Leading the way in Asia, Africa and the Middle East
Investor trip 2012

Hong Kong Strategy

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

Ben Hung
Chief Executive Officer, Hong Kong
Key messages

- Positive progress on Greater China strategy; well diversified business delivering
- Balance sheet a competitive advantage
- Slower Asian growth but positive opportunities remain exciting
- Role of Hong Kong ever more clear
Oldest bank operating in Hong Kong with 77 branches

One of three note-issuing banks and rotating chairman of Hong Kong Association of Banks

Two strong businesses; consistent performance delivery

Robust balance sheet; strong capital and liquidity generation

Market share gains since crisis
Economic overview

**GDP* growth**
- Q2 2012: 1.2%

**Export growth**
- June 2012: (4.8%)%

**Retail sales growth**
- June 2012: 11%

**New mortgage LTV**
- June 2012: 54.7%

**Unemployment**
- June 2012: 3.2%

**Property price index**
- June 2012: 205.2

Source: Census and Statistics Department, Rating and Valuation Department, HKMA
*GDP - Gross Domestic Product; **LTV - Loan to Value
Role of Hong Kong

Gateway into and out from China
Strategic opportunities

RMB internationalisation

Regional platform

Mainland wealth
Rapid development in offshore RMB market

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RMB deposits</strong></td>
<td>Jan</td>
<td>Jun</td>
</tr>
<tr>
<td>Market total</td>
<td>US$10bn</td>
<td>US$88bn</td>
</tr>
<tr>
<td>% of Hong Kong’s deposit base</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>RMB trade settlement</strong></td>
<td>H1</td>
<td>H1</td>
</tr>
<tr>
<td>Amount in Hong Kong</td>
<td>US$11bn</td>
<td>US$193bn</td>
</tr>
<tr>
<td>% of China’s total trade</td>
<td>0.7%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>RMB bond issuance</strong></td>
<td>US$5.6bn</td>
<td>~US$12.4bn (H1)</td>
</tr>
<tr>
<td><strong>RMB Foreign Exchange daily turnover</strong></td>
<td>Jul</td>
<td>Jun</td>
</tr>
<tr>
<td></td>
<td>~US$0.02bn</td>
<td>~US$4.8bn</td>
</tr>
</tbody>
</table>

Source: HKMA and *Standard Chartered estimates
Mainland wealth

Mainland wealth

Household deposits in China (RMB bn)


CAGR 16%

Hong Kong liquidity

Deposits as a multiple of GDP


UK | US | China | Singapore | Japan
--- | --- | --- | --- | ---
1.34x | 0.68x | 1.74x | 1.48x | 1.27x

Source: The People’s Bank of China, Standard Chartered Research
Hong Kong as a regional platform

Access to:

International investors

Asset management business in Hong Kong 2011

- Local investors 37%
- International investors 63%

New trade corridors

- EU
- MENA
- Africa
- Asia
- US

Products and services

Source: Securities and Futures Commission
China’s slowing - impact on Hong Kong

- China not decoupled but fundamentals remain resilient
- Whilst growth is slowing, GDP is still expected to grow at 7.7% and 7.8% in 2012 and 2013 respectively
- Low-end manufacturing at higher risk
- Some moderation in growth from mainland tourist consumption may not be bad for Hong Kong
- Permeated influence from China’s monetary and fiscal policies
- Evident support from Beijing to Hong Kong
Profit before tax growth of 10 key commercial banks since 2002

Source: Annual reports of ten key commercial banks in Hong Kong

Gaining market share
Strategic priorities

- Deepen and grow client relationships
- Capture Greater China opportunities, especially RMB
- Drive balance sheet strength
- Invest in products, distribution, infrastructure and people
- Maintain tight discipline in risk
Key messages

- Positive progress on Greater China strategy; well diversified business delivering

- Balance sheet a competitive advantage

- Slower Asian growth but positive opportunities remain exciting

- Role of Hong Kong ever more clear
Investor trip 2012

Hong Kong

Financial Performance

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

Jamie Ling
Chief Financial Officer,
Hong Kong and North East Asia
Diverse income streams delivering continued outperformance

Well controlled balance sheet with strong customer deposit base

Credit portfolio quality remains sound

Strongly capitalised, generating superior returns
Income and profit growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (US$bn)</th>
<th>Operating profit (US$bn)</th>
<th>CAGR %</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,615</td>
<td>888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>2,068</td>
<td>1,193</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2,255</td>
<td>989</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2,370</td>
<td>1,062</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2,500</td>
<td>1,103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3,049</td>
<td>1,551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 11</td>
<td>1,531</td>
<td>790</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>H1 12</td>
<td>1,688</td>
<td>870</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

CAGR 14%  CAGR 12%
## Loans and advances to customers

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale Banking</th>
<th>Consumer Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.6</td>
<td>14.4</td>
</tr>
<tr>
<td>2007</td>
<td>8.1</td>
<td>15.3</td>
</tr>
<tr>
<td>2008</td>
<td>10.9</td>
<td>17.1</td>
</tr>
<tr>
<td>2009</td>
<td>10.6</td>
<td>19.4</td>
</tr>
<tr>
<td>2010</td>
<td>24.8</td>
<td>27.1</td>
</tr>
<tr>
<td>2011</td>
<td>23.4</td>
<td>23.4</td>
</tr>
<tr>
<td>H1 12</td>
<td>50.5</td>
<td>51.5</td>
</tr>
</tbody>
</table>

**CAGR 17%**

## Customer deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale Banking</th>
<th>Consumer Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>15.8</td>
<td>22.4</td>
</tr>
<tr>
<td>2007</td>
<td>21.9</td>
<td>25.2</td>
</tr>
<tr>
<td>2008</td>
<td>31.6</td>
<td>30.5</td>
</tr>
<tr>
<td>2009</td>
<td>33.5</td>
<td>34.8</td>
</tr>
<tr>
<td>2010</td>
<td>36.4</td>
<td>37.4</td>
</tr>
<tr>
<td>2011</td>
<td>45.9</td>
<td>41.4</td>
</tr>
<tr>
<td>H1 12</td>
<td>87.3</td>
<td>91.6</td>
</tr>
</tbody>
</table>

**CAGR 17%**

## Consistent footings momentum

- **Consumer Banking**
  - US$bn
  - **Wholesale Banking**
  - **Consumer Banking**

- **Wholesale Banking**
  - **Consumer Banking**

**Consistent footings momentum**
Consistently outperforming the market

Income

- Market income
- Standard Chartered income

Profit before tax

- Market profit before tax
- Standard Chartered profit before tax

Source of market data: Annual reports of ten key commercial banks in Hong Kong
## Published results by half year

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 11</th>
<th>H2 11</th>
<th>H1 12</th>
<th>H1 12 vs H1 11 %</th>
<th>H1 12 vs H2 11 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1,531</td>
<td>1,518</td>
<td>1,688</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Expenses</td>
<td>(684)</td>
<td>(711)</td>
<td>(766)</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>847</td>
<td>807</td>
<td>922</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(57)</td>
<td>(46)</td>
<td>(52)</td>
<td>(9)</td>
<td>13</td>
</tr>
<tr>
<td>Operating profit</td>
<td>790</td>
<td>761</td>
<td>870</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Cost income ratio</td>
<td>45%</td>
<td>47%</td>
<td>45%</td>
<td>0</td>
<td>(2)</td>
</tr>
<tr>
<td>Jaws</td>
<td>(2)</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Diversified income mix

H1 12 income by product

- 40% Consumer Banking
  - US$674m
- 60% Wholesale Banking
  - US$1,014m

H1 12 income by segment

- 40% Consumer Banking
  - US$674m
- 60% Wholesale Banking
  - US$1,014m
## Balance sheet

<table>
<thead>
<tr>
<th>Assets (US$bn)</th>
<th>H1 11</th>
<th>H2 11</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Banking</td>
<td>25.8</td>
<td>27.1</td>
<td>28.2</td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>21.3</td>
<td>23.4</td>
<td>23.4</td>
</tr>
<tr>
<td>Portfolio impairment provision</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Total loans and advances to customers</td>
<td>47.1</td>
<td>50.5</td>
<td>51.5</td>
</tr>
<tr>
<td>Total loans and advances to banks</td>
<td>12.9</td>
<td>19.1</td>
<td>22.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities (US$bn)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customer accounts</td>
<td>81.1</td>
<td>87.3</td>
<td>91.6</td>
</tr>
<tr>
<td>IFRS A/D ratio</td>
<td>58%</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>Commercial surplus</td>
<td>34.0</td>
<td>36.8</td>
<td>40.1</td>
</tr>
<tr>
<td>CASA* to total customer accounts</td>
<td>65%</td>
<td>63%</td>
<td>58%</td>
</tr>
</tbody>
</table>

* CASA - current and savings accounts
Liquidity - SCB Hong Kong vs. market

Source of market data: HKMA; *SCB HK – Standard Chartered Hong Kong
Credit quality remains sound

## Asset quality

*Standard Chartered gross impaired advances as % of gross customer advances*

*Market gross impaired advances as % of gross customer advances*

### Credit quality remains sound

**Bad debt cover ratio**

<table>
<thead>
<tr>
<th></th>
<th>Dec 07</th>
<th>Dec 08</th>
<th>Dec 09</th>
<th>Dec 10</th>
<th>Dec 11</th>
<th>Jun 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Banking</strong></td>
<td>75%</td>
<td>90%</td>
<td>131%</td>
<td>117%</td>
<td>130%</td>
<td>148%</td>
</tr>
<tr>
<td><strong>Wholesale Banking</strong></td>
<td>78%</td>
<td>74%</td>
<td>69%</td>
<td>94%</td>
<td>106%</td>
<td>101%</td>
</tr>
</tbody>
</table>

*Source: KPMG Banking Survey - licensed banks in Hong Kong*
Consumer and Wholesale Banking - loans and advances to customers

**Consumer Banking - US$28.2bn**

- Over 70% of the portfolio secured
- 90% of the unsecured portfolio categorised as low to very low risk (external credit bureau data)
- 80% SME loans are trade and working capital related, over 50% of small business unsecured instalment loans under government credit guarantee

**Wholesale Banking - US$45.7bn**

- Well diversified with no material risk concentration
- Early Alerts up but largely precautionary
- Lending to banks a reflection of increased commercial surplus and trade financing
- 74% of exposures investment grade
- 80% China exposure to top 5 banks and Chinese government
Well capitalised, delivering superior returns
Key messages

- Diverse income streams delivering continued outperformance
- Well controlled balance sheet with strong customer deposit base
- Credit portfolio quality remains sound
- Strongly capitalised, generating superior returns
Leading the way
in Asia, Africa and the Middle East

John Tan
Co-Head of Wholesale Banking and Global Markets, Hong Kong
Key messages

- Sustained and disciplined execution of strategy
- Deepening core client relationships with enhanced product capabilities
- Gateway to capture huge China corridors opportunities
- Quality credit portfolio, strong credit discipline
- Capacity for accelerated investment spend
5 year income and profit growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Income US$m</th>
<th>Profit before tax US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>596</td>
<td>350</td>
</tr>
<tr>
<td>2007</td>
<td>870</td>
<td>526</td>
</tr>
<tr>
<td>2008</td>
<td>1,092</td>
<td>545</td>
</tr>
<tr>
<td>2009</td>
<td>1,288</td>
<td>688</td>
</tr>
<tr>
<td>2010</td>
<td>1,384</td>
<td>753</td>
</tr>
<tr>
<td>2011</td>
<td>1,723</td>
<td>998</td>
</tr>
<tr>
<td>H1 2011</td>
<td>889</td>
<td>520</td>
</tr>
<tr>
<td>H1 2012</td>
<td>1,014</td>
<td>616</td>
</tr>
</tbody>
</table>

CAGR 24% for income and profit before tax.
## First half performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 11</th>
<th>H2 11</th>
<th>H1 12</th>
<th>H1 12 vs H1 11 %</th>
<th>H1 12 vs H2 11 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client income</td>
<td>765</td>
<td>757</td>
<td>888</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Own account</td>
<td>124</td>
<td>77</td>
<td>126</td>
<td>1</td>
<td>63</td>
</tr>
<tr>
<td>Total income</td>
<td>889</td>
<td>834</td>
<td>1,014</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>Expenses</td>
<td>(343)</td>
<td>(350)</td>
<td>(392)</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Working profit</td>
<td>546</td>
<td>484</td>
<td>622</td>
<td>14</td>
<td>29</td>
</tr>
<tr>
<td>Impairment</td>
<td>(26)</td>
<td>(6)</td>
<td>(6)</td>
<td>(77)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>520</strong></td>
<td><strong>478</strong></td>
<td><strong>616</strong></td>
<td><strong>18</strong></td>
<td><strong>29</strong></td>
</tr>
<tr>
<td>Cost income ratio</td>
<td>39%</td>
<td>42%</td>
<td>39%</td>
<td>0</td>
<td>(3)</td>
</tr>
<tr>
<td>Jaws</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H1 12 vs H1 11: 16%; H1 12 vs H2 11: 17%
Broadening product capabilities

- Foreign Exchange options
- Corporate Finance
- Equity derivatives
- Fixed Income and derivatives
- Equity Capital Markets
- Debt Capital Markets
- Commodities

2004 to 2012
Up-tiering client relationships

% of total client income

- Basic lending
- Transactional
- Value added
- Strategic

2006: 25%
2007: 31%
2008: 37%
2009: 46%
2010: 50%
2011: 55%
H1 12: 60%

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
Strong growth across client segments and products

Client income growth by segment
06-11 CAGR %

- Financial Institutions: 10%
- Global Corporates: 23%
- Local Corporates: 27%
- Commodity Traders & Agribusiness: 56%

Client income growth by product
06-11 CAGR %

- Transaction Banking: 7%
- Lending & Portfolio Management: 16%
- Financial Markets: 34%
- Corporate Finance: 70%
- Principal Finance: 52%
Offshore RMB business overview

- RMB internationalisation creates new client demands
- 2 way FX movements and convergence of rates in 2012
- 63% income growth H1 12 vs. H1 11

Client-led approach:
- Consultative approach focusing on client needs
- Cross-border solutions: CNY, CNH and NDF
- Global network connecting source and deployment of RMB
China “going out” strategy:
- Offshore treasury centres in Hong Kong
- Bond issuance and Initial Public Offering (IPO)
- Outward Direct Investment and Qualified Domestic Institutional Investor from China

Gateway to China:
- Dim Sum bond issuance by Chinese and overseas corporates
- Qualified Foreign Institutional Investor (QFII), RMB-QFII and bond investment quota
- RMB trade settlement

Income from Chinese clients:
- H1 12
- H1 11
- 2011
- 2010
- 2009
- 2008
- 2007
- 2006

CAGR 79%
42%
Disciplined capital allocation

Risk weighted assets

Credit quality
H1 10 – H1 12 CAGR %
- Investment grade: 25%
- Non-investment grade: 15%

Products
H1 10 – H1 12 CAGR %
- Lending: 2%
- Transaction Banking: 10%
- Financial Markets: 52%
- Corporate Finance: 78%

Client RoRWA*
- Jun 10: 9.5%
- Jun 12: 10.0%

*RoRWA - return on risk weighted assets; Note: Data is based on a 12 month rolling average
Credit portfolio quality remains strong

Tenor of loans and advances to customers

- Over five years
- One to five years
- One year or less

2008
- 4% Over five years
- 28% One to five years
- 68% One year or less

2011
- 3% Over five years
- 29% One to five years
- 68% One year or less

Distribution of EAD by credit grade

- 1-5
- 6-8
- 9-11
- 12
- 13-14

2008
- 14% 1-5
- 35% 6-8
- 29% 9-11
- 8% 12

2011
- 14% 1-5
- 49% 6-8
- 29% 9-11
- 63% 12

EAD – Exposure at Default comprises of Central Government and Central Banks, institutions and corporate. Credit grades from 1-5 is equivalent to Moody’s Corporate Grades AAA to BBB-, 6-8 is equivalent to BB+ to BB-, 9-11 is equivalent to B+ to B-, 12-14 is NA.
Strategic priorities

- Deepen “core bank” client relationships
- Leverage cross-border product capabilities
- One-stop RMB bank
- Disciplined balance sheet growth and risk management
- Continuous investments in infrastructure support, platform enhancement and people
Key messages

- Sustained and disciplined execution of strategy
- Deepening core client relationships with enhanced product capabilities
- Gateway to capture huge China corridors opportunities
- Quality credit portfolio, strong credit discipline
- Capacity for accelerated investment spend
Leading the way
in Asia, Africa and the Middle East

Mary Huen
Head of Consumer Banking, Hong Kong
Key messages

- Diversified and sustainable income growth
- Well executed High Value Segments strategy; capture mainland wealth opportunities
- Deliver main bank through digital capabilities
- Credit quality remains strong and stable
- Continuing to invest for long term growth
Consumer Banking Hong Kong

- 77 branches and 327 ATMs/CDMs*
- Over 4,200 staff
- Around 1.5m customers
- Largest Consumer Banking market for Standard Chartered
- Large and liquid balance sheet

*CDM - Cash Deposit Machine
Consumer Banking - Income and profit growth

Income and Profit before tax

US$m

2006: 1,019, 538
2007: 1,188, 657
2008: 1,163, 445
2009: 1,082, 379
2010: 1,116, 350
2011: 1,326, 553
H1 11: 642, 270
H1 12: 674, 254

Income growth: 5%
Profit before tax growth: 6%
## Consumer Banking results by half year

<table>
<thead>
<tr>
<th>US$m</th>
<th>H1 11</th>
<th>H2 11</th>
<th>H1 12</th>
<th>H1 12 vs H1 11 %</th>
<th>H1 12 vs H2 11 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>642</td>
<td>684</td>
<td>674</td>
<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(341)</td>
<td>(361)</td>
<td>(374)</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>301</td>
<td>323</td>
<td>300</td>
<td>0</td>
<td>(7)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(31)</td>
<td>(40)</td>
<td>(46)</td>
<td>48</td>
<td>15</td>
</tr>
<tr>
<td>Operating profit</td>
<td>270</td>
<td>283</td>
<td>254</td>
<td>(6)</td>
<td>(10)</td>
</tr>
<tr>
<td>Cost income ratio</td>
<td>53%</td>
<td>53%</td>
<td>55%</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Jaws</td>
<td></td>
<td></td>
<td></td>
<td>(5)</td>
<td>(5)</td>
</tr>
</tbody>
</table>
The world’s best international Consumer Bank in each of our chosen markets and segments

<table>
<thead>
<tr>
<th>PARTICIPATION MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on High Value Segments*</td>
</tr>
<tr>
<td>Three standard models</td>
</tr>
<tr>
<td>Prioritised investment</td>
</tr>
<tr>
<td>Hub and spoke, shared utilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CUSTOMER FOCUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distinctive Customer Value Propositions (CVP) and world class relationship managers</td>
</tr>
<tr>
<td>Main bank relationship and payroll driven</td>
</tr>
<tr>
<td>Needs based bundling</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>‘BACK TO BASICS’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-engineering and centres of excellence</td>
</tr>
<tr>
<td>Liquidity and secured lending</td>
</tr>
<tr>
<td>Strong risk and cost discipline</td>
</tr>
<tr>
<td>Performance management</td>
</tr>
</tbody>
</table>

* High Value Segments (HVS) - SME, Private, Priority
In the “Tune” phase of Consumer Banking transformation

**“Install”**
- Universal participation model
- CVPs for all segments
- Customer charter and “SCB Way”\(^1\)
- Balance sheet management
- Remote capabilities

**“Tune”**
- Main bank relationships
- Drive balance sheet momentum
- Digital banking / marketing
- “Trusted Advisor”
- Strengthen brand
- Optimise analytics

**“Outperform”**
- Integrated distribution experience
- Brand / NPS\(^2\) / Digital leadership
- Competitive RoRWA\(^3\)
- World class technology
- Employer of choice

---

\(^1\) SCB Way - Standard Chartered Bank Way, \(^2\) NPS = Net Promoter Score, \(^3\) RoRWA = Return on Risk Weighted Assets
Private Banking: investing to continue strong growth

- **Income**
  
<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 11</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td></td>
<td></td>
<td>2.7X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
  
- One Bank as competitive advantage
- Deepen relationships

- Mock-up of New Greater China hub at The Forum by 2014
- Investing in infrastructure, sales capacity and product capabilities
SME Banking: drive main bank and remain vigilant in risk management

- Deepened share of wallet by driving main bank relationships
- Diversified income mix

Risk management

- Well managed risk
- More than 70% of the portfolio is collateralised with vigilant risk review
Priority and International Banking: capture the mainland wealth opportunity

- Acquiring quality customers - alliances, Greater China focused branches, referrals from China
- Strengthen unique service model

New to bank customers from Greater China

- 228%

Cross border referrals

- Hong Kong → China
  - 32x
- China → Hong Kong
  - 9x

Standard Chartered Hong Kong and China processes firmly established to capture cross-border business
Personal Banking: main engine to drive customer growth

New to bank customers

- Credit card is the main acquisition engine
- 229% increase from H1 2010 to H1 2012

New to bank PPC\(^1\)

- Driving penetration of bundles
- 6% increase from H1 2010 to H1 2012

Active customers

- Pipeline for future High Value Segments
- 10% increase from H1 2010 to H1 2012

\(^1\) Products per customer
CCPL: market leadership through disciplined growth

- **Growing market share** through disruptive marketing and “everyday” value proposition

- **Balances from higher value segments** growing faster

- **Low portfolio risk** compared to industry

---

**CCPL* balances**

- H1 10: 74%
- H1 12: 114%

**Segment mix**

- H1 10: 35% Non mass, 65% Mass
- H1 12: 43% Non mass, 57% Mass

**Customer risk grade distribution**

- Very low risk: 14%
- Low risk: 35%
- Medium risk: 10%
- High risk: 41%

*Cards, Personal Loans & Unsecured
Mortgage: superior customer experience enabling better returns

**Mortgage turnaround time**

- 2010
- 2011
- Jun 12

- (47%)

**Segment mix**

- Other segments
- Priority

- Jun 10
- Jun 12

- 22%

**Weighted average LTV**

- Jun 10
- Jun 12

- (13%)

- Mortgage Master - service led proposition

- Reshaping segment mix towards High Value Segments

- Lower exposure through declining LTV ratio

* Mortgage turnaround time in days; ** LTV - Loan to value percentage
Wealth Management: Trusted Advisor proposition enabling income resilience

**Trusted Advisors**

*Enabled by:*

- Specialist model
- Process and infrastructure
- Extensive training
- iPortfolio/Analytics

---

**Wealth Management income mix**

- **H1 09**
  - Equities income: 57%
  - Non-equities income: 43%
- **H1 10**
  - Equities income: 66%
  - Non-equities income: 34%
- **H1 11**
  - Equities income: 64%
  - Non-equities income: 36%
- **H1 12**
  - Equities income: 51%
  - Non-equities income: 49%

- Diversified income resilient to market volatility
Distribution - physical: building scale to deliver segment strategy

- Physical footprint aligned with segment focus
  - 45 PrB\textsuperscript{1} centres
  - 9 IBCs\textsuperscript{2}
  - 4 SME centres

- Retrofitted branches

- Scaled up sales and frontline capacity

\textsuperscript{1} PrB - Priority Banking; \textsuperscript{2} IBC - International Banking Centre
Distribution - physical: investing in façades to strengthen the franchise
Distribution - digital: deliver main bank through digital capabilities

Breeze family

- Comprehensive mobile and online capabilities
- Building awareness in the digital space
- Become digital main bank

Marketing spend mix

- H1 10: 94% Digital, 6% Conventional
- H1 12: 84% Digital, 16% Conventional

Online transactions

- H1 10: 53% increase
Key messages

- Diversified and sustainable income growth
- Well executed HVS strategy; capture mainland wealth opportunities
- Deliver main bank through digital capabilities
- Credit quality remains strong and stable
- Continuing to invest for long term growth
Investor trip 2012

South East Asia

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

Neeraj Swaroop
Regional Chief Executive Officer, South East Asia
Key messages

- Resilient region with attractive potential

- South East Asia is a key market for Standard Chartered

- We are leading the way in South East Asia

- Ambitious and clear strategy to capture opportunities
Regional economy

- Combined GDP of US$2tn
- Relatively less dependent on external trade
- Combined population of over 600m providing strong domestic demand and emerging middle-class consumers
- Attracted foreign direct investment of almost US$117bn

Top 5 South East Asian countries
GDP US$bn 2011

- Indonesia: 846
- Thailand: 346
- Malaysia: 288
- Singapore: 260
- Philippines: 225

Source: IMF World Economic Outlook
South East Asia is a key market for Standard Chartered

- Important contributor to the Group
- 27% of 2011 Group operating profit
- 24% of 2011 Group income

- 2 countries are within the top 6 Consumer Banking markets
- 4 countries are within the top 10 Wholesale Banking markets
- Deep presence in South East Asia for more than 150 years
- More than 17,000 staff and 400 branches including Permata
- Singapore is the hub for our global operations for Consumer Banking, Wholesale Banking and Global Technology and Operations
Strong financial performance underpinned by multiple engines

- 06-11 income CAGR of 19%
  - Consumer Banking 12%
  - Wholesale Banking 28%
- Balanced contribution from Consumer Banking and Wholesale Banking
- 5 markets in South East Asia made operating profit of over US$100m each in 2011
- 2011 income up 21% YoY to US$4.2bn with H1 12 vs. H1 11 income up 11%
Leading the way in South East Asia

Clear and consistent strategy

Wholesale Banking
- Deepening client relationships
- Leverage network on cross border transactions
- Potential in Islamic banking

Consumer Banking
- Digital banking
- SME banking
- Target regional wealth

Geographies
- Singapore - important hub for the Group and to capture regional flows
- Indonesia - clear engine for growth
- Malaysia and Thailand - attractive with continuous growth
Leading the way in South East Asia

Industry recognitions

Transaction Banking
- Best Cash Management bank, Southeast Asia 2011 (Triple A, Asset Asia Awards)
- Best Supply Chain Finance Provider in Asia (May 2012, Global Finance)

Global Markets in South East Asia
- #1 Syndicated Loan book runner
- #1 All Bonds book runner
- #2 Mergers and Acquisitions advisor

Digital Banking
- Singapore - Global Finance Best Internet Bank Award (2010-2012)

SME development
- Vietnam - Best SME Bank in Vietnam 2012 by The Asset Magazine

Process and service excellence
- Indonesia - Best Regular Banking Service Quality Diamond Award 2011/2012 by Service Excellence Magazine

Source: Bloomberg and Dealogic as at October 2012
In summary

South East Asia is a region:

- Where we have done well

- Continues to have attractive potential

- Where we are well placed to capture opportunities
Leading the way
in Asia, Africa and the Middle East

Tom Aaker
Chief Executive Officer, Indonesia
Key messages

- Indonesia is still on the rise
- Consistent strategies at both banks
- A few issues and challenges
- Great results, strong momentum and big aspirations
16th largest GDP in the world

Forecast GDP growth in 2012 is 6.3% (2013: 6.5% and 2014: 6.8%)

Rising per capita GDP to US$3,512 in 2011 from less than US$800 ten years ago

Foreign direct investment is still booming, exceeding US$18bn in 2011

Low debt to GDP ratio 24% in 2011

Sources: IMF, Standard Chartered Research, The Wall Street Journal
## The banking landscape

<table>
<thead>
<tr>
<th>Branches</th>
<th>Asset size (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>mandiri</td>
<td>60.3</td>
</tr>
<tr>
<td>Bank BRI</td>
<td>50.0</td>
</tr>
<tr>
<td>BCA</td>
<td>43.1</td>
</tr>
<tr>
<td>BNI</td>
<td>33.4</td>
</tr>
<tr>
<td>CIMB Niaga</td>
<td>18.9</td>
</tr>
<tr>
<td>Danamon</td>
<td>16.1</td>
</tr>
<tr>
<td>Panin Bank</td>
<td>14.4</td>
</tr>
<tr>
<td>BII</td>
<td>11.7</td>
</tr>
<tr>
<td>Bank BTN</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>1,548</td>
<td>1,804</td>
</tr>
<tr>
<td>946</td>
<td>1,364</td>
</tr>
<tr>
<td>911</td>
<td>1,603</td>
</tr>
<tr>
<td>445</td>
<td>289</td>
</tr>
<tr>
<td>362</td>
<td>655</td>
</tr>
</tbody>
</table>

### Foreign bank branches

<table>
<thead>
<tr>
<th>Asset size (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC</td>
</tr>
<tr>
<td>citibank</td>
</tr>
<tr>
<td>MUFG</td>
</tr>
<tr>
<td>Standard Chartered</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
</tr>
<tr>
<td>22</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>24</td>
</tr>
</tbody>
</table>

Source: Banks’ websites, Bank Indonesia website.
Note: Data as of June 2012 (Consolidated)
Regulatory environment is changing

- Ownership caps
- Multi-licensing
- Credit cards
- Loan to Value (LTV)
- Otoritas Jasa Keuangan (OJK)
Political environment - elections in 2014

- Overall stable, but current framework still limits effectiveness of government
- The incumbent president will finish second term
- No clear front-runner has emerged, door open for alternatives
- Recent Jakarta governor election shows appetite for change
Key messages

- We are delivering strong financial performance
- Our growth strategy remains consistent
- We have a sustainable competitive advantage
- We aspire to continue to deliver strong income growth and positive jaws
Strategy remains consistent

Aspiration by 2015

- Deliver strong double digit income growth
- Maintain strong positive jaws
- Be the bank of choice for the clients and customers in our chosen segments

Wholesale Banking
- Deepen existing relationships
- Acquire new clients selectively
- Leverage the Standard Chartered network

Consumer Banking
- Target High Value Segments
- Sharpen customer focus
- Go “Back to basics”
- Implement the customer charter
Very strong income growth in both businesses

Income (US$m)

- Consumer Banking
- Wholesale Banking

06-11 CAGR: 18%

06-11 CAGR: Consumer Banking: 13% and Wholesale Banking: 21%
Well diversified portfolio

Wholesale Banking is 70% and Consumer Banking is 30% of total loans

59% of total loans under 1 year maturity

Asset quality remains satisfactory and stable

Onshore loans and advances to customers

Loans and advances to customers

- Total US$3.2bn*
- Trade loans 26%
- Commercial loans 27%
- Corporate Finance 6%
- Financial Markets 11%
- SME 6%
- Others Consumer Banking 4%
- Personal Loans 13%
- Credit Cards 7%

* As at 30 June 2012
Wholesale Banking strategy

Deepen existing relationships

Acquire new clients selectively

Leverage the network
Wholesale Banking - superior financial performance

06-11 CAGR
Client income 26%
Own account income 9%
Operating profit 17%

06-11 CAGR
21%

<table>
<thead>
<tr>
<th>Year</th>
<th>Client Income</th>
<th>Own Account Income</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>38</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>2007</td>
<td>54</td>
<td>105</td>
<td>104</td>
</tr>
<tr>
<td>2008</td>
<td>167</td>
<td>158</td>
<td>79</td>
</tr>
<tr>
<td>2009</td>
<td>59</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>2010</td>
<td>45</td>
<td>195</td>
<td>114</td>
</tr>
<tr>
<td>2011</td>
<td>60</td>
<td>245</td>
<td>175</td>
</tr>
<tr>
<td>H1 12</td>
<td>42</td>
<td>150</td>
<td>124</td>
</tr>
</tbody>
</table>

Client income
Own account income
Operating profit
Wholesale Banking has been transformed in terms of scale and diversity

- All income streams growing at double digit rates
- We continue to diversify our income streams
- Commercial Banking is key to developing our client franchise

<table>
<thead>
<tr>
<th>Income Streams</th>
<th>2006</th>
<th>H1 12</th>
<th>06-11 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value added</td>
<td>20%</td>
<td>41%</td>
<td>67%</td>
</tr>
<tr>
<td>Transactional</td>
<td>62%</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Lending</td>
<td>8%</td>
<td>32%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6%</td>
<td>23%</td>
</tr>
</tbody>
</table>
China and Indonesia - trade facts and our success stories

2012*: US$19.6bn
2011: US$26.2bn
2009: US$13.8bn

2012*: US$13.7bn
2011: US$23.3bn
2009: US$11.6bn

2012*: US$(5.9)bn
2011: US$(2.9)bn
2009: US$(2.2)bn
Disciplined approach to risk management

Loans and advances to customers US$m (LHS)
Loan impairment as % basis point loss (RHS)

06-11 CAGR 28%

- 2006: 1.51%
- 2007: 2.33%
- 2008: 6.73%
- 2009: 2.98%
- 2010: 2.27%
- 2011: 1.43%
- H1 12: 1.34%
Consumer Banking strategy

Participation models

Customer focus

“Back to basics”
Branch investment in 2010 adding value

US$m

Operating profit (LHS)  Number of branches (RHS)

Investment phase  Payback
Consumer Banking is transforming

Income by product

<table>
<thead>
<tr>
<th>Product</th>
<th>2006</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of customers ('000)</td>
<td>223</td>
<td>300</td>
</tr>
<tr>
<td>Products per customer</td>
<td>1.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Number of branches</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Number of ATMs</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Number of relationship managers</td>
<td>117</td>
<td>248</td>
</tr>
<tr>
<td>E-Statement penetration (%)</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>Net Promoter Score</td>
<td>42</td>
<td>55</td>
</tr>
<tr>
<td>Complaints/’000 accounts</td>
<td>1.74</td>
<td>0.54</td>
</tr>
</tbody>
</table>
Investments to build strategic levers

- People
- Channels and systems
- Premises
- Capital
Summary

- We are delivering strong financial performance
- Our growth strategy remains consistent
- We have a sustainable competitive advantage
- We aspire to continue to deliver strong income growth and positive jaws
Jutaan Keluarga, Satu Bank.

David Fletcher
President Director
Key messages

- Delivering a strong performance
- Clear and consistent strategy
- Partnership with both shareholders working well
- Strong platform for future growth
Permata was formed by merger of five legacy banks

Current ownership structure:

- ASTRA international: 44.5%
- Standard Chartered: 44.5%
- Public shareholding: 11%
Franchise overview

- 289 branches (including 12 Syariah branches)
- Over 7,000 staff
- 57 cities

777 ATMs; Access to 40,000 ATMs *

Over 1,100 Wholesale Banking clients and 2.1m Consumer Banking customers

Assets US$11.7bn **

* Connected to Visa Plus, Visa Electron, Master Card, ALTO, ATM Bersama and ATM Prima,
** as of 30 June 2012
Strategy remains unchanged

- Consumer Banking led

- Aspirations for 2015
  - Grow income at strong double digits per annum
  - Achieve 3% market share of banking revenues in Indonesia
  - Strengthen consumer positioning

<table>
<thead>
<tr>
<th>Consumer Banking</th>
<th>Wholesale Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME and family focus</td>
<td>Middle Market and select local corporate focus</td>
</tr>
<tr>
<td>Strengths in Mortgage and Auto Finance</td>
<td>Value chain opportunities</td>
</tr>
<tr>
<td>Market leader in e-channels and service excellence</td>
<td>Transaction Banking capabilities</td>
</tr>
</tbody>
</table>
## Business performing well

The following table and graph illustrate the performance of the business over the years, showing significant growth in both income and operating profit.

### Income and Operating Profit (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>269</td>
<td>23</td>
</tr>
<tr>
<td>2007</td>
<td>356</td>
<td>72</td>
</tr>
<tr>
<td>2008</td>
<td>337</td>
<td>101</td>
</tr>
<tr>
<td>2009</td>
<td>361</td>
<td>80</td>
</tr>
<tr>
<td>2010</td>
<td>465</td>
<td>146</td>
</tr>
<tr>
<td>2011</td>
<td>565</td>
<td>181</td>
</tr>
<tr>
<td>H1 12</td>
<td>316</td>
<td>110</td>
</tr>
</tbody>
</table>

- **Income Growth**: 16% increase from 2006 to 2011
- **Operating Profit Growth**: 51% increase from 2006 to 2011

The data shows a consistent upward trend in both income and operating profit, indicating a strong performance over the years.
Balance sheet-driven and self-funded growth

- Loans and advances
- Customer deposits to customers

A/D* ratio (%) RHS

* A/D – Advances to deposits ratio
Strong and stable portfolio quality

- Disciplined and selective asset growth
- Non performing loans remain low and below industry average
- Well positioned portfolio and robust risk management
- Regular stress tests to manage downside risk

Average Indonesia industry non performing loans*

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</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>Loans</td>
<td>6.1%</td>
<td>4.1%</td>
<td>3.2%</td>
<td>3.3%</td>
<td>2.6%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Gross non performing loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Data given in IDR *Source: Bank Indonesia
Consumer Banking led strategy

- Universal participation model - family positioning as differentiation
- Pan Indonesia presence - scale building in key cities
- Winning industry approach in SME
- E-channel and service excellence as strengths

**E-channels**
- Overall usage up 32% YoY*
- Permata Mobile usage up 105% YoY
- Permata Net financial transactions up 68% YoY**

**Service excellence ranking**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5</td>
</tr>
<tr>
<td>2010</td>
<td>4</td>
</tr>
<tr>
<td>2011</td>
<td>2</td>
</tr>
</tbody>
</table>

* Overall usage includes ATMs, PermataMobile and PermataNet; **Financial transactions done through Permata internet banking
Continued investments

Branch and ATM network

E-channels

People development

Technology
Consumer Banking is performing strongly

- Unsecured portion of the total Consumer Banking book increased to 8% in H1 12 (from 5% in 2009)
- Strong unsecured footings growth driven mostly by cross sell to existing customers and payroll base
Focused Wholesale Banking strategy

- Commercial Banking - focus on middle market corporates
- Synergy with shareholders – value chain driven
- Leveraging distribution network
- Transaction Banking capabilities
Strong and consistent Wholesale Banking performance

- H1 12 income: 50% Lending and 29% Transaction Banking
- Trade volume up 53% YoY, whilst Trade income and NFI up 33% and 39% YoY, respectively
Opportunities in Syariah Banking

Overview and performance

- The largest Syariah window with the 4\textsuperscript{th} largest operating profit in the industry
- #1 in Syariah service excellence in the last 2 years
- Market share of 4\% (2011), up from 2\% in 2009
- Significant opportunity for both businesses

2015 Aspirations

- US$90m of revenue
- Market share of 7\% (assets)

\textbf{Total income US$m}

\begin{tabular}{|c|c|c|c|}
\hline
Year & 2009 & 2010 & 2011 \\
\hline
Value & 8 & 10 & 15 \\
\hline
\end{tabular}

\[ \text{CAGR 38\%} \]
Summary

- Delivering a strong performance
- Clear and consistent strategy
- Partnership with both shareholders working well
- Strong platform for future growth
Indonesia continues to present an outstanding opportunity for both Standard Chartered Bank and Permata