Agenda

- Economic overview  Suktae Oh
- Korea strategy  David Edwards
- Financial review  Richard Hill
- Consumer Banking  Y.I. Kim
- Wholesale Banking  Charles Ahn/Gene Kim
A tale of two crises: 1997 and 2008

Changes in private sector external debt

Ratio of private sector debt to GDP (%)

Changes in private sector external debt (US$bn)

Total

Household

Corporate
What’s different between the two crises?

- Regional (Asian) crisis vs. global crisis

- Korean authorities were better prepared in 2008
  - Large FX reserves, bilateral swap with major countries

- The deficit in balance of payments
  - Current account deficit in 1995-97
  - Equity capital outflow in 2006-08
Impressive recovery in 2009

Key activity indicators (July 2008=100)

Industrial production, Asian countries

- Industrial Production
- Consumer Goods Sales
- Facility Investment

Korea
Taiwan
Japan
Factors behind strong recovery

- Export competitiveness
  - Not just an exchange rate story

- Effective policies
  - Monetary and fiscal stimulus
  - Emergency FX liquidity supports, roll-over of SME loan

- Resilient private sector
  - Impressive strength of consumer and business sentiment
Three key assumptions for 2010

- Recovery in developed economies
- Cautious exit strategies
- Mild deleveraging of private sector
Key risk: high leverage of private sector

Indicators on leverage, Korea and U.S.

- Private sector debt to GDP: Korea 191%, U.S. 173%
- Household debt to disposable income: Korea 140%, U.S. 128%
- Corporate debt to GDP: Korea 113%, U.S. 77%

Bank loan growth by sector (YoY %)

- SME loan
- Mortgage loan
- Non-mortgage household loan

- Jan-05 to Jan-09
## Forecast Summary

<table>
<thead>
<tr>
<th></th>
<th>2008A</th>
<th>2Q09</th>
<th>3Q09</th>
<th>2009F</th>
<th>2010F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real GDP growth (%)</strong></td>
<td>2.2%</td>
<td>-2.2%</td>
<td>0.6%</td>
<td>0.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>Inflation rate (%)</strong></td>
<td>4.7%</td>
<td>2.8%</td>
<td>2.0%</td>
<td>2.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Current account (% to GDP)</strong></td>
<td>-0.7%</td>
<td>6.4%</td>
<td>N/A</td>
<td>4.5%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

**Interest rate (%)***<br>
- Target rate (7-day repo rate) 3.00% 2.00% 2.00% 2.00% 3.00%<br>
- 3M CD rate 3.93% 2.41% 2.75% 2.90% 3.50%<br>
- 3Y Government bond 3.41% 4.16% 4.47% 4.55% 5.30%

*Source: SCB estimates  *as of Q4 2009 for 2009F
Key questions to be answered

- What excites us about Korea?
- How well are we performing since the acquisition?
- How will we deliver stronger performance?
Asia’s 2nd largest retail banking market

Retail banking revenue pool ex-Japan (US$bn)

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenue (US$bn)</th>
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</thead>
<tbody>
<tr>
<td>China</td>
<td>95</td>
</tr>
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Source: McKinsey; Standard Chartered analysis as of 2008

Financial services sector expected to grow

- FS-driven economies
- FS as catalyst for economic expansion
- FS supporting economic growth

Note: Pre-crisis, excludes revenues from insurance industry and FS sector infrastructure
Sources: Oliver Wyman analysis, IMF, National statistics
Strong and improving fundamentals

- Important country/strong economy
  - OECD – 13th largest
  - International leadership
  - Strong recovery

- Good regulatory framework
  - Improving supervisory framework
  - International standards – IFRS
  - Deregulation

- Improving competitive landscape
  - Financial holding companies
  - Expected consolidation
  - Regional hub aspirations
Franchise positioned for growth

- 7th largest branch network
  - 370 branches, 5 PB branches and 6 corporate branches

- Consumer Banking
  - >4m customers
  - >1.0m Internet Banking

- Wholesale Banking
  - Growing number of corporate relationships
  - Largest dealing room in Korea

* Only SC First Bank branches as of Q2 2009; does not include other Standard Chartered Korea subsidiaries
Key questions to be answered

- What excites us about Korea?
- How well are we performing since the acquisition?
- How will we deliver stronger performance?
Reflections on the acquisition

- Strategically right acquisition at the right time
- A challenging integration
- Investment critical
Distinct phases of growth

2005 2006 2007 2009

Acquisition/consolidation Integration Investment Growth
Tale of two banks

Consumer Banking
- Commitment to investment
- Returns on investments
  - Customer acquisitions
  - CASA/Mortgage growth
  - Cross sell ratios
- Expect more robust performance from H2 2009

Wholesale Banking
- Outstanding growth
  - On-shore
  - Off-shore
- Strong platform
- Strategy to deepen client relationships

Cost income ratio H1 2009*
- CB: 75%
- WB: 43%

* Based on IFRS
Constant currency income growth

Total income growth
US$m

H1 07: 801  
H2 07: 763  
H1 08: 867  
H2 08: 709  
H1 09: 705  

CAGR: -6.2%

Constant currency basis*
US$m

H1 07: 801  
H2 07: 754  
H1 08: 916  
H2 08: 944  
H1 09: 1,021  

CAGR: 12.8%

* Applied exchange rate: 933.7 KRW/US$
External factors improving

- Recovery of KRW
- Increasing interest rates
- Loan impairments bottoming out
Key questions to be answered

- What excites us about Korea?
- How well are we performing since the acquisition?
- How will we deliver stronger performance?
2013 vision and 12 strategic initiatives

“Korea’s best financial partner for growth”

1. Holding company
2. Customer first
3. Multi channel
4. WB-CB collaboration
5. Brand & communication
6. IT investment
7. Performance management
8. Leadership
9. Productivity
10. Property
11. Balance sheet
12. Risk management
Our business in Korea is changing…

<table>
<thead>
<tr>
<th>Index</th>
<th>Dec. 2007</th>
<th>H1 2009</th>
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<tbody>
<tr>
<td>Profits</td>
<td># 7</td>
<td># 4</td>
</tr>
<tr>
<td>CIR</td>
<td># 7</td>
<td># 5</td>
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<tr>
<td>NIM</td>
<td># 7</td>
<td># 4</td>
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<tr>
<td>ROA</td>
<td># 7</td>
<td># 2</td>
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<tr>
<td>NPL%</td>
<td># 7</td>
<td># 3</td>
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<td>BIS</td>
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Our aspirations

Operating profit aspiration*

- **US$358m**
- **US$1bn**

* Based on IFRS, $358 million operating profit as of 2008

Key enablers

- **WB**
  - Momentum
  - Leverage global network

- **CB**
  - Returns from investments
  - Attacker strategy

- **New business areas**
  - Securities
  - Consumer finance

* Based on IFRS, $358 million operating profit as of 2008
Creating the platform for growth

- Stronger and more liquid balance sheet
- Tight cost control
- Disciplined re-investment
- Performance momentum building
**Strong liquidity & capital**

**Customer advance to deposit ratio**

Continuous improvement since Jan 2008

**Capital adequacy 2005 to 2009 (%)**

* Customer Advance to Deposit ratio based on KRW-denominated assets/deposits under KGAAP (excl. securitised retail mortgage portfolios and incl. certificate of deposits)

1 Quarterly average

(*1) The ratio under BASEL 2_SA
(*2) The ratio under BASEL 2_AIRB
## Balance sheet highlights in US$

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 2008</th>
<th>H2 2008</th>
<th>H1 2009</th>
<th>H1 09 vs H1 08 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loans</td>
<td>37,905</td>
<td>33,093</td>
<td>33,637</td>
<td>(11)</td>
</tr>
<tr>
<td>Other assets</td>
<td>26,596</td>
<td>30,977</td>
<td>26,610</td>
<td>0</td>
</tr>
<tr>
<td>Total assets</td>
<td>64,501</td>
<td>64,070</td>
<td>60,247</td>
<td>(7)</td>
</tr>
<tr>
<td>Customer deposits*</td>
<td>31,078</td>
<td>33,592</td>
<td>34,684</td>
<td>4</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>28,882</td>
<td>26,424</td>
<td>21,422</td>
<td>(19)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>59,960</td>
<td>60,016</td>
<td>56,106</td>
<td>(6)</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>4,541</td>
<td>4,054</td>
<td>4,142</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholder’s equity</strong></td>
<td>64,501</td>
<td>64,070</td>
<td>60,247</td>
<td>(7)</td>
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NOTE: SCFB balance sheet based on IFRS results  
* Customer deposits including customer CDs
## Balance sheet highlights in KRW

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<th>KRW bn</th>
<th>H1 2008</th>
<th>H2 2008</th>
<th>H1 2009</th>
<th>H1 09 vs H1 08 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loans</td>
<td>39,647</td>
<td>41,695</td>
<td>42,857</td>
<td>8</td>
</tr>
<tr>
<td>Other assets</td>
<td>27,818</td>
<td>39,028</td>
<td>33,904</td>
<td>22</td>
</tr>
<tr>
<td>Total assets</td>
<td>67,466</td>
<td>80,723</td>
<td>76,760</td>
<td>14</td>
</tr>
<tr>
<td>Customer deposits*</td>
<td>34,941</td>
<td>42,323</td>
<td>44,190</td>
<td>26</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>27,775</td>
<td>33,292</td>
<td>27,293</td>
<td>(2)</td>
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<tr>
<td>Total liabilities</td>
<td>62,716</td>
<td>75,615</td>
<td>71,484</td>
<td>14</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>4,750</td>
<td>5,108</td>
<td>5,277</td>
<td>11</td>
</tr>
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<td><strong>Total liabilities and shareholder’s equity</strong></td>
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**NOTE:** SCFB balance sheet based on IFRS results  * Customer deposits including customer CDs
Assets portfolio has low risk profile

- Large proportion of high quality mortgage loans
- <50% loan to value
- Debt to income cap
- Market leading approach to risk
**Loss rate trends**

### Loss rates*

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Q109</th>
<th>Q209</th>
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</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>0.02</td>
<td>0.07</td>
</tr>
<tr>
<td>CC &amp; PL</td>
<td>1.81</td>
<td>1.22</td>
<td>1.79</td>
<td>3.53</td>
<td>3.31</td>
</tr>
<tr>
<td>SME</td>
<td>0.44</td>
<td>0.72</td>
<td>1.77</td>
<td>3.13</td>
<td>2.63</td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>0.03</td>
<td>(0.01)</td>
<td>0.33</td>
<td>0.16</td>
<td>0.71</td>
</tr>
<tr>
<td>Total customer assets</td>
<td>0.16</td>
<td>0.13</td>
<td>0.40</td>
<td>0.44</td>
<td>0.70</td>
</tr>
</tbody>
</table>

* Loss rate (%): Loan impairment divided by total customer assets

### NPL and coverage ratios**

- **NPL ratio**: % NPL to total customer assets
- **NPL coverage ratio**: Loan loss reserve divided by NPL

* Loss rates based on IFRS
** Q309 based on forecast
** NPL & coverage ratios based on FSS guideline
Disciplined cost management

Cost income ratio: 2007 to 2009

- Optimising HQ size by relocation of 621 HQ staff members
- Reduction of staff cost base by 5%
- On-going re-engineering project
- Funding investment in revenue
Recycling our cost base for investment

Improve productivity

Invest in revenue growth

Key investment programmes:
- Branch network development
- Sales capacity
- Increased advertising presence
- New securities company
- Financial holding company
- Finance/risk data warehouse
## Profit and loss account

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 08</th>
<th>H1 09</th>
<th>YOY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>867</td>
<td>705</td>
<td>(19)</td>
</tr>
<tr>
<td>Expense</td>
<td>(568)</td>
<td>(439)</td>
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</tr>
<tr>
<td>Working profit</td>
<td>299</td>
<td>266</td>
<td>(11)</td>
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<td>(185)</td>
<td>106</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>209</strong></td>
<td><strong>81</strong></td>
<td><strong>(61)</strong></td>
</tr>
<tr>
<td>Cost : income ratio</td>
<td>66%</td>
<td>62%</td>
<td>(4%p)</td>
</tr>
<tr>
<td>FX Rate (KRW/US$)</td>
<td>986.6</td>
<td>1,352</td>
<td>37</td>
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</tbody>
</table>
## Profit and loss account

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<th>US$m</th>
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<th>YOY %</th>
<th>YOY% constant currency</th>
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</table>
The US$ impact of temporary headwinds in H1 09

US$m

- FX
- KIKO
- CB LI
- Wealth management
- Rates
Summary

- Stronger and more liquid balance sheet
- Tight cost control
- Disciplined re-investment
- Performance momentum building
Key messages

- CB income improving despite strong headwinds

- An attractive market with a large income pool and improving economic outlook

- Transformation underway with clear strategic focus
  - Back to basics
  - Participation model - ‘Universal model’ to become a main bank
  - Customer centricity
Consumer Banking performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 08</th>
<th>H2 08</th>
<th>H1 09</th>
<th>YOY%</th>
<th>YOY% constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>605</td>
<td>412</td>
<td>423</td>
<td>(30)</td>
<td>(5)</td>
</tr>
<tr>
<td>Expense</td>
<td>(437)</td>
<td>(289)</td>
<td>(318)</td>
<td>(27)</td>
<td>0</td>
</tr>
<tr>
<td>Working profit</td>
<td>168</td>
<td>123</td>
<td>105</td>
<td>(38)</td>
<td>(18)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(81)</td>
<td>(80)</td>
<td>(116)</td>
<td>43</td>
<td>96</td>
</tr>
<tr>
<td>Operating profit</td>
<td>87</td>
<td>43</td>
<td>(11)</td>
<td>(113)</td>
<td>(116)</td>
</tr>
</tbody>
</table>

H1 income down only by 5% on constant currency basis despite strong headwinds (e.g., weak Wealth, SME and Personal Loan, aggravated NIM% due to BoK benchmark rate cut of 300 bps between Oct. 08 and Feb. 09)

Loan impairment step up driven by a government-led personal debt relief program and deteriorated SME credit quality
An attractive market recovering fast

Asia’s 2nd largest retail banking market
Retail banking revenue pool ex-Japan (US$bn)

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenue Pool</th>
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Economy stabilising fast
Retail delinquency ratio trend (%)

<table>
<thead>
<tr>
<th>Month</th>
<th>Dec-08</th>
<th>Mar-09</th>
<th>Jun-09</th>
<th>Sep-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>0.60</td>
<td>0.89</td>
<td>0.73</td>
<td>0.78</td>
</tr>
<tr>
<td>Korea</td>
<td>0.67</td>
<td>0.59</td>
<td>0.56</td>
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Retail mortgage delinquency ratio trend (%)

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<td>0.89</td>
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<td>0.78</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.60</td>
<td>0.89</td>
<td>0.73</td>
<td>0.78</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.60</td>
<td>0.89</td>
<td>0.73</td>
<td>0.78</td>
</tr>
</tbody>
</table>

Source: McKinsey; Standard Chartered analysis as of 2008
Source: Financial Supervisory Services Korea
Key strategic initiatives for CB transformation

1. **“Back to Basics”**
   - Balance sheet (SI#11)
   - Productivity (SI#9)
   - Risk management (SI#12)

2. **Participation Models**
   - Multi channel (SI#3)

3. **Customer Centricity**
   - Customer first (SI#2)
   - Performance management (SI#7)
Strong balance sheet growth

Back to basics - Balance sheet [SI#11]

Individual savings market share (%)  
Mortgage new sales market share (%)

DoDream’s launch in April 08

<table>
<thead>
<tr>
<th>Month</th>
<th>Individual Savings Market Share (%)</th>
<th>Mortgage New Sales Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoDream's launch in April 08</td>
<td>8.9</td>
<td>2.5X</td>
</tr>
<tr>
<td>Mar 08</td>
<td>4.7</td>
<td>7</td>
</tr>
<tr>
<td>Jun 08</td>
<td>5.1</td>
<td>17</td>
</tr>
<tr>
<td>Sep 08</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>Dec 08</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Mar 09</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Jun 09</td>
<td>8.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: SC First Bank analysis as of end July 2009
Prudent cost discipline

Back to basics - Productivity [SI#9]

H1 08 vs. H1 09

Total cost: 0%

Branch investment: 23X

* Constant currency basis
Well-contained risk

Actions taken

- Formed the SME early warning SWAT team in Oct. ’08
  - Formed a 24 member team
  - Recovered 350 accounts and 11 million dollars until July ’09

- Increased collection resources by 60%
  (59 in Dec. ’08 → 95 in Jul. ’09)

- Applied de-risking actions to our loan portfolio

- Sold bad personal loan assets at US$12m

30+ DPD delinquency rate (%)

<table>
<thead>
<tr>
<th>Month</th>
<th>30+ DPD Delinquency Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 08</td>
<td>1.10</td>
</tr>
<tr>
<td>Feb 09</td>
<td>1.08</td>
</tr>
<tr>
<td>Apr 09</td>
<td>1.04</td>
</tr>
<tr>
<td>Jun 09</td>
<td>0.92</td>
</tr>
<tr>
<td>Jul 09</td>
<td>0.89</td>
</tr>
</tbody>
</table>

LI amount (US$m)

<table>
<thead>
<tr>
<th>Month</th>
<th>LI Amount (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 08</td>
<td>21.9</td>
</tr>
<tr>
<td>Feb 09</td>
<td>16.2</td>
</tr>
<tr>
<td>Apr 09</td>
<td>18.5</td>
</tr>
<tr>
<td>Jun 09</td>
<td>20.0</td>
</tr>
<tr>
<td>Jul 09</td>
<td>20.5</td>
</tr>
</tbody>
</table>

NOTE: July 09 exchange rate at 1228.7
Footprint optimisation underway..

**Participation model - Multi channel [SI#3]**

<table>
<thead>
<tr>
<th></th>
<th>Before Q2 08</th>
<th>Current Q2 09</th>
<th>By YE December 09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Branch</strong></td>
<td>358 (28%)</td>
<td>370 (34%)</td>
<td>390 (40%)</td>
</tr>
<tr>
<td>(% in high mkt. strength*)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ATM</strong></td>
<td>1,700 (“0”)</td>
<td>2,676 (1,000)</td>
<td>2,815 (1,100)</td>
</tr>
<tr>
<td>(No. of white-label ATMs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CB employees</strong> (HO employees)</td>
<td>4,283 (497)</td>
<td>4,280 (338)</td>
<td>4,500+ (333)</td>
</tr>
</tbody>
</table>

* Market strength grade evaluated based on residential factors, commercial factors and business factors.
..to increase our branch share in target markets..

Number of branches in Kangnam / Seocho

- Q2 '08 (Actual): 34
- Q2 '09 (Actual): 47
- Q4 '09 (Plan): 51

Participation model - Multi channel [SI#3]
.. and pick up early wins

Participation model - 4 Multi channel [SI#3]

Revenue per customer (US$)

Customer mix (%)

All branches New branches

HVS 14%

HVS 44%

All branches New branches

HVS Mass

Source: SC First Bank analysis / * Jun. '09 YTD Performance of 14 new branches open since 2008 2H & @ 3+ MOB.
‘Customer centricity’ drives ways of working

Customer centricity - **Customer first [SI#2]**

- Build customer-centric CB organisation
- Set up segment-driven value proposition
- Develop & support branch sales toolkit
- Mobilise frontline for enhanced sales capability
- Enhance customer service level
Sharpened segment focus..

Participation model - Customer first [SI#2]

Segment attractiveness analysis

- HNWI
- Affluent
- SME
- Emerging affluent

- Market size (2013)
- Income per customer multiple* (2008)
- Market CAGR (2008 - 2013)

36x
13x
8x
0x
3.0%
3.5%
4.0%
6.0%

Deep segment insight
- Segment specialist teams

Stronger customer proposition
- Customer lifecycle-needs based bundles
- Sales aids supporting cross-sell

Dedicated relationship managers
- Customer-driven job roles for quality service

Source: McKinsey, Standard Chartered analysis / * The multiple of the average mass-market customer income
Customer centricity - Customer first [SI#2]

Retail net promoter score

- 2008: 10
- Q3 '09: 27
- Increase: 17
- % of satisfied w/ Private & Priority Banking RM: +45%

SME net promoter score

- 2008: 10
- Q3 '09: 24
- Increase: 14
- % of satisfied w/ SME RM: +8%
We fully engage our employees

Customer centricity - Performance management [SI#7]

- Direct management communications
  - Branch manager workshop (400 participants)
  - Frontline townhall (3,500+ participants)

- More sales skill development
  - 250 hours p.a. of training per staff
  - 600+ investment seminars

- Tighter performance management
  - Individual scorecard (Q1 ’09)
We are leading the way with innovation
We will overcome challenges for the remainder of 2009 with preemptive actions.

**Challenges**

- **Mortgage:** Government strengthening DTI & LTV rules
- **CASA:** Deteriorating margins and strong competition
- **WM:** Investment appetite not fully restored

**Opportunities**

- **Personal loan:** New products
- **LI starting to settle down**
- **Create investment capacity through productivity**

**Direction for remainder of 2009**

1. Continue with drawing up liquidity
2. Balance unsecured / secured lending
3. Pick up pace with wealth
.. and continue to pursue our long-term strategy to deliver our promise

“Lay foundation”
- Build a strong balance sheet
- Increase branch share in affluent areas
- Redefine segment value propositions

“Strengthen Core Capabilities”
- Strengthen fee-income business
- Optimise branch network
- Grow high value segment

“The No.3 bank in our chosen segments”
- Position SCFB as “the premium bank in Korea for affluent customers”
Key messages

- A key growth engine for the bank
  - Strong financial performance
  - Broad capabilities and strengths
  - Global network for client coverage
  - Dedicated professionals and leadership with a meritocracy culture

- Clear vision and strategies

- Growth opportunities
  - Leverage securities company
  - Moving up the product value chain
  - Expanding segments and product capabilities
  - Strengthening off-shore client coverage
<table>
<thead>
<tr>
<th>(US$m)</th>
<th>FY 08</th>
<th>H1 08</th>
<th>H1 09</th>
<th>YOY % (constant currency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>559</td>
<td>262</td>
<td>282</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>(229)</td>
<td>(131)</td>
<td>(121)</td>
<td>(8)</td>
</tr>
<tr>
<td>Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working profit</td>
<td>330</td>
<td>131</td>
<td>161</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>(102)</td>
<td>(9)</td>
<td>(69)</td>
<td>667</td>
</tr>
<tr>
<td>Loan impairment</td>
<td></td>
<td></td>
<td></td>
<td>981</td>
</tr>
<tr>
<td>Operating profit</td>
<td>228</td>
<td>122</td>
<td>92</td>
<td>(25)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>
Pre-eminent growth in on- and off-shore revenue

On-shore revenue (US$m)

- 2006: 380
- 2007: 418
- 2008: 559
- H1 2009: 282

CAGR 21%

Off-shore revenue (US$m)

- 2006: 26
- 2007: 37
- 2008: 68
- H1 2009: 75

CAGR 62%

- Strong and sustained revenue momentum
- Breadth/depth of growth across client segments
- Deeper penetration into key corporate clients through cross-selling
- Pre-eminent cross-border capabilities by leveraging global network across 70 countries
We have capabilities and strengths to excel

One of the top 3 corporate banks in Korea

Effective execution
  - People, processes, technology

Local strengths
- ‘Local bank’ coverage
- International footprint

International strengths
- Local / sector expertise
- Scale

Personal, responsive
- Knowledgeable

Network
Product
RM / brand perception

Beat internationals
Beat locals
We play a critical role

H1 09 off-shore revenue by country

Twenty one other countries 16%
Singapore 10%
India 9%
Japan 10%

37% Hong Kong
18% China

For clients

- Provide a platform for local corporates to expand their business globally and gain access to global capital markets
- Offer our local banking services and products to multi-national corporates

For the group

- Generate revenue through cross-border opportunities

100% 141% 262% 286%
2006 2007 2008 H1 09

<Incremental off-shore revenue>
Move further up the product value chain

Revenue by product

2006

- Basic lending: 31%
- Transactional: 32%
- Value-added: 32%
- Strategic: 5%

2008

- Basic lending: 11%
- Transactional: 27%
- Value-added: 56%
- Strategic: 6%

CAGR

- Strategic: 26%
- Value-added: 57%
- Transactional: 9%
- Basic lending: -29%

Implications for banking relationship

- Gateway to become the core bank
- Share vision with our clients to become their strategic partner

We have been scaling hierarchy of client needs and successfully executing clear strategies through a combination of our strengths in client relationships, products and geographies.
### Remarkable changes in people & coverage

<table>
<thead>
<tr>
<th>People</th>
<th>2006</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of people total</td>
<td>250</td>
<td>379</td>
<td>+129</td>
</tr>
<tr>
<td>Educational background</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>228</td>
<td>325</td>
<td>+97</td>
</tr>
<tr>
<td>Global</td>
<td>22</td>
<td>54</td>
<td>+32</td>
</tr>
<tr>
<td>Band / grade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Band 2-4</td>
<td>7</td>
<td>24</td>
<td>+17</td>
</tr>
<tr>
<td>Grade 5 or below</td>
<td>243</td>
<td>355</td>
<td>+112</td>
</tr>
<tr>
<td>Talent classification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High potential</td>
<td>16</td>
<td>36</td>
<td>+20</td>
</tr>
<tr>
<td>Critical resources</td>
<td>39</td>
<td>112</td>
<td>+73</td>
</tr>
<tr>
<td>RM coverage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-shore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of cities</td>
<td>5</td>
<td>15</td>
<td>+10</td>
</tr>
<tr>
<td># of RM's</td>
<td>41</td>
<td>68</td>
<td>+27</td>
</tr>
<tr>
<td>Off-shore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of cities</td>
<td>6</td>
<td>10</td>
<td>+4</td>
</tr>
<tr>
<td># of RM's</td>
<td>8</td>
<td>12</td>
<td>+4</td>
</tr>
<tr>
<td># of clients</td>
<td>2,569</td>
<td>4,506</td>
<td>+1,937</td>
</tr>
</tbody>
</table>

Remarkable changes in people & coverage.
Our vision and aspiration is to be …

One of the top 3 corporate banks in Korea

Strategic priorities

1. Deepen client relationships
2. Further expand product capabilities
3. Maximise financial holding company synergies
4. Improve capital efficiency and liquidity
5. Focus on people, value, and culture

... Continue to deliver growth aspiration
Establishment: July 25, 2008
Initial capital: KRW 300bn
Business scope: Fixed Income, Capital Markets and Corporate Advisory

- To move up the product pyramid and to gain access to CEO/CFO relationships
- To build local scale and achieve ~10% local market share
- Develop total DCM solution for Local Corporates
- Further develop equity capabilities leveraging Cazenove acquisition

"Be a leader in selective markets (2012 - 2013)"
Collaboration helps maximise synergy

Clients
individual / corporate & institutional

Branches
SCK CB
- Deposit
- Loan
- Mortgage
- Trust
- Credit card
- Wealth management

SCK GM
- Institutional loan
- Trade finance
- Custody service
- OTC derivatives
- (F/X, rates, commodity, credit)

SCK WB
- Investment products
- Providing book & hedging tools

SCSK
- Debt capital
- M&A
- Brokerage
- Investment product (FI, equity, OTC derivatives)

Sharing client information, infrastructure and supporting functions
## Major deals won and closed

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>STX</td>
<td>Structured Variable Rate Bond for STX Norway, the first Korean offshore corporate deal in 2009</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>Financial advisor and arranger for acquisition of palm oil plantations in Indonesia</td>
</tr>
<tr>
<td>Hyundai Steel</td>
<td>Biggest Multi-ECA Financing deal in Korea in the last decade</td>
</tr>
<tr>
<td>DongYang E&amp;C</td>
<td>Asia’s largest photovoltaic power plant project - Sole Mandated Lead Arranger</td>
</tr>
<tr>
<td>National Federation of Fisheries Cooperatives</td>
<td>Joint Lead arranger for Euro MTN Issuance</td>
</tr>
<tr>
<td>Korea National Oil Company</td>
<td>First FRN deal with Korea national oil company</td>
</tr>
</tbody>
</table>
Strong track record of success

2007 - 2009
- Best Transaction bank (3 cons. yrs)
- Best sub-custodian (3 cons. yrs)
- Best Custody service (3 yrs)
- Best Cash mgmt service (2 yrs)
- Best TB service (2 yrs)
- Asia’s best payment & receivables service

2009

Asia Risk
Corporate End User Survey
- #1 for Currency Products in Asia
- #1 for Interest Rate / Currency Derivatives in Asia
- #1 for Yield Enhancement in Currency Derivatives for KRW

Asia Risk
Institutional End User Survey
- #1 for Currency Derivatives in Asia
- #1 for Currency Swap in KRW

2008
- Korea’s Best Innovative FX products and structured Ideas
- Top 3 for Best Foreign Cash Management Bank in Korea

2007 - 2008
- EUROMONEY
  Project Finance
  Deal of the Year
- Best corporate internet banking in Korea
- Asia’s best web design
Summary

Great performance from 2006 to 2008
- On-Shore: CAGR of 21%
- Off-Shore: CAGR of 62%
- For H1 2009, achieved 110% of 2008 total off-shore revenue

Key focus going forward
- Client relationship deepening
- Product capabilities expansion
- Financial holding company synergy maximisation
- Capital efficiency and liquidity improvement
- People, value, and culture

Aspiration
- Be one of the top 3 Corporate Banks in Korea