Wholesale Banking and Consumer Banking Day 2012
Leading the way
in Asia, Africa and the Middle East

Saleem Razvi
CFO, Wholesale Banking
Key messages

- Client focus remains at the heart of our strategy
- Business remains diversified by product and geography
- Commercial Banking is at the core of our business
- Strong balance sheet and low risk profile maintained
- Expense discipline creating capacity for accelerated investment spend
Wholesale Banking has been transformed in terms of scale and increased diversity

Number of countries generating income over US$250m

- 2002: 1
- 2011: 10

Number of products generating income over US$250m

- 2002: 4
- 2011: 12

- Client focus maintained
- Scale achieved in both products and geographies
- Leading cross border capabilities
- Product offering build out
Client income growth delivered across Wholesale Banking’s product set

Contribution to client income growth

- Strategic
- Value added
- Transactional
- Lending

Pre-GFC* Phase

GFC*

Post-GFC* Phase


6.4 x

*GFC – Global Financial Crisis
Client segments are increasingly diversified

### Client income

<table>
<thead>
<tr>
<th>Segment</th>
<th>H1 10 Income</th>
<th>H1 12 Income</th>
<th>CAGR 12%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Corporates</td>
<td>H1 10</td>
<td>H1 12</td>
<td>1%</td>
</tr>
<tr>
<td>Local Corporates</td>
<td>H1 10</td>
<td>H1 12</td>
<td>12%</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>H1 10</td>
<td>H1 12</td>
<td>17%</td>
</tr>
<tr>
<td>Commodity Traders and Agribusiness (CTA)</td>
<td>H1 10</td>
<td>H1 12</td>
<td>30%</td>
</tr>
</tbody>
</table>

Key areas of focus

- **Global Corporates**
  - Build deeper “core bank” client relationships
  - Deal pipeline execution

- **Local Corporates**
  - Strong local franchise
  - Up-tiering client relationships

- **Financial Institutions**
  - Diversify through Investors, Insurance and Public Sector
  - Investments across TB¹ and ²FM

- **CTAs**
  - Increase market share as European banks de-leverage

---

¹TB – Transaction Banking, ²FM – Financial Markets, ³CF – Corporate Finance, ⁴PF – Principal Finance
Deep client relationships driving network income growth

### Originated income – network and domestic

<table>
<thead>
<tr>
<th>Network</th>
<th>Domestic</th>
<th>UK &amp; Europe</th>
<th>China</th>
<th>Americas</th>
<th>India</th>
<th>Korea</th>
<th>Africa</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>UAE</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>84</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74</td>
<td>(21)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Network income up 24%*
- Network income now accounts for over half of client income
- Continued network growth in key origination hubs
- China achieving scale
- India domestic slowdown but continued network income growth
Commercial Banking contributes over half of client income

Number of countries with Commercial Banking generating income over US$100m

- 2002: 3 countries
- 2011: 9 countries

Client income (US$bn)

- H1 08: 2.8 (Lending 64%, Transactional 58%, Value added 53%, Strategic 54%)
- H1 09: 3.5 (Lending 58%, Transactional 53%, Value added 54%, Strategic 54%)
- H1 10: 4.1 (Lending 53%, Transactional 54%, Value added 54%, Strategic 54%)
- H1 11: 4.4 (Lending 54%, Transactional 54%, Value added 54%, Strategic 54%)
- H1 12: 4.8 (Lending 54%, Transactional 54%, Value added 54%, Strategic 54%)

CAGR 14%

- 2002 to 2011: 29%
- 2011 to 2012: 17%
- 2002 to 2012: 10%

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, 4 Commercial Banking defined as Lending + Transactional
Transaction Banking has delivered strong and balanced growth

Number of countries generating income over US$100m

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

Total income (US$bn)

<table>
<thead>
<tr>
<th>Period</th>
<th>H1 08</th>
<th>H1 09</th>
<th>H1 10</th>
<th>H1 11</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>1.6</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Cash Management & Custody

Trade Finance

CAGR 10%

H1 08 - H1 12 CAGR

3%

20%
Growth in Transaction Banking driven by increased balances and pricing

- Transaction Banking growth has underpinned Commercial Banking income
- Scale of business has increased significantly since start of the GFC
- Significant investment in franchise - people and platforms
- Provides platform to deepen client relationships

---

**Cash Management**

- CAGR\(^2\) 16%

**Trade Finance**

- CAGR\(^2\) 13%

---

1. Cash Management income includes custody income
2. CAGRs are for average liabilities and average assets and contingents
Corporate Finance has reached scale in key markets

Number of countries generating income over US$100m

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

Number of product lines generating income over US$100m

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

Total income (US$m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>365</td>
<td>615</td>
<td>932</td>
<td>912</td>
<td>991</td>
</tr>
</tbody>
</table>

CAGR 28%
Financial Markets’ global product set supports a resilient income stream

Number of countries generating income over US$100m

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Number of product lines generating income over US$100m

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Total income (US$bn)

<table>
<thead>
<tr>
<th>Period</th>
<th>Credit and Other</th>
<th>Capital Markets</th>
<th>Commodities and Equities</th>
<th>Rates</th>
<th>Foreign Exchange</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 08</td>
<td>1.2</td>
<td>1.7</td>
<td>2.0</td>
<td>nm</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>H1 09</td>
<td>2.0</td>
<td>1.7</td>
<td>2.0</td>
<td>nm</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>H1 10</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>nm</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>H1 11</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>nm</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>H1 12</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>nm</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>
Financial Markets income is underpinned by client needs

- Financing
- Origination
- De-risk
- Access
- Investment

Standard Chartered product offering:
- Foreign Exchange
- Rates
- Credit
- Commodities
- Equities
- Capital Markets

Risk:
- Credit
- Market
- Operational

Managed by:
- Distribution
- Collateral
- Limits
Resulting in a business with a low risk profile

- Low Value at Risk levels relative to assets
- Level 3 assets comprise less than 1% of total Group assets
- 79% of US$2.5bn Asset Backed Securities portfolio rated A or better
- Underwriting ‘Stick’ positions on a declining trend
Wholesale Banking portfolio remains high quality

Loans and advances to customers distribution H1 12

Tenor of loans and advances to customers

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

H1 10 | H1 11 | H1 12
---|---|---
Over five years | 7% | 6% | 7%
One to five years | 28% | 27% | 30%
One year or less | 65% | 67% | 63%

Regions:
- Americas, UK & Europe
- Hong Kong
- Singapore
- Africa
- MESA
- Korea
- India
- Other APR
Credit portfolio quality remains strong

Distribution of EAD by credit grade*

<table>
<thead>
<tr>
<th>Year</th>
<th>1-5</th>
<th>6-8</th>
<th>9-11</th>
<th>12</th>
<th>13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>17%</td>
<td>78%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>2009</td>
<td>17%</td>
<td>76%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>2010</td>
<td>20%</td>
<td>74%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>2011</td>
<td>17%</td>
<td>77%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Risk weighted assets Efficiency**

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>49%</td>
<td>46%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>2010</td>
<td>49%</td>
<td>46%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>2011</td>
<td>49%</td>
<td>46%</td>
<td>43%</td>
<td>43%</td>
</tr>
</tbody>
</table>

*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

**Defined as Wholesale Banking total risk weighted assets / Wholesale Banking total Assets
Loan impairments have risen but remain at low levels

**Wholesale Banking loan impairment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans and advances to customers</th>
<th>Loan impairment bps of loans and advances to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>
Strong expense discipline maintained

Breakdown of cost income ratio (%)

Other expenses as % income:
- 2007: 54 (25%)
- 2008: 50 (24%)
- 2009: 45 (20%)
- 2010: 49 (22%)
- 2011: 47 (21%)

Variable compensation as % income:
- 2007: 12
- 2008: 10
- 2009: 11
- 2010: 11
- 2011: 10

Fixed compensation as % income:
- 2007: 18
- 2008: 16
- 2009: 14
- 2010: 16
- 2011: 17

Jaws %:
- 2007: +3
- 2008: +9
- 2009: +13
- 2010: (8)
- 2011: +2
- H1 11: (1)
- H1 12: +7

2007 - 2011 CAGR Jaws +4%
Creating capacity for increased investment spend

- Infrastructure investments
- Mandatory regulatory investments
- Strategic credit risk solution
- Major platform enhancements
- Network coverage, e.g. China and Africa
- Customer e-commerce and product solutions

Wholesale Banking investment spend (US$m)

2007

2011

CAGR 5%
Key messages

- Client focus remains at the heart of our strategy
- Business remains diversified by product and geography
- Commercial Banking is at the core of our business
- Strong balance sheet and low risk profile maintained
- Expense discipline creating capacity for accelerated investment spend
Q&A