Leading the way in Asia, Africa and the Middle East

Mike Rees
Group Executive Director and CEO
Wholesale Banking
We continue to believe in the potential of our markets and our competitive advantage but we are facing headwinds.

Fundamental strategy is unchanged and is the foundation for everything we do.

Deep long term client relationships remain at the heart of that strategy.

We are sharpening our focus to achieve our long term potential.
What we have said in the past...

Our strategy

- Deep ‘core bank’ client relationships
- International network, local scale
- Balance sheet management

Key enablers

- Infrastructure
- Values and culture
- Collective ambition
Our product suite has been built to support our clients’ needs

- We remain a core commercial bank focused on Cash, Trade and FX
- We have developed a complete and diverse product suite combined with a unique footprint
- We have invested in capability and scalable infrastructure
- The opportunity is now to fully deploy our capability to clients

### SCB product capabilities within footprint

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2006</th>
<th>2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Finance</td>
<td><img src="red" alt="Nascent" /></td>
<td><img src="yellow" alt="Developing" /></td>
<td><img src="green" alt="Developed" /></td>
<td></td>
</tr>
<tr>
<td>Cash Management</td>
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<td><img src="yellow" alt="Developing" /></td>
<td><img src="green" alt="Developed" /></td>
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<tr>
<td>FX</td>
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<td><img src="green" alt="Developed" /></td>
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<td>Corporate Finance</td>
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<td>Commodities</td>
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<td>Equities</td>
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<td><img src="yellow" alt="Developing" /></td>
<td><img src="green" alt="Developed" /></td>
<td><img src="green" alt="Developed" /></td>
</tr>
</tbody>
</table>

- Nascent
- Developing
- Developed
Financial performance

Note: Excludes settlement with US authorities in 2012 and Own Credit Adjustment
Potential for growth in our markets...

2012 – 2018 forecast GDP and trade growth (CAGR%)

Source: International Monetary Fund, Euromonitor
...enhanced by the potential for financial deepening

Financial depth in key Global markets*

- Developed average = 404
- Footprint average = 162

Source: McKinsey Global Institute
* Financial depth refers to total financial assets/GDP. Financial assets includes the value of equity market cap, corporate & government bonds and loans.
Leading the way with our clients for and in Asia, Africa and the Middle East

Our Brand Promise
Here for good

Wholesale Banking strategy

- Deep ‘core bank’ client relationships
- International network, local scale
- Balance sheet management

Key enablers

- Infrastructure
- Values and culture
- Collective ambition

The way we do business

- Deep client relationships; a trusted advisor
- International perspective, local knowledge
- Unwavering focus on the fundamentals of banking
- A force for good; doing the right thing
- Collective aspiration; shared passion
We have seen continued success in key client initiatives

- Deeper relationships by product and geography
- Growth driven by value added and strategic product groups
- Returns improved by income growth
- Income growth supported by release of RWAs within sub-optimal group

Next 500 clients
H1 2011 – H1 2013

Continued income growth

Managing suboptimal returns
FY 2012 – Q3 2013

Reinvesting RWAs to drive returns

Uplift in RoRWA since FY 2012
We can do more to deepen client relationships

- Number of client groups
- Revenue per Client Group
  - US$1m
  - US$10m

- 2012: 80% revenues from 16% clients
- CAGR +10%
- CAGR +15%
- CAGR +20%
- 80% revenues from 23% clients
Sharpening our focus with clients

- Deepening and broadening of client relationships
- Continued management of sub-optimal client returns
- Improved resource allocation

Higher returns from network income

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic RoRWA</th>
<th>Network RoRWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>2012</td>
<td>7.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>H1 13</td>
<td>6.8%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Improving client returns

RoRWA uplift from product depth

- <3 products: 4.9%
- 3-5 products: 6.5%
- >5 products: 6.9%

Number of products per client

Note: Figures based on clients with credit relationship. RoRWA figures for geographical cross sell based on average for Global Corporate clients.

RoRWA uplift from geographic breadth

- <3 geographies: 5.2%
- 3-5 geographies: 5.6%
- >5 geographies: 6.5%

Number of geographies per client
Intermediating global trade to capture the full commercial payments opportunity

- We are a leading trade finance provider for our footprint
- Our footprint is at the centre of the global manufacturing-supply chain
- We have made significant investment in our systems
- Trade Finance drives higher returns from overall client relationships

Our footprint is at the centre of the global manufacturing-supply chain

Key investments

- Trade finance
  - Magellan Trade Port
  - COAL / COCOA / BPO / Buyer Underwriting

- Client access
  - Straight2Bank
  - Straight2Bank Next Generation
  - Branches - China and Africa

We are market leaders in the offshore RMB market with a strong competitive advantage.

RMB is already a significant part of our business

#### Wholesale Banking RMB client income (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>193</td>
<td>402</td>
<td>471</td>
<td>311</td>
</tr>
</tbody>
</table>

CAGR 56%

Market leading offshore RMB position

- Leading share in offshore RMB deposits
- >10% market share in offshore RMB bond issuance
- >20% market share in offshore cross border third party RMB clearing
- >10% share of offshore traded RMB FX and rates turnover
Technology and innovation

- Continue to upgrade our electronic client interfaces, e.g. Straight2Bank
- Step up investment in Straight-Through-Processing and automation
- Learning to create more value from our data
Challenging environment

- Client confidence
  - Volatility and uncertainty
- Political environment
- Regulation
  - Prudential regulation
  - Conduct of business
- Competition
Financial outcome

Wholesale Banking operating profit (US$bn)

CAGR Operating profit: +22%
CAGR Operating profit: +30%
CAGR Operating profit: +11%

Note: 2012 operating profit adjusted for US settlement
Leading the way in Asia, Africa and the Middle East

Saleem Razvi
CFO, Wholesale Banking
Key messages

- Deep client relationships and diverse income streams are the foundations of our business

- We face headwinds but the underlying drivers of our performance remain strong underpinned by an unchanged strategy

- Our continued build of scalable platforms enables dynamic cost management and sustained investment

- We are driving returns through deeper client relationships and the scalability of our business
We continue to deepen client relationships

Client centric business

- Client focus lies at the heart of our strategy
- Increased share of primary and secondary banker status
- Cross border income accounts for a growing share of total client income
- Our focus on next 500 clients has delivered results

Asian transaction banking market penetration

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard Chartered</th>
<th>Global bank A</th>
<th>Global bank B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>30% 11% 19%</td>
<td>32% 12% 19%</td>
<td>34% 13% 21%</td>
</tr>
<tr>
<td>2010</td>
<td>26% 19% 13%</td>
<td>29% 21% 20%</td>
<td>29% 15% 16%</td>
</tr>
<tr>
<td>2012</td>
<td>21% 20% 16%</td>
<td>9% 20% 12%</td>
<td>9% 13% 12%</td>
</tr>
</tbody>
</table>

Primary banker: Green; Secondary banker: Blue

Source: East & Partners Asian Institutional Transaction Banking survey

Clients per income category

<table>
<thead>
<tr>
<th>Income Category</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;US$1m</td>
<td>1,293</td>
<td>1,561</td>
<td>1,667</td>
</tr>
<tr>
<td>&gt;US$5m</td>
<td>274</td>
<td>323</td>
<td>366</td>
</tr>
<tr>
<td>&gt;US$10m</td>
<td>124</td>
<td>140</td>
<td>153</td>
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Network income

<table>
<thead>
<tr>
<th>Quarter</th>
<th>H1 11</th>
<th>H1 12</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network income / client income</td>
<td>49%</td>
<td>51%</td>
<td>52%</td>
</tr>
</tbody>
</table>
Our fully developed product suite is a key enabler for deeper client relationships.

Product RoRWA*

Deepening from Commercial Banking

- Strategic: 7.0%
- Value added: 10.6%
- Transactional: 10.7%
- Lending: 2.1%

Deepening from Strategic

Time Technoplast

CLP Wind Farms

* Return on risk weighted assets (RoRWA) defined as client income / average client RWAs
Our income streams remain well diversified

Income by client segment
- Global Corporates: 32%
- Local Corporates: 32%
- Financial Institutions: 28%
- Commodity Traders & Agriculture: 8%

Income by product group
- Transactional: 40%
- Value added: 26%
- Strategic: 24%
- Lending: 9%

Income by geography
- Americas, UK and Europe: 17%
- Africa: 10%
- MESA: 12%
- India: 11%
- Hong Kong: 19%
- Singapore: 10%
- Korea: 5%
- Other APR: 15%

Note: All figures based on H1 2013 and exclude Own Credit Adjustment.
Commercial Banking pricing compression has been offset by continued volume growth.

Trade finance
- Trade asset balances (US$bn)
- Trade NIMs (%)
- Trade income (US$m)

Cash management
- Cash liability balances (US$bn)
- Cash NIMs (%)
- Cash income (US$m)

Cash FX
- Cash FX notionals (US$trn)
- Cash FX spread (bps)
- Cash FX income (US$m)
Corporate Finance income growth is sustainable

**Corporate Finance**

- Business is well diversified by product and size of transactions
- Income is based on sustainable annuity streams
- Corporate Finance is a catalyst for deepening client relationships
- Wholesale Banking asset tenor remains predominantly short term despite Corporate Finance growth

**Corporate Finance income progression (US$bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>H1 12</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR</td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YoY</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Corporate Finance H1 2013 income (US$m)**

- **Structured Finance** (+32% YoY*) 22%
- **Advisory & Infrastructure Finance** (+12% YoY*) 15%
- **Structured Trade Finance & Fin. Solutions** (+22% YoY*) 41%
- **Strategic Finance** (+29% YoY*) 22%

*YoY – growth in income from H1 2012 to H1 2013

**Split of Corporate Finance fee income from new deals**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;US$2m</td>
<td>48%</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>US$2m-$5m</td>
<td>14%</td>
<td>27%</td>
<td>23%</td>
</tr>
<tr>
<td>US$5m-$10m</td>
<td>24%</td>
<td>27%</td>
<td>44%</td>
</tr>
<tr>
<td>&gt;US$10m</td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>
Our Financial Markets business is client focused with stable income streams

Client driven income streams

FM client income as % FM total income

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income as %</td>
<td>77</td>
<td>69</td>
<td>81</td>
<td>76</td>
<td>77</td>
<td>78</td>
</tr>
</tbody>
</table>

H1 2013 Trading assets / Total assets (%)

<table>
<thead>
<tr>
<th>Bank</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bank A</td>
<td>4</td>
<td>4</td>
<td>9</td>
<td>10</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2. Standard Chartered</td>
<td>4</td>
<td>9</td>
<td>10</td>
<td>16</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>3. Bank B</td>
<td>23</td>
<td>27</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Company disclosures

FX, rates, credit and commodities income

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income as %</td>
<td>100</td>
<td>94</td>
<td>108</td>
<td>106</td>
</tr>
</tbody>
</table>

Source: Company disclosures

H1 2013 daily trading VaR (US$m)

<table>
<thead>
<tr>
<th>Bank</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Standard Chartered</td>
<td>10</td>
<td>14</td>
<td>40</td>
<td>42</td>
</tr>
<tr>
<td>2. Bank B</td>
<td>63</td>
<td>97</td>
<td></td>
<td></td>
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</table>

Source: Company disclosures
Our balance sheet flexibility is a key strength

Wholesale Banking Loans and Advances to customers with tenor less than 1 year (%)

<table>
<thead>
<tr>
<th></th>
<th>H1 10</th>
<th>H2 10</th>
<th>H1 11</th>
<th>H2 11</th>
<th>H1 12</th>
<th>H2 12</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>65</td>
<td>67</td>
<td>67</td>
<td>64</td>
<td>63</td>
<td>62</td>
<td>65</td>
</tr>
</tbody>
</table>

Continued distribution strength (%)

Hold level of total originated WB loans

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>H1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>29</td>
<td>38</td>
<td>26</td>
</tr>
</tbody>
</table>

Trade Finance assets new book maturity breakdown

- Within 1 Month: 53%
- 2-3 Months: 16%
- 3-6 Months: 15%
- 1-2 Months: 7%
- Over 6 Months: 9%

Note: Based on new trade finance assets added each month during Q2 2013

Corporate Finance secondary loan sales (US$bn)

- H1 10: 65
- H1 11: 67 67 64 63
- H1 12: 63 62
- H1 13: 65

Note: Based on new trade finance assets added each month during Q2 2013

4.3x
We continue to build scalable platforms...

**Trade Finance**
Indexed operations cost vs. volumes

![Graph showing indexed operations cost vs. volumes for Trade Finance.](chart)

**Foreign Exchange**
Indexed operations cost vs. volumes

![Graph showing indexed operations cost vs. volumes for Foreign Exchange.](chart)

**Cash Management**
Indexed operations cost vs. volumes

![Graph showing indexed operations cost vs. volumes for Cash Management.](chart)

**Corporate Finance**
Indexed direct costs vs. new deal volumes

![Graph showing indexed direct costs vs. new deal volumes for Corporate Finance.](chart)

* YTD Sept 2013 annualised

* H1 2013 annualised
...which underpin our ability to manage costs dynamically and sustain investment

Strong expense discipline…

- Scalable platforms
- Organisational efficiency
- Automation
- Tactical measures

...supporting continued investment

- Geographies
- Infrastructure and systems
- Regulation and conduct of business
- Talent

Wholesale Banking expense jaws YoY%

<table>
<thead>
<tr>
<th>Year</th>
<th>Income growth</th>
<th>Cost / Income jaws</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 13</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>2011</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>2010</td>
<td>7%</td>
<td>-8%</td>
</tr>
<tr>
<td>2002-2009 CAGR</td>
<td>4%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Note: Figures exclude Own Credit Adjustments and US regulatory settlement
Sharpening our focus on returns

Returns based on strong foundations...

- Deepening client relationships
- Scalability and operating leverage

...and enhanced by specific initiatives

- Managing sub-optimal returning clients
- Driving funded distribution levels
- Managing unutilised limits
- Replacing simple overdraft facilities with appropriate trade finance lines
- Refining our focus on gathering and perfecting collateral

Deepening client relationships

Moving to full client relationships generates 3.8x more income

Average income per client

- Financing relationship only
- Full relationship

Mix of financing / non-financing income for WB clients

Clients with RoRWA <7%  Clients with RoRWA >7%

- Financing Income  - Non-Financing Income
  - 30%  - 54%
  - 70%  - 46%
Key messages

- Deep client relationships and diverse income streams are the foundations of our business.

- We face headwinds but the underlying drivers of our performance remain strong underpinned by an unchanged strategy.

- Our continued build of scalable platforms enables dynamic cost management and sustained investment.

- We are driving returns through deeper client relationships and the scalability of our business.