tr>
<td></td>
<td>▪ Advice based conviction lists – Funds select</td>
</tr>
<tr>
<td><strong>Leading distributor of managed investments</strong></td>
<td>▪ Top 5 distributor of funds with global fund houses</td>
</tr>
<tr>
<td></td>
<td>▪ More than doubled discretionary AUM over last three years</td>
</tr>
<tr>
<td></td>
<td>▪ Expanding our alternative solutions e.g. Private Equity partnership</td>
</tr>
<tr>
<td><strong>Growing market share in Bancassurance</strong></td>
<td>▪ Largest Bancassurance partnership in Asia with Prudential</td>
</tr>
<tr>
<td></td>
<td>▪ Client benefits from partnership</td>
</tr>
<tr>
<td></td>
<td>▪ Insurance specialists sales force</td>
</tr>
<tr>
<td><strong>Access to network and footprint opportunities</strong></td>
<td>▪ Asian bond issues</td>
</tr>
<tr>
<td></td>
<td>▪ Domestic Indian securities through Standard Chartered Securities India</td>
</tr>
<tr>
<td></td>
<td>▪ Islamic wealth solutions</td>
</tr>
</tbody>
</table>

Source: Cerulli Associates, 2014

Note: CAGR numbers based on income from 2009
Execution priorities to scale up wealth management

Segment priorities

Retail Clients
- Accelerating emphasis on Priority
- “Wealth solutions and advice” is core to client proposition for Priority
- Upgrade marketing to aspirational
- Digitisation

Private Banking Clients
- Growing the front line
- Driving new client acquisition
- Deepening client relationships

Commercial and Corporate and Institutional Clients
- Leverage bank-wide capabilities to deliver the full product set

Wealth Management execution priorities

1. Institutionalise wealth advisory
2. Broaden product delivery to more clients
3. Increase brand awareness
Institutionalise wealth advisory

### Actions underway

<table>
<thead>
<tr>
<th>Customisation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customise portfolio models</td>
<td></td>
</tr>
<tr>
<td>• Enhance market relevant conviction lists</td>
<td></td>
</tr>
<tr>
<td>• Standardise advisory process and platform</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global model</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Deploy wealth specialists model globally</td>
<td></td>
</tr>
<tr>
<td>• Hire and redeploy wealth specialists to support the growth of Private Banking and Priority Clients</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct-to-client communications</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Digital distribution of tailored advice and ideas</td>
<td></td>
</tr>
<tr>
<td>• Match language to client</td>
<td></td>
</tr>
<tr>
<td>• Ramp up sales and educational material</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen Wealth Management training</td>
<td></td>
</tr>
</tbody>
</table>
### Broaden delivery to more clients

#### Actions underway

<table>
<thead>
<tr>
<th>Increased digitisation</th>
<th>Integrated client portal for wealth – from advice to execution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Relationship Manager workbench</td>
</tr>
<tr>
<td></td>
<td>Straight through processing for insurance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Select product expansion</th>
<th>Retail Clients: Portfolio lending, e-FX, General Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private Banking Clients: Alternatives; Bespoke discretionary</td>
</tr>
<tr>
<td></td>
<td>Commercial and Corporate Clients: Money market funds; Insurance</td>
</tr>
<tr>
<td></td>
<td>Geographic opportunities: Shanghai–Hong Kong Stock Connect; Online mutual funds in India</td>
</tr>
</tbody>
</table>
Increase brand awareness for Wealth Management

**Actions underway**

- Aspirational brand
- Marketing campaigns with emphasis on wealth
- Leveraging physical and digital distribution channels
- Wealth seminars and client events
Clear set of metrics in place to track progress

## Key actions and metrics

<table>
<thead>
<tr>
<th>Broaden and deepen relationships</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Wealth Management Clients</td>
<td>2 million</td>
<td>5 - 10% growth</td>
</tr>
<tr>
<td>Wealth specialists</td>
<td>900</td>
<td>Increase</td>
</tr>
<tr>
<td>Brand awareness¹</td>
<td>9%</td>
<td>Improve in key markets</td>
</tr>
<tr>
<td>Wealth AUM</td>
<td>US$66bn</td>
<td>&gt;10% growth</td>
</tr>
</tbody>
</table>

## Enhance capabilities

<table>
<thead>
<tr>
<th></th>
<th>3 markets</th>
<th>Expand to 6+ markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio advisory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital distribution of tailored advice and ideas</td>
<td>Roadmap</td>
<td>Execution in 8+ markets</td>
</tr>
</tbody>
</table>

¹ % of clients who choose Standard Chartered first for Wealth Management products
Key messages

- Resilient franchise underpinned by diversified income streams and strong capabilities

- Sharpened strategy and new client centric organisation structure

- Significant opportunity in our footprint and client franchise

- We are scaling up the business
  - Institutionalising wealth advisory
  - Broadening product delivery to more clients
  - Increasing brand awareness for Wealth Management
Q&A
Market leading franchise in challenging environment

- Global leader in Trade, leader in Cash Management and growing Securities Services business in our footprint

- Cementing relationships – Critical lifeblood in client working capital and operations

- Cyclical headwinds and structural shifts – Focus on cost and returns, and creating future opportunities

- Scale of the opportunity is compelling – Invested in our capabilities to capture, and taking action to
  - Accelerate growth engines – Grow Cash Management, Securities Services for Investors and Transaction Banking for Commercial and Business Clients
  - Improve business delivery – Network, digitisation, processes
  - Reinforce differentiation – Culture and Business Conduct, RMB, Africa
Diversified business across clients and geographies

### Income profile H1 2014 (US$m)

#### Client type
- Commercial Clients: 16%
- Financial Institutions: 36%
- Other: 1%
- Global Corporates: 16%
- Local Corporates: 31%

#### Product
- Trade: 51%
- Securities Services: 7%
- Cash: 42%

#### Region
- Americas: 11%
- Africa: 11%
- MENAP: 12%
- ASEAN: 15%
- Greater China: 25%
- North East Asia: 5%
- South Asia: 12%
- Europe: 9%

### Business

#### Cash Management
- Payments and Clearing
- Collections
- Account Services
- Liquidity Management

#### Trade
- Documentary Trade
- Receivables Services
- Supply Chain Finance

#### Securities Services
- Custody Services
- Fund Services
- Corporate Agency and Trust
Headwinds to performance but franchise position never been stronger

Income performance H1 2014 (US$m)
Impact of performance headwinds

Franchise performance
Strength of market share and industry positioning

1) Oliver Wyman; Standard Chartered analysis; 2) CHIPS, as at 30 Sept 2014; 3) East & Partners Asian Institutional Transaction Banking Study May 2014 Survey; 4) The Banker Sept 14; 5) Global Finance Feb 14

110
Cyclical headwinds combined with structural challenges – some creating opportunities

- **External**
  - Prudential regulation (capital and liquidity)
  - Conduct focus (e.g. Sanctions, Anti-Money Laundering) – opportunity to build leadership
  - Technological change and digitisation of banking
  - Abundant liquidity and continued low rate environment
  - Slowdown in global trade growth
  - Declining commodity prices...
  - ...resulting in continued margin pressure

- **Structural**
  - Deliver Transaction Banking to new client segments beyond Corporate and Institutional Clients
  - Creating cost capacity for investment

- **Cyclical**
Continued margin pressure – some cyclical and some structural elements

**Trade Finance**
Balance sheet and margin

**Cash Management**
Balance sheet and margin

1) Data on pre-reorganisation basis
Current actions to extract efficiency and deliver higher returns

**Cost performance**
Focused management of costs

**Cost income ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>52%</td>
<td>51%</td>
</tr>
</tbody>
</table>

- Headcount reductions
- Transfers of front-line to operations
- Reduce branch costs and increase use of digital platforms
- Creating capacity for investment

**Portfolio returns**
Focusing on product mix to improve client returns

**Revenue RoRWA (%)**

<table>
<thead>
<tr>
<th>Product</th>
<th>TB sub-products¹</th>
<th>TB¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H2 2013</td>
<td>H1 2014</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doc Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8.1%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

- Capital management exercise – supporting better returning clients
- Focus on higher returning businesses – Cash Management and Securities Services, with greater fee component; and cross-sell from Trade

1) Chart scales not comparable
Compelling scale of opportunity underpinned by growth of the footprint

**Trade**
Exports to emerging markets

**Share of world exports**\(^1\) (%)

- Trade growth mean reversion to 1.4x GDP growth
- China as modern mega-trader
- ‘Made in the world’

**Cash**
Corporate cash by region

**Year end corporate cash holdings**\(^2\) (US$bn)

- Rapidly growing corporate cash pools in Asia
- Increasing sophistication in Cash Management needs in the footprint
- Regional Treasury Centres for global Multinational Corporates (MNCs)

**Securities Services**
Investable financial assets in footprint

**Asset value**\(^3\) (US$tr)

- Growth in investable financial assets in footprint
- Wealth management and investor clients in the footprint
- Trade and commerce driving wealth creation, driving financial deepening

Sources: 1) Standard Chartered Global Research; 2) Oliver Wyman; 3) McKinsey Global Institute
A client approach focused on depth of relationship supported by market leading product capabilities in our footprint

Number one transaction bank in Asia¹
East & Partners – survey of 1,000 clients in Asia

- 22% of the largest client groups across Asia nominate us as their primary transaction bank
- These clients give us 69% of their transaction volume, compared to the market average of 54%

Best in footprint capabilities across Trade, Cash and Securities Services

41 markets covered by a common trade platform

<table>
<thead>
<tr>
<th>Capability rollout</th>
<th>Asia</th>
<th>Africa</th>
<th>Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>2011</td>
<td>8%</td>
<td>1%</td>
<td>10%</td>
</tr>
<tr>
<td>2012</td>
<td>17%</td>
<td>3%</td>
<td>23%</td>
</tr>
<tr>
<td>2013</td>
<td>37%</td>
<td>21%</td>
<td>40%</td>
</tr>
<tr>
<td>2014</td>
<td>79%</td>
<td>51%</td>
<td>60%</td>
</tr>
<tr>
<td>2015</td>
<td>86%</td>
<td>97%</td>
<td>98%</td>
</tr>
<tr>
<td>2016</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Change in % clients nominating as primary banker status since 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia</th>
<th>Africa</th>
<th>Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>69%</td>
<td>58%</td>
<td>53%</td>
</tr>
<tr>
<td>2009</td>
<td>(0.7)%</td>
<td>58%</td>
<td>(3.5)%</td>
</tr>
<tr>
<td>2010</td>
<td>+1.1%</td>
<td>49%</td>
<td>+2.2%</td>
</tr>
<tr>
<td>2011</td>
<td>(0.5)%</td>
<td>37%</td>
<td>53%</td>
</tr>
</tbody>
</table>

1) East & Partners Asian Institutional Transaction Banking Study May 2014 Survey, top six banks by primary status shown
### Initiatives focused on delivering incremental growth

<table>
<thead>
<tr>
<th>Areas</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental growth engines</td>
<td>1. Grow Cash Management</td>
</tr>
<tr>
<td></td>
<td>2. Deliver Securities Services to Investor Clients</td>
</tr>
<tr>
<td></td>
<td>3. Deliver Transaction Banking to Commercial and Business Clients</td>
</tr>
<tr>
<td>Delivery and differentiation</td>
<td>4. Business Conduct as competitive differentiator in the future</td>
</tr>
<tr>
<td></td>
<td>5. Reshape some processes for speed of execution and client interface</td>
</tr>
<tr>
<td></td>
<td>6. Cross product – Differentiate our business with RMB and Africa</td>
</tr>
</tbody>
</table>
A value-add Cash Management proposition led by advisory, supported by strong platform and capabilities

Platform

Standardised, enhanced capabilities, available to clients throughout network

- 60% of capabilities live, full rollout by 2016
- 100 new Liquidity Management clients in 2014 generating US$7bn in OPAC liabilities
- 1,700+ clients on new Cash platforms by 2016

Treasury Solutions

CFO / Treasurer advisory and solutions for top tier clients delivered by former Corporate Treasurers and Consultants

- 7 senior advisors (11 by Q1 2015)
- Almost 20 years specialist experience each
- 78 current client engagements

Client onboarding to Cash platforms

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>YTD 2014</th>
<th>2015E</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Management</td>
<td>35</td>
<td>135</td>
<td>~400</td>
<td>~1,400</td>
</tr>
<tr>
<td>Other capabilities</td>
<td></td>
<td></td>
<td>~235+</td>
<td>~35+</td>
</tr>
</tbody>
</table>

Current client engagements in Treasury Solutions

Objective

- Cash / Liquidity 45%
- Other 12%
- Treasury/In-house bank 33%
- SSC/Trading hub 10%

Client region

- ASEAN 31%
- MENAP 14%
- Greater China 17%
- Africa 24%
- Other 14%
Focus on drivers of incremental growth and delivering on rollout of capabilities and platforms

### Key actions and metrics

<table>
<thead>
<tr>
<th>Deepen and broaden client relationships</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Solutions – active client engagements</td>
<td>78</td>
<td>~100</td>
</tr>
<tr>
<td>Clients onboarded on Liquidity Management platform&lt;sup&gt;1&lt;/sup&gt;</td>
<td>100</td>
<td>100+</td>
</tr>
<tr>
<td>Securities Services – Assets under Custody</td>
<td>US$816bn</td>
<td>~5% growth</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enhance capabilities</th>
<th>Roadmap</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Clients – Receivable Financing proposition</td>
<td>~60%</td>
<td>~90%</td>
</tr>
<tr>
<td>Cash Management capabilities rollout</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Strengthen geographic focus and network | | |
|-----------------------------------------| | |
| Cross border commercial payments – market share | ~10% | Maintain |
| Documentary Trade – market share         | ~6%    | Maintain |

---

<sup>1</sup> Incremental clients onboarded. 2014 as at YTD October
Cross product theme – RMB

Exponential growth in offshore RMB market

Key RMB product balances across major offshore centres (CNYbn)

<table>
<thead>
<tr>
<th>Year</th>
<th>CD</th>
<th>Bonds</th>
<th>Loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>280</td>
<td></td>
<td></td>
<td>560</td>
</tr>
<tr>
<td>2011</td>
<td>854</td>
<td>204</td>
<td></td>
<td>1,058</td>
</tr>
<tr>
<td>2012</td>
<td>1,060</td>
<td>306</td>
<td></td>
<td>1,366</td>
</tr>
<tr>
<td>2013</td>
<td>1,926</td>
<td>400</td>
<td></td>
<td>2,326</td>
</tr>
<tr>
<td>YTD Aug 2014</td>
<td>2,514</td>
<td>514</td>
<td></td>
<td>3,028</td>
</tr>
</tbody>
</table>

 Positioned to succeed

Current market position
- Leading foreign correspondent bank in China
- Best Renminbi Bank\(^1\)
- No 2 in offshore RMB bond market\(^2\)

Strengthening our differentiation – key priorities
- Continue to enhance capabilities and infrastructure
  - Cross-border liquidity management
  - Third party clearing capabilities
  - RMB payments infrastructure
- First mover with clients to facilitate RMB adoption
- Active regulatory engagement with regulators both in China and offshore markets
- Maintain a strong and liquid RMB balance sheet with quality deposits

Source: Standard Chartered Global Research

1) The Asset Triple A Awards, 2012-14; 2) Thomson Reuters
Africa key to meet our aspirations in trade, investment and wealth

**Trade** – Sub-Saharan Africa – Asia trade volume
Value of exports (US$bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>29</td>
</tr>
<tr>
<td>2012</td>
<td>96</td>
</tr>
</tbody>
</table>

Value has increased by +21% from 2000 to 2012.

**Investment** – Intra spend in Sub-Saharan Africa (US$bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>~60</td>
</tr>
<tr>
<td>2025</td>
<td>~180</td>
</tr>
</tbody>
</table>

Value has increased by +10% from 2013 to 2025.

**Wealth** – projected middle class growth (2009–2030, %)

<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2013</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>9.5%</td>
<td>6.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>4.1%</td>
<td>2.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>MENA</td>
<td>2.8%</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>Central and South America</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>(0.2)%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: WTO, Standard Chartered Research, Oxford Economics, OECD, United Nations

**Positioned to succeed**

**Current capabilities and strengths**
- 15 countries with ~8,000 employees
- No. 1 in loan syndications in Sub-Saharan Africa
- One of the leading M&A advisory houses
- Joint Lead Manager in four landmark bond deals

**Strengthening our differentiation – key priorities**
- Continue to strengthen onshore capabilities
  - 3 Corporate Finance regional hubs
  - Bancassurance in Kenya
  - Acquisition of the custody businesses of Barclays and ABSA
- Invest in local talent to groom future leaders
- Emerging leaders program
- Leverage technology to serve evolving client needs
  - Mobile Money in six African markets in by 2015

1) Defined by OECD as households with daily expenditure in between US$10 & US$100 in PPP terms
Market leading franchise in challenging environment

- Global leader in Trade, leader in Cash Management and growing Securities Services business in our footprint

- Cementing relationships – Critical lifeblood in client working capital and operations

- Cyclical headwinds and structural shifts – Focus on cost and returns, and creating future opportunities

- Scale of the opportunity is compelling – Invested in our capabilities to capture, and taking action to
  - **Accelerate growth engines** – Grow Cash Management, Securities Services for Investors and Transaction Banking for Commercial and Business Clients
  - **Improve business delivery** – Network, digitisation, processes
  - **Reinforce differentiation** – Culture and Business Conduct, RMB, Africa
Key messages

- Resilience of franchise underpinned by diversity, stability and efficiency of business model

- Significant opportunity from financial deepening and investment across footprint markets

- Macro factors were challenging in H2 2013 and spilled into 2014

- Taking action to
  - Deliver product suite across client segments
  - Drive greater efficiency and innovate
  - Align talent pool to growing client needs
Client focussed, broad and deep capabilities

- Facilitate investment and deepen financial markets
- Deliver risk management, financing and investment solutions to our 18,000 clients
- c. 2,000 professionals based in 46 countries around the globe
- Capabilities across origination, structuring, sales, trading, and research
- Targeted set of fixed income, currencies, commodities, equities and capital markets solutions

### Income split by product

- Capital Markets 16%
- Foreign Exchange 36%
- Interest Rates 21%
- Commodities and Equities 14%
- Credit and Other 13%

### Income split by client segment

- Corporates 59%
- Banks 18%
- Non-banks 23%

### Income split by geography

- Europe 13%
- Americas 6%
- Africa 7%
- MENAP 10%
- ASEAN 17%
- South Asia 8%
- Greater China 33%
- North East Asia 6%

*Note: HY 2014 figures*
High quality, client driven, flow business

Client driven business

- Own Account: 10%
- Origination: 16%
- Structured: 11%
- Flow: 63%
- Client income: 90%

FX income / FICC income

- Standard Chartered: 46%
- Global Top 6 in footprint: 21%

Low market risk

VaR compared to peers

1) HY 2014 figures; 2) Source: Oliver Wyman, FY2013
We are leading across businesses in footprint.

Standard Chartered income by product versus peer average (US$m)

Franchise performance 2014
Strength of market share and industry positioning

- Best Bank Asian currencies
- #2 In Footprint for Bonds
- Best Bank Africa & MENAP currencies
- #2 In APAC for FICC
- Commodities House of the Year
- Best Flow House Africa

Source: Oliver Wyman
The changing environment

- **Structural**
  - Prudential regulation
    - Capital, leverage, margin, models
  - Conduct Regulation
    - Volcker, fines
  - Global margin compression
  - RMB internationalisation

- **Cyclical**
  - Recent past monetary policy and low rates
  - Recent macro environment & low, choppy volatility
  - Emerging Markets fund out-flows

- **Internal**
  - Improve alignment
  - Rapidly evolve in a scalable manner

---

1) Standard Chartered Research ; 2) Currency Volatility Index
Increasing volumes offset by global margin compression

- Income down – 20% YoY
- Strong franchise in footprint
  - Resilient client flows
  - Market share increased or maintained in key areas
- Own account income affected by RMB depreciation and low volatility / liquidity
- Cash FX notional increased 24% but offset by lower spreads down 15%
- Rates notional declined 22% due to lower client demand for hedging derivatives and structured notes
- Loan Syndications client income grew 12% with flat Debt Capital Markets income
Deepening with the right clients, markets and products

Potential for financial deepening in emerging markets

Total financial assets as % of regional GDP

- Needs of clients in our footprint are growing fast
- Our markets
  - 24% of global GDP
  - 68% of global growth
- RMB
- Africa
- Investor Clients

1) Source: BIS, Dealogic, McKinsey, IMF
Innovating & investing from a strong platform

With our competitive edge…
…we have built a strong platform…
…which has led to significant growth in client focussed business

FM client income (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,438</td>
</tr>
<tr>
<td>2010</td>
<td>2,773</td>
</tr>
<tr>
<td>2013</td>
<td>3,219</td>
</tr>
</tbody>
</table>

… and we continue to innovate and invest…

SABRE
- Scalable, flexible single market risk management and P&L technology platform
- Provides Risk and P&L processing capability for ECLiPSe

Razor
- Transformational change programme
- Straight Through Processing (STP) platform supporting a global booking model

ECLiPSe
- Efficient and comprehensive solution to Over the Counter (OTC) derivatives clearing regulation

People
- Raising the bar for talent and conduct across the footprint

S2BX
- Cutting edge eFX trading platform
- 5,000 currency pairs, deep liquidity pool
Broadest currency offering and strong product capabilities
Deep liquidity pool
Central Treasury model for Regional Treasury Centre’s
Order watching capabilities
24/6 customer support and Full STP
Local regulatory Compliance
Excellent people collaborating on world-class platforms

Key priorities

1. Deepen client relationships
2. Collaboration
3. Infrastructure & Digitisation
4. People

Actions

- Align talent pool to growing client needs
- Intimately understand our clients’ businesses
- Actively seek new ways to collaborate more, leveraging the One Bank structure
  - E.g. Financial Markets serving needs of Wealth Management and Transaction Banking Clients
- Invest in our systems, further develop electronic capability
- Innovate and build cutting edge capability
- Invest in selection, training and development
- Train, educate and indoctrinate excellent conduct as part of our DNA and culture
- Continue to provide compensation and incentives to reward sustainable outcomes
## Key actions and metrics

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deepen existing clients</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FM products per client&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3.6</td>
<td>&gt;4.0</td>
</tr>
<tr>
<td><strong>Enhance capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client FX notional volume</td>
<td>$2.6tr</td>
<td>&gt;20% growth</td>
</tr>
<tr>
<td>eFX volume as % of total FX</td>
<td>40%</td>
<td>&gt;50%</td>
</tr>
<tr>
<td><strong>Improve efficiency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost-Income ratio</td>
<td>57%</td>
<td>55%</td>
</tr>
</tbody>
</table>

1) Applicable to core FM Clients (top 1000 FM clients by H1 2014 revenue)
Key messages

- Resilience of franchise underpinned by diversity, stability and efficiency of business model

- Significant opportunity from financial deepening and investment across footprint markets

- Macro factors were challenging in H2 2013 and spilled into 2014

- Taking action to
  - Deliver product suite across client continuum
  - Drive greater efficiency and innovate
  - Align talent pool to growing client needs
Corporate Finance

Mark Dowie
Key messages

- We have a strong franchise aligned to client centric strategy
- The business has shown strong top line growth
- We are experiencing short term headwinds
- Our business is mature and scalable
- There are significant opportunities in our markets
- Our priorities are clear
Corporate client focused, geographically diverse

- Help clients meet strategic objectives with advisory and structured financing solutions
- Deepens client relationships at key points in their life cycle
- Highly skilled talent pool of 670 bankers based in 19 countries
- Expertise in structuring and management of credit risk, project completion and residual risk management

**Income split by product**

- Structured Finance 20%
- Structured Trade Finance and Financing Solutions 20%
- Leveraged Finance 35%
- Principal Finance 9%
- Mergers & Acquisitions 3%
- Project and Export Finance 12%
- Leveraged Finance and Financing Solutions 20%
- Equity Capital Markets 1%
- Principal Finance 9%
- Project and Export Finance 12%
- Mergers & Acquisitions 3%
- Leveraged Finance 35%
- Principal Finance 9%
- Structured Finance 20%

**Income split by client segment**

- Global Corporates 62%
- Local Corporates 34%
- Financial Institutions 6%
- Commercial Clients (2%)

**Income split by geography**

- Greater China 22%
- North East Asia (1%)
- South Asia 14%
- MENAP 10%
- ASEAN 26%
- Europe 11%
- Americas 3%
- Africa 15%

*Note: Income split based on H1 2014*
Meet client needs with strategic advisory and structured financing solutions

<table>
<thead>
<tr>
<th>Client Needs</th>
<th>Primary Services</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory on M&amp;A and Corporate Restructuring</td>
<td>Cross Border Acquisitions and Capital Structure Advice</td>
<td>Mergers and Acquisitions</td>
</tr>
<tr>
<td>Raising Capital in Public Equity Markets</td>
<td>Arranging and Placement of Equity Issuance</td>
<td>Equity Capital Markets</td>
</tr>
<tr>
<td>Funding for Growth</td>
<td>Private Equity and Mezzanine Financing</td>
<td>Principal Finance</td>
</tr>
<tr>
<td>Investment in Infrastructure across Emerging Markets</td>
<td>Advisory and Financing of Infrastructure Projects</td>
<td>Project and Export Finance</td>
</tr>
<tr>
<td>Funding Acquisitions and Expansion</td>
<td>Acquisition and Event-driven Financing</td>
<td>Leveraged Finance</td>
</tr>
<tr>
<td>Financing Trade Flows in and out of our Footprint</td>
<td>Structured Working Capital Finance</td>
<td>Structured Trade Finance and Financing Solutions</td>
</tr>
<tr>
<td>Acquiring Fleets</td>
<td>Aviation and Shipping Financing and related Advisory Services</td>
<td>Structured Finance</td>
</tr>
</tbody>
</table>

Typical ‘investment banking’ activities
Significant growth and industry recognition

Fast income growth
Slowing as business matures and encounters short term headwinds

[Bar chart showing percentage growth from 2002 to H1 2014]

Capability enhancing acquisitions
- M&A Advisory: First Africa Group Holdings; Harrison Lovegrove & Co; Gryphon Partners
- Project and Export Finance: ANZ Investment Bank’s Project Finance Business
- Equity Capital Markets: Cazenove Asia Limited; STCI Capital Markets Limited
- Transportation Leasing: Pembroke Group

Note: CAGR reported based on management figures; Principal Finance historicals included for comparative purposes
Opportunities despite challenges

**External**
- Capital and liquidity requirements
- Increased competition – global, regional and local

**Structural**
- Margin compression
- Geopolitical factors
- Slow down in commodities investments

**Cyclical**
- Credit cycle, tenor, returns
- Balancing top line growth and return

**Internal**
Slowing asset momentum and a conscious shift to shorter tenor

Stable origination growth, high run-off

- Origination: +18% CAGR
- Run-off: +22% CAGR

- Origination: +6% CAGR
- Run-off: +34%

Shortened tenor of debt book\(^1\) (tenor distribution)

- 2012:
  - <1 year: 17%
  - 1-5 years: 52%
  - >5 years: 31%

- H1'14:
  - <1 year: 14%
  - 1-5 years: 49%
  - >5 years: 37%

1) Weighted average tenor
Steady product performance with diversified income streams

Steady performance across products

<table>
<thead>
<tr>
<th></th>
<th>H1 13</th>
<th>H2 13</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leveraged Finance</td>
<td>12%</td>
<td>12%</td>
<td>19%</td>
</tr>
<tr>
<td>Structured Trade Finance &amp; Financing Solutions</td>
<td>19%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>Principal Finance</td>
<td>35%</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Leverage Finance</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

More diversified deal profile (split of fee income)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
<th>H1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;US$2m</td>
<td>48%</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>US$2m-US$5m</td>
<td>24%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>US$5m-US$10m</td>
<td>20%</td>
<td>44%</td>
<td>47%</td>
</tr>
<tr>
<td>&gt;US$10m</td>
<td>13%</td>
<td>14%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Increasing footprint activity and deeper relationships

- Growing Foreign Direct Investment (FDI) flows into footprint
- Increasing M&A activities
- Footprint infrastructure spend outgrowing rest of the world
- Growth in trade flows
- Financial deepening in footprint
- Deepen relationships with existing clients
- Penetrate further the Global and Local Corporate segments

**FDI inflows into footprint as a % of global total**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>26%</td>
</tr>
<tr>
<td>2009</td>
<td>31%</td>
</tr>
<tr>
<td>2013</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Footprint-related M&A deals as a % of global total (by deal value)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6%</td>
</tr>
<tr>
<td>2009</td>
<td>13%</td>
</tr>
<tr>
<td>2013</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Infrastructure spend forecast**

- **US$4tn**
  - 2012: 30% (Emerging Asia)
  - 2025: 47% (Rest of World)
- **US$9tn**

Source: UNCTAD, Dealogic, PwC-Oxford Economics research report – “Capital project and infrastructure spending, Outlook to 2025”

1) Deals where the acquiror or target is based in the footprint
Strong capabilities across products and geographies

Client Example: Ozner Water International – US$169m Initial Public Offering (IPO)
Tailor-made products with full range of financial services to support the growth of the Client every step of the way

Pre-IPO
- Corporate Finance (Leveraged Finance) – Pre-IPO Loan
- Transaction Banking – Term Deposit and BAD issuance
- Financial Markets – Foreign Exchange

IPO
- Corporate Finance (ECF/ECM) – Joint Sponsor, Coordinator & Bookrunner
- Wealth Management – Investor Clients
- Transaction Banking – Sole Receiving Bank
- Retail Products – Corporate & Payroll accounts

Post-IPO
- Transaction Banking – RMB cross-border, Cash Pooling, Term Deposit and BAD issuance
- Financial Markets – Structured Deposit, Foreign Exchange, Investor meetings and Roadshows
We are taking action aligned to our strategic priorities

Key priorities

1. Deepen client relationships
2. Deliver network to clients
3. Build scale in 8 priority markets
4. Capture opportunities across client continuum
5. Efficiency

Actions

- Increasing advisory expertise and engagement with clients at C-Suite level
- Aligning Corporate Finance bankers to client teams
- Regional Corporate Finance leadership
- Promoting key investment and trade corridors
- Building stronger local talent pool
- Equity Capital Markets: Leverage on Private Banking clients as investors
- Structured Trade Finance: Focus on Commercial Banking Clients
- Reshaping our balance sheet
- Enhancing technology e.g. Workbench
Milestones and metrics

### Key actions and metrics

<table>
<thead>
<tr>
<th>Deepen and broaden client relationships</th>
<th>H1 2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Revenue contribution from Local Corporates(^1)</td>
<td>22%</td>
<td>&gt;25%</td>
</tr>
<tr>
<td>- Deals originated</td>
<td>550 deals</td>
<td>&gt;10% growth</td>
</tr>
</tbody>
</table>

| Focus on priority markets and leverage network | |
|------------------------------------------------|---------|------|
| - Revenues from 8 priority markets           | $700m   | >10% growth |
| - Africa inbound revenues                    | $55m    | >10% growth |

| Improve productivity                         | |
|----------------------------------------------|---------|------|
| - Average annual revenue per banker         | $4.1m\(^2\) | >10% growth |

---

1) Excluding Principal Finance and CTA clients  2) Avg. of preceding 12 months
Key messages

- We have a strong franchise aligned to client centric strategy
- The business has shown strong top line growth
- We are experiencing short term headwinds
- Our business is mature and scalable
- There are significant opportunities in our markets
- Our priorities are clear
Q&A
Closing Remarks

Mike Rees

Here for good
## Our Ambition

**The world’s best international bank**

## Our Strategy

**We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East**

## Our Brand Promise

**Here for good**

<table>
<thead>
<tr>
<th>Our Aspirations</th>
<th>Our Values</th>
<th>Our Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationships</strong></td>
<td><strong>Courageous</strong>&lt;br&gt;Build trusted relationships with the people, companies and institutions shaping our markets’ future</td>
<td><strong>Colleagues</strong>&lt;br&gt;A great place to work, enabling individuals to grow and teams to win</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td><strong>Responsive</strong>&lt;br&gt;Play a leading role in facilitating investment and deepening financial markets</td>
<td><strong>Society</strong>&lt;br&gt;A force for good, promoting sustainable economic and social development</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td><strong>International</strong>&lt;br&gt;Become the undisputed leader in commercial payments and financing for and in Asia, Africa and the Middle East</td>
<td><strong>Investors</strong>&lt;br&gt;A distinctive investment, delivering consistently superior performance via disciplined growth</td>
</tr>
<tr>
<td><strong>Wealth</strong></td>
<td><strong>Creative</strong>&lt;br&gt;Be recognised as a leader in growing and protecting our clients’ wealth</td>
<td><strong>Regulators</strong>&lt;br&gt;A responsible partner with exemplary governance and ethics</td>
</tr>
<tr>
<td><strong>Relevant scale</strong></td>
<td><strong>Trustworthy</strong>&lt;br&gt;Establish sufficient scale, balance sheet and franchise strength to be relevant and influential in our key markets</td>
<td><strong>Wealth</strong>&lt;br&gt;Be recognised as a leader in growing and protecting our clients’ wealth</td>
</tr>
</tbody>
</table>

**Courageous**<br>We stand up for what the Bank believes and do the right thing

**Responsive**<br>We can be relied on to respond quickly and deliver lasting value

**International**<br>We value others and actively collaborate

**Creative**<br>We adapt and innovate to meet evolving needs

**Trustworthy**<br>We act with integrity and earn the trust of others
Our aspirations

**Relationships**
► Build trusted relationships with the people, companies and institutions shaping our markets’ future

**Investment**
► Play a leading role in facilitating investment and deepening financial markets in our economies

**Trade**
► Become the undisputed leader in commercial payment and financing for and in Asia, Africa and the Middle East

**Wealth**
► Be recognised as a leader in growing and protecting our clients’ wealth

**Relevant scale**
► Establish sufficient scale, balance sheet and franchise strength to be relevant and influential in our key markets
Challenging environment

**External**
- UK Bank Levy
- Additional Regulatory and Compliance Cost
- Liquidity Cost – ILAS/ LCR
- Equity and RWA models
- FM Structural Factors: Lower spreads on Cash FX; Lower own account income

**Structural**
- Liquidity/ QE
- Low interest rates
- EM currency depreciation
- FM Cyclical Factors: Low levels of volatility; negative EM sentiment

**Cyclical**
- Reshaping Client Segments
- Aligning resource in Financial Markets
- Business Disposals

**Internal**
- Reshaping Client Segments
- Aligning resource in Financial Markets
- Business Disposals
# Shape of Business – H1 2014

<table>
<thead>
<tr>
<th>Client segment</th>
<th>Client Income (US$bn)</th>
<th>RWA&lt;sup&gt;2,3,4&lt;/sup&gt; (US$bn)</th>
<th>NFR ratio&lt;sup&gt;4,7&lt;/sup&gt;</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA&lt;sup&gt;2,3&lt;/sup&gt;</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>Product&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Income (US$bn)</th>
<th>RWA&lt;sup&gt;3,4,5&lt;/sup&gt; (US$bn)</th>
<th>NFR ratio&lt;sup&gt;4,7&lt;/sup&gt;</th>
<th>Cost Income Ratio</th>
<th>Operating Profit RoRWA&lt;sup&gt;3,5&lt;/sup&gt;</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&lt;sup&gt;6&lt;/sup&gt;</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&lt;sup&gt;6&lt;/sup&gt;</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 to expect

## Key metrics

<table>
<thead>
<tr>
<th>What to Expect</th>
<th>Key Metrics</th>
</tr>
</thead>
</table>
| 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 and Corporate and Institutional (incl. products): ~US$300m  
  - Support functions: ~US$100m  
- **Corporate and Institutional**: Increase share of non-financing revenues |