Forward looking statements

This document contains or incorporates by reference ‘forward-looking statements’ regarding the belief or expectations of the Company, the Directors and other members of its senior management about the Group’s strategy, businesses, performance and the matters described in this document. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results could differ materially from those contained in the forward-looking statements. Forward-looking statements are based on current views, estimates and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict. Such risks, factors and uncertainties may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks, factors and uncertainties include but are not limited to: changes in the credit quality and the recoverability of loans and amounts due from counterparties; changes in the Group’s financial models incorporating assumptions, judgments and estimates which may change over time; risks relating to capital, capital management and liquidity; risks arising out of legal and regulatory matters, investigations and proceedings; operational risks inherent in the Group’s business; risks arising out of the Group’s holding company structure; risks associated with the recruitment, retention and development of senior management and other skilled personnel; risks associated with business expansion and engaging in acquisitions; global macroeconomic risks; risks arising out of the dispersion of the Group’s operations, the locations of its businesses and the legal, political and economic environment in such jurisdictions; competition; risks associated with banking and financial services legislation, regulations policies and guidelines; changes in the credit ratings or outlook for the Group; market, interest rate, commodity prices, equity price and other market risk; foreign exchange risk; financial market volatility; systemic risk in the banking industry and other financial institutions or corporate borrowers; cross-border country risk; risks arising from operating in markets with less developed judicial and dispute resolution systems; risks arising out of regional hostilities, terrorist attacks, social unrest or natural disasters and failure to generate sufficient level of profits and cash flows to pay future dividends.

Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Company and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Company and/or the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable law or regulations, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.
Leading the way
in Asia, Africa and the Middle East

Richard Meddings
Group Finance Director
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30 – 08:45</td>
<td>Opening</td>
<td>Richard Meddings</td>
</tr>
<tr>
<td>08:45 – 09:30</td>
<td>Economic outlook</td>
<td>Gerard Lyons</td>
</tr>
<tr>
<td>09:30 – 10:15</td>
<td>Wholesale Banking – Strategy</td>
<td>Mike Rees</td>
</tr>
<tr>
<td>10:15 – 10:30</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td>10:30 – 11:15</td>
<td>Wholesale Banking – Performance</td>
<td>Saleem Razvi</td>
</tr>
<tr>
<td>11:15 – 12:15</td>
<td>Wholesale Banking – Q&amp;As</td>
<td>Mike Rees &amp; Saleem Razvi</td>
</tr>
<tr>
<td>12:15 – 13:15</td>
<td>Lunch - 10th Floor, Basinghall</td>
<td>Richard Meddings, Wholesale Banking &amp; Consumer Banking management teams</td>
</tr>
<tr>
<td>13:50 – 14:15</td>
<td>Consumer Banking – Performance</td>
<td>Kevin Hoffman-Smith</td>
</tr>
<tr>
<td>14:15 – 14:35</td>
<td>Consumer Banking – Risk</td>
<td>Ray Duggins</td>
</tr>
<tr>
<td>14:35 – 15:05</td>
<td>Consumer Banking – Q&amp;A</td>
<td>Steve Bertamini, Kevin Hoffman-Smith, Ray Duggins</td>
</tr>
<tr>
<td>15:05 – 15:35</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td>15:35 – 15:55</td>
<td>Consumer Banking – Wealth Management</td>
<td>Judy Hsu</td>
</tr>
<tr>
<td>15:55 – 16:15</td>
<td>Consumer Banking – Integrated Distribution</td>
<td>James Galloway</td>
</tr>
<tr>
<td>16:15 – 17:00</td>
<td>Consumer Banking – Q&amp;A</td>
<td>Steve Bertamini, Kevin Hoffman-Smith, Ray Duggins, Judy Hsu, James Galloway</td>
</tr>
<tr>
<td>17:00</td>
<td>End</td>
<td></td>
</tr>
</tbody>
</table>
Leading the way
in Asia, Africa and the Middle East

Gerard Lyons
Chief Economist and
Group Head of Global Research
Key messages

- Despite the crisis, the world is still growing, and so too is the flow of goods, capital and people.

- Emerging economies are not decoupled but better insulated.
  - Room for policy manoeuvre despite trade exposure to Europe.

- Global slowdown is a risk for Asian economies, but domestic demand is up.

- Asia is moving up the value chain.
Agenda

- The global context
- Not decoupled better insulated
- Asia: China, India and ASEAN
Agenda

- The global context

- Not decoupled better insulated

- Asia: China, India and ASEAN
Despite the crisis, the world is growing

**Nominal GDP***
**US$tn** (IMF forecast for 2012)

Sources: International Monetary Fund, Standard Chartered Research
*GDP – Gross Domestic Product*
Lower global GDP growth

World Real GDP
YoY % (Standard Chartered forecast for 2012-14)

World Real GDP growth forecasts

<table>
<thead>
<tr>
<th>%</th>
<th>2012F</th>
<th>2013F</th>
<th>2014F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Chartered</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec 11</td>
<td>2.2</td>
<td>3.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Sep 12</td>
<td>2.6</td>
<td>3.1</td>
<td>3.7</td>
</tr>
<tr>
<td>Difference</td>
<td>0.4</td>
<td>(0.5)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Consensus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD* Nov 11</td>
<td>3.4</td>
<td>4.3</td>
<td>n/a</td>
</tr>
<tr>
<td>IIF** Dec 11</td>
<td>2.8</td>
<td>3.7</td>
<td>n/a</td>
</tr>
<tr>
<td>IMF Sep 11</td>
<td>4</td>
<td>4.5</td>
<td>4.7</td>
</tr>
<tr>
<td>World Bank Jan 12</td>
<td>2.5</td>
<td>3.1</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Sources: International Monetary Fund (IMF), Standard Chartered Research
*OECD - Organisation for Economic Co-operation and Development **IIF – The Institute of International Finance
Fragile West, resilient East

QoQ Seasonally adjusted annual rate growth %

**US**

- Q1 07: (8.9%)
- Q1 08: (2.0%)
- Q1 09: (6%)
- Q1 10: 3.9%
- Q1 11: (2.0%)
- Q1 12: 1.7%

**China**

- Q1 07: 16.2%
- Q1 08: 5.5%
- Q1 09: 9.0%
- Q1 10: 7.4%
- Q1 11: 5.5%
- Q1 12: 4.4%

**Euro area**

- Q1 07: (9.3)
- Q1 08: 6%
- Q1 09: 3.7%
- Q1 10: 6%
- Q1 11: (2.0%)
- Q1 12: 4%

**India**

- Q1 07: 9.0%
- Q1 08: 6%
- Q1 09: 5.5%
- Q1 10: 5.5%
- Q1 11: 5.5%
- Q1 12: 5.5%

Note: Green bars represent Standard Chartered forecasts
Sources: National Statistic Offices, CEIC, Standard Chartered Research
Global trade rebounded from 2008

Total exports of goods and services
US$bn (International Monetary Fund forecast for 2012)

Sources: International Monetary Fund, Standard Chartered Research
Global trade momentum is slowing

Merchandise trade recovered but is moderating
Exports of merchandise, US$bn

Asian export growth
YoY

Sources: International Monetary Fund, Standard Chartered Research
New trade corridors are growing

China-Africa bilateral trade is one example of a new trade corridor
Comparison of China-Africa trade in 2004 vs 2011 (US$)

Sources: Xinhua, Standard Chartered Research
The longer term risks are rising

Rising central bank balance sheets
US$bn

Sources: Xinhua, Standard Chartered Research
*PBoC – People’s Bank of China, **ECB – European Central Bank, ***Fed – Federal Reserve
Asia and Africa dominate the ‘7% Club’

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (m)</th>
<th>2011 GDP (US$bn)</th>
<th>GDP growth 2001-11 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,348</td>
<td>6,988</td>
<td>10.4</td>
</tr>
<tr>
<td>India</td>
<td>1,207</td>
<td>1,843</td>
<td>7.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>240</td>
<td>834</td>
<td>5.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>167</td>
<td>115</td>
<td>5.9</td>
</tr>
<tr>
<td>Nigeria</td>
<td>160</td>
<td>247</td>
<td>8.9</td>
</tr>
<tr>
<td>Vietnam</td>
<td>89</td>
<td>122</td>
<td>7.1</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>87</td>
<td>31</td>
<td>8.3</td>
</tr>
<tr>
<td>Tanzania</td>
<td>42</td>
<td>23</td>
<td>6.9</td>
</tr>
<tr>
<td>Uganda</td>
<td>35</td>
<td>16</td>
<td>7.3</td>
</tr>
<tr>
<td>Mozambique</td>
<td>22</td>
<td>12</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Other members also of note:
- Angola
- Azerbaijan
- Belarus
- Cambodia
- Botswana
- Kazakhstan
- Sierra Leone
- Tajikistan

Green highlighting denotes former, current and forecast members of the 7% Club

Sources: Standard Chartered Research
Agenda

- The global context
- Not decoupled better insulated
- Asia: China, India and ASEAN
Not decoupled, better insulated

GDP growth versus trade openness across Asian economies

Source: Standard Chartered Research
Export exposure to the euro area

Exports of goods to the euro area by region

2010

LHS: Share of region's GDP %
RHS: Share of region's exports%

Sources: International Monetary Fund - World Economic Outlook, Standard Chartered Research
European banks are reversing Emerging Market exposure

Foreign claims by European banks

Bank lending exposure to euro area crisis

Sources: Department for Business, Innovation and Skills, Standard Chartered Research
## Key policy rates, recent action and Standard Chartered forecasts

<table>
<thead>
<tr>
<th>Majors</th>
<th>Current</th>
<th>1Y change</th>
<th>Next</th>
<th>Forecast next change</th>
<th>Last change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benchmark rate</td>
<td>%</td>
<td>bps</td>
<td>Meeting</td>
<td>Date</td>
</tr>
<tr>
<td>US</td>
<td>Fed funds target rate</td>
<td>0.25</td>
<td>0</td>
<td>13-Sep-12</td>
<td>Q4 14</td>
</tr>
<tr>
<td>Euro area</td>
<td>Refi rate</td>
<td>0.75</td>
<td>(75)</td>
<td>04-Oct-12</td>
<td>Q4 12</td>
</tr>
<tr>
<td>UK</td>
<td>Bank Rate</td>
<td>0.50</td>
<td>0</td>
<td>04-Oct-12</td>
<td>Q3 14</td>
</tr>
<tr>
<td>Japan</td>
<td>O/N call rate</td>
<td>0.0 - 0.1</td>
<td>0</td>
<td>19-Sep-12</td>
<td>Q1 16</td>
</tr>
<tr>
<td>Australia</td>
<td>Cash rate</td>
<td>3.50</td>
<td>(125)</td>
<td>02-Oct-12</td>
<td>Q4 12</td>
</tr>
<tr>
<td>Asia</td>
<td>1Y lending rate</td>
<td>6.00</td>
<td>(25)</td>
<td>n/a</td>
<td>Q4 13</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Base rate</td>
<td>0.50</td>
<td>0</td>
<td>13-Sep-12</td>
<td>Q4 14</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Discount rate</td>
<td>1.88</td>
<td>0</td>
<td>20-Sep-12</td>
<td>Q1 13</td>
</tr>
<tr>
<td>Philippines</td>
<td>Reverse repo rate</td>
<td>3.75</td>
<td>(75)</td>
<td>25-Oct-12</td>
<td>Q4 12</td>
</tr>
<tr>
<td>Malaysia</td>
<td>O/N policy rate</td>
<td>3.00</td>
<td>0</td>
<td>08-Nov-12</td>
<td>Q2 13</td>
</tr>
<tr>
<td>Indonesia</td>
<td>BI rate</td>
<td>5.75</td>
<td>(100)</td>
<td>13-Sep-12</td>
<td>Q3 13</td>
</tr>
<tr>
<td>Thailand</td>
<td>1-day repo</td>
<td>3.00</td>
<td>175</td>
<td>17-Oct-12</td>
<td>Q3 13</td>
</tr>
<tr>
<td>India</td>
<td>Repo rate</td>
<td>8.00</td>
<td>0</td>
<td>17-Sep-12</td>
<td>Q1 13</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Refi rate</td>
<td>11.00</td>
<td>(500)</td>
<td>n/a</td>
<td>Q3 12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
</tr>
<tr>
<td>Kenya</td>
</tr>
<tr>
<td>Nigeria</td>
</tr>
<tr>
<td>Ghana</td>
</tr>
<tr>
<td>Uganda</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Saudi Arabia</td>
</tr>
</tbody>
</table>

Sources: Standard Chartered Research
Official general government gross debt in 2011 as a % of GDP

Policy manoeuvre – fiscal

Sources: International Monetary Fund, Standard Chartered Research
World Foreign Exchange reserves continue accumulating

<table>
<thead>
<tr>
<th>Year</th>
<th>US$bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q100</td>
<td>3,548</td>
</tr>
<tr>
<td>Q101</td>
<td>4,000</td>
</tr>
<tr>
<td>Q102</td>
<td>6,000</td>
</tr>
<tr>
<td>Q103</td>
<td>8,000</td>
</tr>
<tr>
<td>Q104</td>
<td>10,000</td>
</tr>
<tr>
<td>Q105</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Sources: International Monetary Fund, Bloomberg, Standard Chartered Research

Top holders of Foreign Exchange reserves

<table>
<thead>
<tr>
<th>Country</th>
<th>% of world total</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>31%</td>
</tr>
<tr>
<td>Japan</td>
<td>11%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>6%</td>
</tr>
<tr>
<td>Russia</td>
<td>4%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3%</td>
</tr>
<tr>
<td>Korea</td>
<td>3%</td>
</tr>
<tr>
<td>India</td>
<td>2%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>32%</td>
</tr>
</tbody>
</table>

Sources: International Monetary Fund, Bloomberg, Standard Chartered Research
Post-crisis GDP levels in Asian economies
Real GDP, seasonally adjusted, Q4 08 = 100

Bottom bar = Q4 09
Middle bar = Q4 10
Top bar = Q4 11

Contribution to 2011 GDP growth
Contribution from investment and consumption

Sources: CEIC, Standard Chartered Research
Agenda

- The global context
- Not decoupled better insulated
- Asia: China, India and ASEAN
Asia – below-trend growth in 2012

Real GDP growth, Standard Chartered forecast (YoY %)

Sources: CEIC, Standard Chartered Research
Asia - falling inflation, but risk ahead

**Asian regional inflation average**

**YoY**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2%)</td>
<td></td>
<td>(1%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Change in headline inflation on 1% rise in CRB* food index (bps)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Vietnam</th>
<th>China</th>
<th>Hong Kong</th>
<th>Thailand</th>
<th>Taiwan</th>
<th>Philippines</th>
<th>Indonesia</th>
<th>Korea</th>
<th>Malaysia</th>
<th>Singapore</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>bps</td>
<td>0.15</td>
<td>0.12</td>
<td>0.06</td>
<td>0.03</td>
<td>0.03</td>
<td>0.02</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Sources: CEIC, Bloomberg, Standard Chartered Research

*CRB – Commodity Research Bureau
China has setbacks, but the trend is up

### Nominal GDP sizes

**UK, China and US (US$bn)**

- **UK**: 2,453
- **China**: 7,298
- **US**: 15,094

### China GDP growth

**Real GDP growth (YoY %)**

- **1981**: 0%
- **1986**: 4%
- **1991**: 6%
- **1996**: 8%
- **2001**: 10%
- **2006**: 12%
- **2011**: 14%

Sources: International Monetary Fund - World Economic Outlook, Standard Chartered Research
China’s imbalanced economy

Contribution to overall expenditure GDP growth

Consumption  Government spending  Investment  Net exports

Sources: CEIC, Standard Chartered Research
China is in better shape compared to 2008/09

**Labor market remains solid**
Labour demand-supply ratio vs neutrality

**PMIs show two track economy**
Manufacturing vs services sector PMIs*

---

Sources: CEIC, Standard Chartered Research

*PMIs – Purchasing Managers Indices*
CNY appreciation has stalled…
US$-CNY and US$-CNH spot rates

…but trade-weighted CNY rose in Q2
CNY NEER*, index

Sources: Bloomberg, Standard Chartered Research
*NEER – Nominal Effective Exchange Rate
China’s 12th Five Year Plan

16 parts, 62 chapters, 118 pages

Seven priority industries

- Alternative energy
- Energy conservation and environmental protection
- Biotechnology
- Advance materials
- New IT
- High-end equipment manufacturing
- Clean energy vehicles

Sources: Standard Chartered Research
India - high inflation, slow growth

GDP growth, WPI inflation (YoY)

Sources: CEIC, Standard Chartered Research

*WPI – Wholesale Price Index
India - an undervalued currency

US$-INR spot rate
6 Sep 2000 to 6 Sep 2012

AXJ* currencies fell in Q2 12 vs the US$, especially the INR
AXJ* FX** spot returns vs US$ in Q2 12 %

Sources: Bloomberg, Standard Chartered Research

*AXJ – Asia ex-Japan, **FX – Foreign Exchange
India - widening deficits

**Twin deficits - current account and fiscal**

% of GDP

- Fiscal deficit
- Current Account Deficit

**Governance deficit**

Number of cabinet decisions taken in a year

- Jul 11 - Jun 12
- Jul 10 - Jun 11
- Jul 09 - Jun 10
- Jul 08 - Jun 09
- Jul 07 - Jun 08
- Jul 06 - Jun 07
- Jul 05 - Jun 06

Sources: CEIC, Standard Chartered Research
Asia is moving up the value curve

- **Service-oriented economies**, in particular in financial and business services. Virtually no manufacturing in **HK**; only high-value-added manufacturing in **Singapore**.

- **Advanced, capital intensive manufacturing**. Both **Taiwan** and **Korea** have invested in R&D in product innovation and building brand awareness.

- **Mixed manufacturing activities**. Auto industry is the backbone of **Thai** manufacturing. **Malaysia** focuses more on generic electronic components and commodities.

- **Low cost producers**:
  - **China** is gradually moving up in capital intensity.
  - **Indonesia** is predominantly a commodity producer. **Vietnam** and the **Philippines** are competing in low-cost manufacturing and labour exports. **India** is competing in services and selected manufacturing. **Bangladesh** has been associated with textile and garment manufacturing.

Sources: International Monetary Fund - World Economic Outlook, Standard Chartered Research
### Our growth forecasts

<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Majors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>1.7</td>
<td>2.0</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Euro area</td>
<td>1.5</td>
<td>(0.6)</td>
<td>0.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Japan</td>
<td>(0.7)</td>
<td>2.2</td>
<td>2.0</td>
<td>2.5</td>
</tr>
<tr>
<td>UK</td>
<td>0.7</td>
<td>(0.5)</td>
<td>1.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Canada</td>
<td>2.5</td>
<td>2.2</td>
<td>2.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2.1</td>
<td>0.9</td>
<td>1.5</td>
<td>2.4</td>
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<tr>
<td>Australia</td>
<td>2.0</td>
<td>3.5</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.1</td>
<td>2.4</td>
<td>3.8</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Bangladesh*</td>
<td>6.7</td>
<td>6.4</td>
<td>6.5</td>
<td>6.9</td>
</tr>
<tr>
<td>China</td>
<td>9.3</td>
<td>7.7</td>
<td>7.8</td>
<td>7.5</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5.0</td>
<td>2.3</td>
<td>5.0</td>
<td>4.5</td>
</tr>
<tr>
<td>India*</td>
<td>6.5</td>
<td>5.4</td>
<td>6.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.5</td>
<td>6.0</td>
<td>6.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.1</td>
<td>4.0</td>
<td>5.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Mongolia</td>
<td>17.3</td>
<td>16.0</td>
<td>12.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.4</td>
<td>4.0</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Philippines</td>
<td>3.8</td>
<td>4.7</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.9</td>
<td>2.8</td>
<td>4.5</td>
<td>5.2</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.6</td>
<td>2.6</td>
<td>3.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>8.3</td>
<td>7.1</td>
<td>7.5</td>
<td>8.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4.0</td>
<td>2.7</td>
<td>4.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.1</td>
<td>3.5</td>
<td>4.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5.9</td>
<td>5.0</td>
<td>6.5</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>6.3</td>
<td>3.7</td>
<td>3.9</td>
<td>4.4</td>
</tr>
<tr>
<td>Latin America</td>
<td>3.8</td>
<td>2.8</td>
<td>4.2</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Global</strong></td>
<td>3.1</td>
<td>2.6</td>
<td>3.1</td>
<td>3.7</td>
</tr>
</tbody>
</table>

* Fiscal year starts in April in India and July in Bangladesh

Sources: Standard Chartered Research
Key messages

- Despite the crisis, the world is still growing, and so too is the flow of goods, capital and people
- Emerging economies are not decoupled but better insulated
  - Room for policy manoeuvre despite trade exposure to Europe
- Global slowdown is a risk for Asian economies, but domestic demand is up
- Asia is moving up the value chain
Leading the way in Asia, Africa and the Middle East

Mike Rees
Group Executive Director and CEO, Wholesale Banking
Key messages

- Financial results reflect sustained and disciplined execution of strategy

- Deep long term client relationships remain at the heart of our strategy

- Differentiated competitive positioning with increasing leverage of the network

- Diverse income streams with Commercial Banking remaining core foundation

- Looking forward, strategic fundamentals unchanged; quality execution driving growth
Continued growth

Wholesale Banking income and operating profit

Client income
Own account income
Operating profit

Client income: 22%
Total income: 20%
Operating profit: 23%

CAGR
<table>
<thead>
<tr>
<th>Strategic intent</th>
<th>The <strong>Bank of choice</strong> for corporate and institutional clients <strong>for and in</strong> Asia, Africa and the Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand promise</strong></td>
<td><strong>Here for good</strong></td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td><strong>Courageous</strong></td>
</tr>
<tr>
<td></td>
<td>We stand up for what we believe is right</td>
</tr>
<tr>
<td><strong>Competitive positioning</strong></td>
<td><strong>Delivery</strong></td>
</tr>
<tr>
<td></td>
<td>Collaborating to combine global capability and deep local knowledge to provide innovative solutions</td>
</tr>
<tr>
<td><strong>Commitment to stakeholders</strong></td>
<td><strong>Our people</strong></td>
</tr>
<tr>
<td></td>
<td>A great place to work, enabling individuals to grow and teams to succeed</td>
</tr>
</tbody>
</table>
Our strategy

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

Key enablers

- Infrastructure
- Values and culture

Wholesale Banking strategy
Depth of client relationships

Share of client wallet

Primary banker: 40%
Secondary banker: 20%
Tertiary banker: 10%

Source: McKinsey
We have deepened relationships with existing clients

2008 – 2011:
Top 100 Clients

2011 onwards:
Next 600 Clients
Growth across client segments

- **Top 100 clients**: 2008 - 2011 income growth: CAGR 33%
  - 08 - 11 CAGR: Financial Institutions (19%), CTA* (55%), Local Corporates (67%), Global Corporates (37%)

- **Next 600 clients**: H1 11 – H1 12 income growth: YoY 10%
  - H1 11 - H1 12: Financial Institutions (15%), CTA* (4%), Local Corporates (28%), Global Corporates (8%)

*CTA - Commodity Traders and Agribusiness*
Sustained and consistent growth in Transaction Banking

- Creates deep ‘core bank’ client relationships
- Building market leading technology combined with global coverage
- Leading Trade Finance business for and in footprint
- Cash Management ‘liquidity engine’ for the Bank and support returns
Financial Markets growth is driven by flow type transactions

- Client focused business with low risk profile
- Income based on ‘Flow’ type transactions
- Core strengths in Foreign Exchange and Capital Markets
- Investment in global product offering, e.g. equities and commodities
- Strong ‘One Bank’ cross-sell capability
Corporate Finance has delivered strong income growth...

- Continued growth despite challenging market environment
- Increasing our relevance to clients
- Increasing stable and recurring income streams
- Income streams more diversified by deal size and geography
- Investment in franchise delivering results
...with increasingly stable and diversified income streams

<table>
<thead>
<tr>
<th>Corporate Finance ‘Sub-business’</th>
<th>Product / Service</th>
<th>Share of Corporate Finance income*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Finance</td>
<td>• Equity Capital Markets</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>• Leveraged finance</td>
<td></td>
</tr>
<tr>
<td>Advisory and Infrastructure Finance</td>
<td>• Mergers and acquisitions advisory</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>• Project finance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Oil and gas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Metals and Mining</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Export Finance</td>
<td></td>
</tr>
<tr>
<td>Structured Trade Finance and Financing Solutions</td>
<td>• Structured trade finance</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>• Other structured finance solutions</td>
<td></td>
</tr>
<tr>
<td>Structured Finance</td>
<td>• Leasing finance including shipping and aircraft</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>• Asset-based financing</td>
<td></td>
</tr>
</tbody>
</table>

*Based on average income for H1 11 and H1 12
We have built local scale in key markets

Client income by key geographies

<table>
<thead>
<tr>
<th>Geography</th>
<th>2011 CAGR %</th>
<th>2002 CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>UK &amp; Europe</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>
Cross border capabilities supported by a developed product offering

- Established network is a major competitive advantage
- Product build-out has enhanced our offering to cross border clients
- International network generates increasing amount of Network income
- Network income growth rate exceeds domestic growth rate and has higher RoRWA*  

*RoRWA – Return on risk weighted assets
**China / Hong Kong**
- China economy slowing but still resilient and well managed
- Hong Kong continues to benefit from development of Chinese market
- Continued investment in China network with 24% increase in branches H1 12 – H1 11

**China / Hong Kong income***

- China income: 18% CAGR
- Inbound income: 27% CAGR
- Inbound: 84% CAGR

**India**
- Slowdown in domestic corporate activity
- Continued expansion of Indian multinationals
- Deep relationships with Indian multinationals has driven Network income

**India domestic / Network income split**

- **2008**
  - Domestic: 88%
  - Network: 12%

- **2009**
  - Domestic: 90%
  - Network: 10%

- **2010**
  - Domestic: 87%
  - Network: 13%

- **2011**
  - Domestic: 68%
  - Network: 32%

* H1 10 – H1 12 CAGR
** Bar height represents total originated income and % indicates split of total originated income between domestic and Network
Risk appetite

- **Credit risk**
  - Longstanding client-centric approach
  - Diversified portfolio

- **Market risk**
  - Client income versus own account
  - Absolute and consistently low Value at Risk

- **Operational risk**
  - Operational risk management

- **Liquidity Risk**
  - Funding strategies
  - Distribution
  - Governance
### Strong balance sheet management and liquidity

**Loans and advances to customers**

<table>
<thead>
<tr>
<th>Month</th>
<th>L/A to Customers</th>
<th>Customer deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 09</td>
<td>108</td>
<td>132</td>
</tr>
<tr>
<td>Dec 10</td>
<td>130</td>
<td>173</td>
</tr>
<tr>
<td>Dec 11</td>
<td>147</td>
<td>201</td>
</tr>
<tr>
<td>Jun 12</td>
<td>156</td>
<td>204</td>
</tr>
</tbody>
</table>

**Net liquidity Jaws**

<table>
<thead>
<tr>
<th>Month</th>
<th>Jaws (US$bn)</th>
<th>A/D ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 09</td>
<td>-</td>
<td>81.8</td>
</tr>
<tr>
<td>Dec 10</td>
<td>19</td>
<td>75.1</td>
</tr>
<tr>
<td>Dec 11</td>
<td>12</td>
<td>73.2</td>
</tr>
<tr>
<td>Jun 12</td>
<td>(6)</td>
<td>76.5</td>
</tr>
</tbody>
</table>

1. Net Liquidity Jaws = Increase in customer deposits net of increase in loans and advances to customers in the same period
2. Net liquidity Jaws from Dec 11 to Jun 12
3. Loans and advances to customers and customer deposits shown above are A/D qualifying
Asset origination supported by strong distribution capability

<table>
<thead>
<tr>
<th>Capital Markets</th>
<th>Bilaterals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary</strong></td>
<td></td>
</tr>
<tr>
<td>Syndicates</td>
<td>Club deals</td>
</tr>
<tr>
<td>Debt Capital Markets / Bonds</td>
<td>Insurance / Export Credit Agency</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td></td>
</tr>
<tr>
<td>Public Collateralised Loan Obligation</td>
<td>Contracts For Difference / Purchase agreement</td>
</tr>
<tr>
<td>Structured Funding / Asset Backed Securities</td>
<td>Credit Default Swap</td>
</tr>
<tr>
<td>Secondary Trading</td>
<td>Loan sales / Receivable Purchase Agreement</td>
</tr>
<tr>
<td></td>
<td>Private Collateralised Loan Obligation</td>
</tr>
</tbody>
</table>

- Proven distribution capability supported by quality and diversity of assets
- Creates balance sheet capacity for clients
- Distribution strategy supports return optimisation
We are focused on capital allocation to higher return areas

Risk weighted assets growth
H1 10 - H1 12 CAGR

Client Segments

- Global Corporates: 8%
- Local Corporates: 11%
- Financial Institutions: 7%
- CTA: 23%

Products

- Lending: (3%)
- Transaction Banking: 13%
- Financial Markets*: 11%
- Corporate Finance: 34%

Client RoRWA**

- H1 10: 7.3%
- H1 11: 7.2%
- H1 12: 7.4%

*Financial Markets is excluding Asset and Liability Management; **RoRWA – Return on risk weighted assets
Note: Data is based on a 12 month rolling average
Our infrastructure is a key enabler

- Meet dual challenge of complexity and scale
- Standardised systems
- Investment in systems ahead of growth
- Hubbed support infrastructure
Our brand promise - Here for good

- Values and culture
- How we do business
- Collaboration
Conscious decisions made about the strategy

- Make deep “core-bank” client relationships the most important axis of the strategy

- Focus exclusively on client business “for and in” our major geographic markets within Asia, Africa and the Middle East

- Take a highly conservative approach to capital and liquidity

Disciplined approach to execution

- Clear boundaries to client business

- Commitment and focus on existing clients

- No proprietary trading desks

- Fund before we lend
We have a consistent strategy underpinned by our Commercial Banking business

**Client income breakdown**

H1 10 - H1 12 CAGR

- 20% Strategic
- 26% Value Added
- 44% Transactional
- 10% Lending

**1** Transactional defined as Transaction Banking + flow Foreign Exchange,
**3** Strategic defined as Corporate Finance + Principal Finance,
**4** Commercial Banking defined as Lending + Transactional
Drivers of our Commercial Banking business

Transaction Banking
Split of H1 12 income
- Well balanced business
- Leading position in footprint
- Attractive returns

Lending* US$bn
- Continued origination through Global Financial Crisis
- Client model and credit rating support distribution capacity

Flow Foreign Exchange
FX/NDF** notional volumes
- Corporate clients
- Cash Foreign Exchange business
- Increasing e-penetration
- Strong links into Transaction Banking

* Lending balances based on Wholesale Banking loans and advances to customers, ** Foreign Exchange/Non-Deliverable Forward
What next - Refining our strategy

Our strategy

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

Key enablers

- Infrastructure
- Values and culture
- Collective ambition
Financial targets

Standard Chartered Group

- Double digit income growth
- Grow costs broadly in line with income
- Double digit growth in earnings per share
- Mid-teens Return on Equity

Wholesale Banking

- Mid teens client income growth through the cycle
- Grow costs broadly in line with income

Wholesale Banking operating profit as a % of Group operating profit

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit as a %</td>
<td>63%</td>
<td>60%</td>
<td>52%</td>
<td>54%</td>
<td>58%</td>
<td>58%</td>
<td>66%</td>
<td>79%</td>
<td>78%</td>
<td>77%</td>
</tr>
</tbody>
</table>
Sustained operating profit growth momentum

Wholesale Banking operating profit (US$bn)

0.8 1.4 3.0 5.2

CAGR 23%
Key messages

- Financial results reflect sustained and disciplined execution of strategy

- Deep long term client relationships remain at the heart of our strategy

- Differentiated competitive positioning with increasing leverage of the network

- Diverse income streams with commercial banking remaining core foundation

- Looking forward, strategic fundamentals unchanged; quality execution driving growth