Investor trip 2012

Asia Day

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

It is possible that this presentation could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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

Standard Chartered undertakes no obligation to revise or update any forward looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.
Investor trip 2012 key themes

- Resilient and true to strategy with focus on foundations of banking

- Our markets still offer significant growth opportunity without the need to increase our risk appetite

- Governance and business model that leverages the potential of our network

- Strong culture and values underpin ongoing growth
Investor trip 2012

Asia Strategy

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

Jaspal Bindra
Group Executive Director and
Chief Executive Officer, Asia
Key messages

- Asia to remain a global growth leader
- Geographically diverse franchise powered by multiple growth engines
- Prudent portfolio risk management
- Strong performance and consistent delivery
Our markets

**GDP* growth**

- China
- India
- ASEAN**
- Sub-Saharan Africa

**The growing share of the emerging economies**

Nominal GDP, US$tn

- World
- Advanced economies
- Emerging economies

Source: IMF, July 2012; *GDP - Gross Domestic Product; **Association of South East Asian Nations

Sources: Standard Chartered Research, Global Focus - 2012
## Key highlights by region

<table>
<thead>
<tr>
<th>Region</th>
<th>North East Asia</th>
<th>South East Asia</th>
<th>South Asia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>24,965</td>
<td>21,519</td>
<td>21,263</td>
<td>67,747</td>
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<tr>
<td>Branches</td>
<td>603</td>
<td>410</td>
<td>162</td>
<td>1,175</td>
</tr>
<tr>
<td>ATMs</td>
<td>3,363</td>
<td>1,100</td>
<td>483</td>
<td>4,946</td>
</tr>
<tr>
<td>Income (US$bn)</td>
<td>3.5</td>
<td>2.3</td>
<td>0.8</td>
<td>6.6</td>
</tr>
<tr>
<td>Profit before tax (US$bn)</td>
<td>1.4</td>
<td>1.1</td>
<td>0.3</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Note: As at 30 June 2012; * Asia income – excludes Bangladesh and Sri Lanka
Diversified loan portfolio in Asia

- Exposures diversified across geographies, industries and segments

Asia loans and advances to customers*

By geography

- India: 5%
- China: 6%
- Taiwan: 7%
- Other APR: 12%
- Korea: 19%
- Singapore: 26%
- Hong Kong: 25%

By segment

- Wholesale Banking: 44%
- Mortgages: 32%
- SME: 9%
- Other: 15%

*As at 30 June 2012; Asia loans and advances to customers – excludes Bangladesh and Sri Lanka
Asia credit quality remains good...

- Loan impairment in both businesses at low levels and forward looking risk indicators broadly stable

- Macro economic headwinds
  - DEFCON level of India and Malaysia downgraded in 2012

- No new material provisions in Wholesale Banking in Q3 12
  - Limited top-up provisions on a small number of existing exposures in India

- Some localised pressure in Consumer Banking portfolios:
  - Step-up in PDRS filings in Korea
  - Increase in loss rates in unsecured retail portfolio in Singapore driven by “Cash One”
Calibrating a soft landing

- Growth in Asia has moderated further
- Inflation has decreased or remained within comfort zones
- Central Bank policy has supported domestic demand and private sector credit growth
- Capital flows have resumed in developing Asian countries
- Asia will remain a global growth leader, expanding 2% faster than the world average
Diverse geographic presence in Asia

Diversity across our businesses in Asia gives us real resilience

<table>
<thead>
<tr>
<th></th>
<th>Singapore</th>
<th>Korea</th>
<th>India</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (US$m)</td>
<td>1,162</td>
<td>950</td>
<td>790</td>
<td>282</td>
</tr>
<tr>
<td>% of Group income</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Wholesale Banking income, H1 09-H1 12 CAGR (%)</td>
<td>6</td>
<td>9</td>
<td>(6)</td>
<td>0</td>
</tr>
<tr>
<td>Consumer Banking income - H1 09-H1 12 CAGR (%)</td>
<td>17</td>
<td>12</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Profit before tax (US$m)</td>
<td>546</td>
<td>303</td>
<td>311</td>
<td>105</td>
</tr>
<tr>
<td>% of Group profit before tax</td>
<td>14</td>
<td>8</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Loans and advances to customers (US$bn)</td>
<td>54</td>
<td>38</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>% of Group loans and advances to customers</td>
<td>19</td>
<td>14</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Challenging environment

- Global economic outlook remains uncertain
- Tight US$ liquidity
- Increasingly more stringent regulatory environment
- Increased competition from local and regional banks
- Fierce competition for local talent
Governance and corporate culture

- Exemplary corporate governance standards are a core aspect of the Group’s strategic intent.

- Continued vigilance regarding the prevailing external conditions and the potential impact on our strategy and business models.

- Maintain the right balance in pursuing growth opportunities in line with appropriate governance, systems, controls, processes and information flows.

- Nurture the Group’s corporate culture, values and our Here for good brand promise as the Group continues to grow.
Key messages

- Asia to remain a global growth leader
- Geographically diverse franchise powered by multiple growth engines
- Prudent portfolio risk management
- Strong performance and consistent delivery
Leading the way
in Asia, Africa and the Middle East
Leading the way
in Asia, Africa and the Middle East

Marios Maratheftis
Global Head of Regional Research
Agenda

The West

■ US - fiscal cliff
■ Eurozone - framing the challenge

The East

■ China - rebalancing
■ South East Asia - local drivers
■ Indonesia - continuous improvement
The West
US - political polarisation and the fiscal cliff

The lowest number of public bills enacted into law since the 80th congressional session

Political divisions have not been so high since the reconstruction period after the civil war

Sources: University of Georgia / New York University, Standard Chartered Research
US - huge fiscal drag potential in 2013

Congressional Budget Office (CBO) estimated fiscal year deficit impact based on present legislation (% GDP*)

Sources: CBO, Standard Chartered Research; *GDP — Gross Domestic Product; ** AMT — Alternative minimum tax rate
Eurozone - weak macro backdrop

GDP growth likely to remain under high pressure in the coming months

Euro-area composite Purchasing Managers’ Index (PMI) and GDP growth, % QoQ

Eurostat sentiment surveys

Sources: Bloomberg, Datastream
The East
China – GDP growth starting to turn

QoQ GDP growth improved mildly, according to our calculation

Sources: National Bureau of Statistics (NBS), Standard Chartered Research; *SAAR – Seasonally Adjusted Annual Rate
China - soft landing

**Electricity production**, kWh bn, seasonally adjusted, 3 month moving average

**Cargo carried**, ton m, seasonally adjusted, 3 month moving average

Sources: CEIC, Standard Chartered Research
China - soft landing

Cement production and real credit growth, YoY

Sources: CEIC, Standard Chartered Research
China - soft landing

Money is not a problem
Financing for fixed asset investment from state budget and bank loans, YoY

Sources: CEIC, Standard Chartered Research
China - soft landing

Consumer spending accelerated in September 2012
Retail sales, YoY, nominal and real

Sources: CEIC, Standard Chartered Research
China - soft landing

Housing transaction volumes
31 cities’ primary sales, million square metres of floor space sold

Housing prices
31 cities’ average selling prices, CNY / square meters

Sources: CEIC, Standard Chartered Research
Domestic demand shielded South East Asia this year

Real GDP growth (%)

Source: CEIC, Standard Chartered Research

South East Asia mostly to grow near trend in 2013

Real GDP growth (%)

Source: CEIC, Standard Chartered Research
South East Asia’s lower exposure to China helped this year

Trade openness (exports + imports) / GDP

Intra-regional ASEAN* trade supported growth

Contribution to export growth (ppt; 2012 YTD**)

Sources: Standard Chartered Research; * ASEAN – Association of South East Asian Nations; **2012 YTD = 8 months
Indonesia - GDP at pre-Asian crisis average

Historical GDP growth (%)

Government devalued IDR due to fall in world oil prices

Pre-Asian financial crisis average growth rate of 6.5%

Global financial crisis led to global recession

Indonesia - “healthy structural factors”

Most of Indonesia’s country risk indicators have been improving over last 10 years

**Gross debt as % of GDP**
- Blue bars: Government debt
- Light blue bars: Foreign debt

**Fiscal balance as % of GDP**
- Blue bars: Fiscal balance

**Balance of payments ratios**
- Blue bars: Current account as % of GDP (LHS)
- Green line: Debt service as % of exports (RHS)

**Poverty and unemployment rate (%)**
- Blue bars: Unemployment (LHS)
- Green line: Poverty (RHS)

Sources: Bank Indonesia, National Statistics Agency
Key Messages

- Asia is continuing to outperform driven by the shift in the balance of power from the West to the East

- China is rebalancing with focus on quality not quantity of growth, with the authorities willing and able to boost the economy if the global environment deteriorates

- South East Asia is growing strongly boosted by the pickup in intra-ASEAN* trade

*ASEAN - The Association of Southeast Asian Nations
Leading the way
in Asia, Africa and the Middle East

Katherine Tsang
Chairperson, Greater China
Key messages

- Greater China offers attractive growth opportunities and is strategically important

- Well positioned in this fast growing region

- Clear and consistent strategy, investing for long term growth

- Vigilant of near term risk and challenges
### Greater China: Attractive market with sizable opportunity

#### Key market indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,378m</td>
</tr>
<tr>
<td>GDP*</td>
<td>US$8,029bn</td>
</tr>
<tr>
<td>GDP* growth (07-11 CAGR)</td>
<td>14%</td>
</tr>
<tr>
<td>Per capita GDP*</td>
<td>US$5,827</td>
</tr>
<tr>
<td>Reserves</td>
<td>US$3,852bn</td>
</tr>
<tr>
<td>FDI** into Greater China</td>
<td>US$205bn</td>
</tr>
<tr>
<td>FDI** stock</td>
<td>US$1,906bn</td>
</tr>
<tr>
<td>Total trade</td>
<td>US$5,144bn</td>
</tr>
<tr>
<td>Exports</td>
<td>US$2,636bn</td>
</tr>
<tr>
<td>Imports</td>
<td>US$2,508bn</td>
</tr>
</tbody>
</table>

#### Topping the world league table

- **Economy**
  - Contributes 11% of world GDP
  - Largest foreign exchange reserves
  - 2nd largest world economy *(China)*

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

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

- **Financial industry**
  - Top 10 financial centres *(3rd Hong Kong, 8th Shanghai)*
  - Top 10 exchanges by capital raised *(2nd Shenzhen, 3rd Hong Kong, 4th Shanghai)*

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*Information as at 2011, unless otherwise stated; * GDP - Gross Domestic Product; ** FDI - Foreign Direct Investment

Greater China: Market dynamics

Regional connectivity

Economic strength

RMB internationalisation
Regional connectivity

Changing landscape

- Political relationships
- Regional trade
- Investment
Economic strength

Wealth

Millionaires

- **China**: 3rd, 1,432,000 households
- **Taiwan**: 8th, 246,000 households
- **Hong Kong**: 9th, 212,000 households

Billionaire countries

- **China**: 2nd, 95 billionaires

Trade

- **Greater China to the world**: US$4,047bn
- **Total intra-region trade**: US$1,098bn
- **US$288bn**
- **US$726bn**
- **US$84bn**

Investment

- **Inbound FDI**
  - China: 2006 73, 2011 124
  - Hong Kong: 2006 45, 2011 83
- **Outbound FDI**
  - China: 2006 7, 2011 82
  - Hong Kong: 2006 45, 2011 65
  - Taiwan: 2006 21, 2011 13

Strong drive for RMB internationalisation

RMB services available today

- Retail
- Securities Services
- Account services
- Trade related:
  - Settlement and payment
  - Trade Finance
  - Foreign Exchange
- Foreign Exchange trading
### Greater China: Strong contribution to Group performance

#### Greater China

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>US$2,464m</td>
</tr>
<tr>
<td>Wholesale Banking income</td>
<td>US$1,450m</td>
</tr>
<tr>
<td>Consumer Banking income</td>
<td>US$1,014m</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>US$1,103m</td>
</tr>
<tr>
<td>Total loans*</td>
<td>US$78bn</td>
</tr>
<tr>
<td>Staff</td>
<td>16,500</td>
</tr>
<tr>
<td>Outlets</td>
<td>251</td>
</tr>
</tbody>
</table>

#### % of Group

<table>
<thead>
<tr>
<th>Category</th>
<th>% of Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loans</td>
<td>28%</td>
</tr>
<tr>
<td>Income</td>
<td>26%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>28%</td>
</tr>
<tr>
<td>Staff</td>
<td>19%</td>
</tr>
</tbody>
</table>

#### Financial

- **Income (US$m)**
  - **H1 07**: CAGR 11%
  - **H1 12**: CAGR 11%

- **Profit before tax (US$m)**
  - **H1 07**: CAGR 11%
  - **H1 12**: CAGR 11%

#### Balance sheet

- **Loans* (US$bn)**
  - **H1 07**: CAGR 14%
  - **H1 12**: CAGR 14%

- **Customer deposits (US$bn)**
  - **H1 07**: CAGR 17%
  - **H1 12**: CAGR 17%

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Note: As at 30 June 2012  
* Loans - loans and advances to customers
Aspiration and strategic priorities

Aspiration to be the best international bank for Greater China corporates and high net worth individuals

- Continue leading in RMB internationalisation
- Support cross border business and trade flows
- Capture Mainland China wealth opportunity
- Expand distribution through targeted investment
- Grow and invest in the talent base
- Navigate regulatory headwinds
- Leverage strategic partnerships
Key messages

- Well positioned in Greater China
- Resilient with a clear and consistent strategy
- Continue prudent investment for long term growth
- Vigilant of near term risks and challenges
Investor trip 2012

China Strategy

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

Lim Cheng Teck
Chief Executive Officer, China
Key messages

- Managed slowdown - China’s growth story intact
- Further market liberalisation offers opportunities
- Connecting China to our network
- Continued investment to build scale
- Well placed to capture opportunity; on track for market share gain
Macro overview

- World’s second largest economy; GDP US$7.3tn
- 12th five year plan targets sustainable growth of 7%
- Domestic consumption as new engine of growth
- Continued investment in infrastructure
China slowing

- Signs of sectorial credit deterioration but overall non-performing loans are low
- Long term trend intact
- Ability to ease policies, if needed
- Transition to quality, sustainable growth
GDP growth in 24 regions beats national average

GDP growth % in first three quarters

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>7.4%</td>
</tr>
<tr>
<td>Beijing</td>
<td>7.5%</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>7.7%</td>
</tr>
<tr>
<td>Guangdong</td>
<td>7.9%</td>
</tr>
<tr>
<td>Hainan</td>
<td>8.4%</td>
</tr>
<tr>
<td>Hebei</td>
<td>9.3%</td>
</tr>
<tr>
<td>Liaoning</td>
<td>9.3%</td>
</tr>
<tr>
<td>Shandong</td>
<td>9.7%</td>
</tr>
<tr>
<td>Henan</td>
<td>10%</td>
</tr>
<tr>
<td>Shanxi</td>
<td>10%</td>
</tr>
<tr>
<td>Jiangsu</td>
<td>10.1%</td>
</tr>
<tr>
<td>Jiangxi</td>
<td>10.6%</td>
</tr>
<tr>
<td>Ningxia</td>
<td>11%</td>
</tr>
<tr>
<td>Guangxi</td>
<td>11.2%</td>
</tr>
<tr>
<td>Hunan</td>
<td>11.2%</td>
</tr>
<tr>
<td>Hubei</td>
<td>11.2%</td>
</tr>
<tr>
<td>Fijian</td>
<td>11.4%</td>
</tr>
<tr>
<td>Anhui</td>
<td>12%</td>
</tr>
<tr>
<td>Jilin</td>
<td>12.1%</td>
</tr>
<tr>
<td>Qinghai</td>
<td>12.3%</td>
</tr>
<tr>
<td>Yunnan</td>
<td>12.3%</td>
</tr>
<tr>
<td>Shaanxi</td>
<td>12.6%</td>
</tr>
<tr>
<td>Sichuan</td>
<td>12.7%</td>
</tr>
<tr>
<td>Sichuan</td>
<td>12.8%</td>
</tr>
<tr>
<td>Gansu</td>
<td>13.3%</td>
</tr>
<tr>
<td>Guizhou</td>
<td>13.8%</td>
</tr>
<tr>
<td>Chongqing</td>
<td>13.8%</td>
</tr>
<tr>
<td>Tianjin</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

National average 7.7%

Source: Local bureaus of statistics
Macro trends

**Urban population (m)**

- CAGR 3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Population (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>400</td>
</tr>
<tr>
<td>2011</td>
<td>800</td>
</tr>
<tr>
<td>2015F*</td>
<td>1200</td>
</tr>
</tbody>
</table>

Source: Preparing for China’s urban billion by McKinsey Global Institute

**GDP (US$bn)**

- CAGR 15%

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,000</td>
</tr>
<tr>
<td>2011</td>
<td>4,000</td>
</tr>
<tr>
<td>2015F</td>
<td>8,000</td>
</tr>
</tbody>
</table>

Source: China National Bureau of Statistics and 12th Five Year Plan

**Automobiles (m)**

- CAGR 63%

<table>
<thead>
<tr>
<th>Year</th>
<th>Automobiles (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005*</td>
<td>5,000</td>
</tr>
<tr>
<td>2011</td>
<td>60</td>
</tr>
<tr>
<td>2015F</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: BBVA Research, National Statistics Bureau of China, China Daily

**High speed rail tracks (in kilometres)**

- CAGR 46%

<table>
<thead>
<tr>
<th>Year</th>
<th>High speed rail tracks (in kilometres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>10,000</td>
</tr>
<tr>
<td>2011</td>
<td>50</td>
</tr>
<tr>
<td>2015F</td>
<td>100</td>
</tr>
</tbody>
</table>


* Estimated by inter / extra-polation of external data
Uninterrupted presence since 1858; 90 outlets across 24 cities

Tale of two businesses

- Wholesale Banking: Entrenched and leveraging network advantage
- Consumer Banking: Building scale across multiple niches

Leading and growing share of foreign banks
Deregulation offers opportunities

Share of total banking assets as at end 2011

- Rural financial institutions and postal savings 15%
- Joint-stock commercial banks 16%
- Non-bank financial institutions 20%
- Foreign banks** 2%
- SCB* 8%
- Key competitors 26%
- Others 66%

Just Stock commercial banks 16%

Size of the banking market as at end 2011

- Total banking assets: US$18.0tn
- Total banking institutions in China: 3,800
- Total deposit base: US$13.2tn

*SCB - Standard Chartered Bank
**Note: Number of locally incorporated foreign banks: 37
Number of foreign branches and joint-venture banks: 96

Sources: China Banking Regulatory Commission Annual Report 2011
Size of opportunity

2011 GDP (US$bn)

Selected
Standard Chartered franchise

China 7,298
India 1,827
South Korea 1,116
Indonesia 846
Taiwan 466
Thailand 346
UAE 342
Malaysia 288
Singapore 260
Nigeria 244
Hong Kong 244
Pakistan 210

Selected provinces and cities in China

Guangdong 824
Jiangsu 760
Shandong 702
Zhejiang 500
Liaoning 344
Sichuan 326
Shanghai 297
Fujian 272
Beijing 252
Inner Mongolia 222
Jiangxi 181
Tianjin 175
Chongqing 155

11-15 projected GDP growth

Source: CEIC, CIA, Bloomberg, Standard Chartered Research
## Our strengths in China

<table>
<thead>
<tr>
<th>Top tier foreign bank</th>
<th>Leading foreign bank for offshore RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unbroken commitment since 1858</td>
<td>Cross border capabilities differentiate</td>
</tr>
<tr>
<td>Continued balance sheet strength and liquidity management</td>
<td>Comprehensive product licenses</td>
</tr>
<tr>
<td>Strong credit rating: AA- (S&amp;P)</td>
<td>Innovative alternate channels</td>
</tr>
<tr>
<td>Strong market recognition</td>
<td>One Bank approach</td>
</tr>
</tbody>
</table>
Strategic priorities

- Broaden and deepen geographical reach
- Introduce new capabilities as market liberalises
- Build scale in Consumer Banking
- Vigilant and tight discipline on risk
- Capture corridors opportunities
- Building talent pipeline
Key messages

- Managed slowdown - China’s growth story intact
- Further market liberalisation offers opportunities
- Strong franchise value, connecting China to our network
- Continued investment to build scale
- Well placed to capture opportunity; on track for market share gain
Leading the way
in Asia, Africa and the Middle East

Patrick Sullivan
Chief Financial Officer, China
Key messages

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

- Key contributor to the Group
- Network income up 56% from H1 11 to H1 12
- Strong income growth supports continued investment
- Results include 19.9% share of Bohai Bank

US$m

- Income
- Profit before tax

2006 2007 2008 2009 2010 2011 H1 11 H1 12

CAGR 24%

22%

19.9%
Both businesses growing strongly

H1 12 income by business

- Strong growth in both businesses H112 vs H1 11:
  - Wholesale Banking 25%
  - Consumer Banking 15%

- Income profile in line with client and customer led strategy

- Retail business substantially started only after local incorporation in 2007
Investing for growth

Key investment programmes

- Branch network expansion continues
- Product capability
- People - around 7,000 staff
- Technology infrastructure
- Regulatory and compliance enhancement

Pre-local incorporation

<table>
<thead>
<tr>
<th>Year</th>
<th>City presence</th>
<th>Growth city branches</th>
<th>Tier 1 city branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>11</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Current</td>
<td>24</td>
<td>61</td>
<td>29</td>
</tr>
</tbody>
</table>
Risk management - high portfolio quality

Non Performing Loans (NPL) % trend*

- Disciplined and selective asset growth
- Non performing loans remain low and below industry averages
- Stress testing indicates a resilient portfolio
- Proactive early alert risk management of potential issues
- Well-positioned portfolio and robust risk management

Source: Standard Chartered Bank (China) Ltd financial reports and annual China Banking Regulatory Commission statistics; *NPL as a % of total loans
Well diversified asset portfolio profile

Total assets as of 30 June 2012 US$29bn

- 78% of Wholesale Banking loans mature in under 1 year
- Loan to value of mortgage book 44%
- SME lending is less than 6% of total assets
- We remain vigilant of emerging risks
Strong liquidity management

Advances to Deposits (A/D) ratio trend

- Consistently low A/D ratio since local incorporation
- Customer deposit funded franchise
- Focus on high quality deposits - CASA* 44% of total
- Net interbank lender

*CASA - Current and Saving Accounts
Key messages

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

Eric Lian and Charlie Ye
Co-Heads Wholesale Banking, China
Key messages

- Delivering client-led strategy
- Strong and sustained performance
- Leveraging the strong presence across Greater China and our network
- Continuing to invest for sustainable growth
Wholesale Banking China at a glance

- Wholesale Banking presence in 24 cities
- Over 1,500 Wholesale Banking staff across China
- Dealing rooms in 4 cities
Consistent client-led strategy

Our strategy

- Deep ‘core bank’ client relationships
- Local scale and cross-border capabilities
- Strong balance sheet management

Key enablers

- Infrastructure
- Values and culture
Our China strategy - connectivity and network

Global
Leverage global network for outbound business flows

Bank global clients locally and local clients globally

Domestic
Deepen client relationships to be core bank

Regional
Leverage on Greater China franchise to capture trade and capital flows
Wholesale Banking products

- Strategic
  - Corporate Finance
  - Principal Finance

- Value added
  - Financial Markets
  - Excludes flow Foreign Exchange

- Commercial Banking
  - Foreign flow
  - Transaction Banking
  - Gross lending
We have a consistent strategy underpinned by our Commercial Banking business

% of total client income

- **Strategic**
  - 2007: 19%
  - 2008: 23%
  - 2009: 29%
  - 2010: 33%
  - 2011: 67%
  - H1 12: 73%

- **Value added**
  - 2007: 81%
  - 2008: 77%
  - 2009: 71%
  - 2010: 33%
  - 2011: 29%
  - H1 12: 27%

- **Transactional**
  - 2007: 76%
  - 2008: 77%
  - 2009: 71%
  - 2010: 33%
  - 2011: 29%
  - H1 12: 27%

- **Basic lending**

---

1. Transactional defined as Transaction Banking + flow Foreign Exchange;
2. Value Added defined as Financial Markets — flow Foreign Exchange;
3. Strategic defined as Corporate Finance + Principal Finance
Superior financial performance

Wholesale Banking income and operating profit trend analysis

Income and Operating profit trend analysis:
- CAGR 21%
- CAGR 19%

2006 2007 2008 2009 2010 2011

H1 11 H1 12

Income Operating profit
Strong contribution to the network

Onshore income  Network income

Network income CAGR 79%

2006 2007 2008 2009 2010 2011 H1 11 H1 12
Network remains a competitive advantage

2011 China trade flow (imports and exports)

Source: China Customs Statistics
Around 60 Chinese corporate clients in Africa

Senior sponsors on the ground to provide coverage

7 dedicated full time Chinese relationship managers in Africa
Well positioned to capture Africa opportunities

In Africa, the opportunities are vast. With its diverse economies, abundant natural resources, and growing middle class, Africa presents a significant market for businesses to explore. The continent is home to more than 1.3 billion people, and its GDP is projected to grow at a rate of 5% per year until 2020. This growth is driving demand for goods and services, creating opportunities for companies to tap into this expanding market.

The political and economic landscape of Africa is evolving, and with political stability increasing in many countries, there is a greater level of confidence among both domestic and international businesses. The African Continental Free Trade Area (AfCFTA) is a major step forward in regional integration, offering a vast market of 1.2 billion consumers for businesses to serve.

In addition to economic growth, Africa is also becoming a focal point for technology innovation. With rapidly increasing internet access and the growth of mobile phone usage, there is a significant opportunity for companies to leverage these trends. This is particularly true in the areas of e-commerce, mobile banking, and telecommunication services.

Overall, Africa presents a compelling opportunity for businesses to capture significant growth and profitability. With the right strategy and execution, companies can successfully navigate the unique challenges of the continent and position themselves for long-term success.

Source: World Bank, 2020

*Note: This information is for general reference and may not reflect the latest data or specific trends.*
Successes on Africa opportunities

**CNOOC Uganda**
- In 2011, CNOOC Uganda Limited successfully completed the purchase of 1/3 of Tullow’s interest in the Albertine basin for over US$2.9bn
- CNOOC selected Standard Chartered Uganda as its Cash Management bank

**CIC 25% equity stake in Shanduka**
- First China / Africa M&A transaction
- Standard Chartered's first transaction advising CIC and CIC’s first investment in Africa

**Yutong Bus and PEB**
- Standard Chartered worked closely with both PEB and Yutong Bus to finance the purchase of the buses using Standard Chartered’s China-Africa corridor capability
Robust risk management

- No exposure to Local Government Investment Vehicles (LGIV)
- Exposure; short term in nature
- Minimal exposure to commercial real estate
- No major industry concentration
- Robust stress testing

Exposure by tenor – H1 12

- Less than 1 year: 78%
- 1 to 3 years: 17%
- 3 to 5 years: 4%
- More than 5 years: 1%

Exposure by industry – H1 12

- Metals and mining
- Trading companies and distributors
- Real estate management and development
- Chemicals
- Food products
- Machinery
- Oil, gas and consumable fuels
- Others
Key messages

- Delivering client-led strategy
- Strong and sustained performance
- Leveraging the strong presence across Greater China and our network
- Continuing to invest for sustainable growth
Leading the way
in Asia, Africa and the Middle East
Leading the way
in Asia, Africa and the Middle East

Jungkiu Choi
Head of Consumer Banking, China
Key messages

- Strong and sustained performance with well-paced investments
- Healthy balance sheet
- Delivering customer focused strategy
- Continuous investment for long term growth
<table>
<thead>
<tr>
<th>Key trends</th>
<th>How we are positioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urbanisation and emergence of affluent customers</td>
<td>Began in 2007</td>
</tr>
<tr>
<td>Growth of wealthy customers</td>
<td>Leader in SME among foreign banks</td>
</tr>
<tr>
<td>Behaviour shift of customers</td>
<td>Trusted advisor approach</td>
</tr>
<tr>
<td>From export orientation to domestic consumption driven growth</td>
<td>Personal loans to occasional borrowers</td>
</tr>
<tr>
<td></td>
<td>Leading solution provider for cross border needs of High Value Segment (HVS)</td>
</tr>
<tr>
<td></td>
<td>Leader in digital brand among foreign banks, 3rd including all banks in China</td>
</tr>
<tr>
<td></td>
<td>Build scale in select cities through smarter branch formats</td>
</tr>
</tbody>
</table>
## Near term challenges and opportunities of Consumer Banking market in China

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB arbitrage between Hong Kong and China reduced</td>
<td>Premium SMEs still robust</td>
</tr>
<tr>
<td>SME challenged against macro-economic headwinds</td>
<td>High end market continues to grow</td>
</tr>
<tr>
<td>Real estate market slowed</td>
<td>Demand for cross border high end solutions keeps momentum</td>
</tr>
</tbody>
</table>
Consumer Banking China at a glance

- Presence in 24 cities; 90 outlets
- 72 outlets in 12 target cities with a minimum of 4 outlets in each city
- Over 320,000 customers
- 06-11 income CAGR 30%
Robust income growth

Diversified income pool

Income growth:
- CAGR 39%
- CAGR 30%
- YoY 15%
- YoY 30%

* WM – Wealth Management
Fast outlet expansion in smarter format

Number of outlets and cities

- Started new format of Wholesale Banking - SME outlet in 2011 with faster payback performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Outlets</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>37</td>
<td>13</td>
</tr>
<tr>
<td>2008</td>
<td>52</td>
<td>15</td>
</tr>
<tr>
<td>2009</td>
<td>54</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>62</td>
<td>18</td>
</tr>
<tr>
<td>2011</td>
<td>81</td>
<td>21</td>
</tr>
<tr>
<td>YTD 2012</td>
<td>90</td>
<td>24</td>
</tr>
</tbody>
</table>

Average of 11 outlets opened per year
Healthy and sustainable balance sheet building – loans and advances

Current loan distribution

- Mortgages
- Unsecured
- Other SME

Loans and advances to customers US$m

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR 25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Strong unsecured lending growth with much higher return on risk weighted assets
- Lending growth well within credit control
Healthy and sustainable balance sheet building - deposits

Maintained healthy proportion of CASA and Term Deposits, with both growing at the same rate
Competitive landscape

Total income

Income per outlet

Total assets

Assets per outlet

Strong market awareness of SCB as:

- Leading SME Bank
- Leading Private Bank
- Personal Loans

SCB (including SME)  SCB (excluding SME)  Major locally incorporated foreign banks average

<table>
<thead>
<tr>
<th>Year</th>
<th>SCB (including SME)</th>
<th>SCB (excluding SME)</th>
<th>Major locally incorporated foreign banks average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Increased High Value Segments (HVS) customers

Total HVS customers

- H2 10
- H1 11
- H2 11
- H1 12

32% YoY

HVS new to bank acquisition

- H2 10
- H1 11
- H2 11
- H1 12

56% YoY

Priority Banking

SME

Private Banking
Deepening customer relationships

Emotional engagement with customers
Continued progress in key customer metrics

Net promoter score
- H2 10: 22
- H1 11: 26
- H2 11: 28
- H1 12: 34

SCB way **
- # of conversations/day: +29%
- # of sales/day: +52%
- # of solutions sold/day: +75%

Complaints / ‘000 accounts*
- H2 10: 100
- H1 11: 87
- H2 11: 149
- H1 12: 71

Active internet users*
- H2 10: 100
- H1 11: 104
- H2 11: 118
- H1 12: 129

Product per customer*
- H2 10: 100
- H1 11: 132
- H2 11: 139
- H1 12: 146

Q12 score distribution
- 2008: 3.44
- 2009: 3.56
- 2010: 4.24
- 2011: 4.60

* Indexed based on improvement % against H1 10
** Improvement rate % in H1 12 average vs. that of 2011 average
Opportunities

- Large SME market potential - 99% of China’s enterprises and contributing 60% of GDP*

Our positioning

- Largest international bank in China with a dedicated SME focus
- Presence in 20 cities with dedicated branches
- Over 300 relationship managers
- Full solutions tailored to each sub-segment

* GDP - Gross Domestic Product
SME - strong performance underpinned by consistent strategy delivery

Our strategy

- Building depth and local scale in selected cities
- Delivering customer focused strategy

Our performance

- Strong and consistent growth of income
- Great market profile and strong market recognition

CAGR 27%

2006 2007 2008 2009 2010 2011 H1 12
Recognition received

**SME**
- Best Small Business Lending (3 consecutive years)
- Prominent Competence Bank on SME Service Award 2011
- SME Gas Station Award 2011

**Digital**
- Asia Pacific’s Best Internet Bank 2011
- The World’s Best Consumer Internet Bank 2011
- Online Banking Customer Satisfaction Award 2011
- Service Excellence Award Best in Category 2011
- First Place in Sina Corporate Weibo Vote 2011

**Wealth Management**
- Structured Products – Best in China (5 consecutive years)
- Structured Products Magazine in UK
- Best Bank Financing Products in China 2011
- The Ten Best Bank Financing Products in China 2010
Accelerated investments in building sustainable strategic levers

- Branding and marketing spend
- Mobile and online
- Trusted advisor

- Branch projects
- Talent – frontline and sales staff
- Debit card
Key messages

- Strong and sustained performance with well-paced investments
- Healthy balance sheet
- Delivering customer focused strategy
- Continuous investment for long term growth