Leading the way
in Asia, Africa and the Middle East

Steve Bertamini
Group Executive Director and CEO,
Consumer Banking
Key messages

- Consumer Banking transformation on track
- Strong balance sheet and diversified growth
- Macro trends support long term opportunities
- Continuing to invest for long term growth
Consumer Banking

- Presence in 44 countries
- Over 13m customers
- Over 1,500 branches
- Nearly 6,000 ATMs
- 29 online and 33 mobile banking countries
Macro trends present clear growth opportunities

- Asia, Africa and the Middle East will contribute around 50% of total global revenue pool growth
- Asia and Africa will have larger private wealth than the US or Europe by 2016
- SMEs are a leading employer in Asia, Africa and the Middle East
- Rapid growth in new internet users in China, India and Nigeria
- More facebook users in Asia than in the US
Consumer Banking strategy remains unchanged

The world’s best international Consumer Bank in each of our chosen markets and segments

<table>
<thead>
<tr>
<th>PARTICIPATION MODEL</th>
<th>CUSTOMER FOCUS</th>
<th>‘BACK TO BASICS’</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Focus on High Value Segments*</td>
<td>▪ Distinctive Customer Value Propositions (CVP) and world class relationship managers</td>
<td>▪ Re-engineering and centres of excellence</td>
</tr>
<tr>
<td>▪ Three standard models</td>
<td>▪ Main bank relationship and payroll driven</td>
<td>▪ Liquidity and secured lending</td>
</tr>
<tr>
<td>▪ Prioritised investment</td>
<td>▪ Needs based bundling</td>
<td>▪ Strong risk and cost discipline</td>
</tr>
<tr>
<td>▪ Hub and spoke, shared utilities</td>
<td></td>
<td>▪ Performance management</td>
</tr>
</tbody>
</table>

* High Value Segments (HVS) - SME, Private, Priority
## Participation model

<table>
<thead>
<tr>
<th>What</th>
<th>Universal</th>
<th>Focus</th>
<th>Lean premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where</td>
<td>National level</td>
<td>Major cities</td>
<td>Select cities</td>
</tr>
<tr>
<td>Offer</td>
<td>Comprehensive suite</td>
<td>Comprehensive suite for HVS</td>
<td>Limited suite</td>
</tr>
<tr>
<td>Focus</td>
<td>All segments</td>
<td>HVS</td>
<td>SME Priority and Employee Banking</td>
</tr>
<tr>
<td></td>
<td>Hong Kong, Singapore, Korea, Indonesia, Pakistan, Bangladesh, United Arab Emirates</td>
<td>China, India, Malaysia, Nigeria, Taiwan, Thailand</td>
<td>Bahrain, Brunei, Vietnam, Jordon, Lebanon, Nepal, Oman, Philippines, Qatar, Sri Lanka, Japan, other African countries</td>
</tr>
</tbody>
</table>
Customer segments

Program criteria*

- High net worth with AUM ≥ US$2m
- SME with turnover ≤ US$37.5m
- Affluent with AUM ≥ US$100k
- Mass market and emerging affluent with AUM < US$100k

*Program criteria are indicative and vary by countries based on local market environment
Private Banking in 8 countries in 22 offices globally

One bank as a competitive advantage

Among top 10 private banks in Asia
SME Banking

- SME Banking in 30 countries
- Liability led business
- Deepening the share of wallet and being main bank
Priority Banking

- Priority Banking in 31 countries
- Liability and wealth led
- Augmented with International Banking
Personal Banking

- Personal Banking in 35 countries
- Largest customer segment in Consumer Banking
- Key to Employee Banking proposition
- Needs based bundle solutions
Retail banking products

- Differentiated service and solutions
- Innovative products
- Relationship rewards program
- Alliances to drive scale
Wealth Management - trusted advisor proposition

- Advice-led proposition
- Superior insights and Investment opportunities into our markets
- Best of breed solutions
- Digital-technology to empower customers and frontline
In the “Tune” phase of transformation

“Install”
- Participation models
- CVPs for HVS
- Customer charter
- “The SCB Way”\(^1\)
- B/S\(^2\) momentum
- Performance management

“Tune”
- Personal and Islamic CVP
- Embed charter and “SCB Way”\(^1\)
- “Trusted Advisor”
- Strengthen brand
- Drive B/S\(^2\) momentum
- Digital capability roll out

“Outperform”
- Integrated distribution experience
- Brand/NPS\(^3\)/Digital leadership
- Competitive RoRWA\(^4\)
- Optimised analytics
- World class technology
- Employer of choice

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\(^1\) SCB Way – Standard Chartered Bank Way, \(^2\) B/S = balance sheet, \(^3\) NPS = Net Promoter Score, \(^4\) RoRWA = Return on Risk Weighted Assets
New capabilities in place or being deployed to deliver the Customer Charter

- Breeze
- Extended branch hours
- Service guarantees

Service

Customer charter
- Friendly, fast and accurate service
- Solutions to your financial needs
- Recognition of your overall banking relationship

SCB Way

Relationship

Trusted Advisor

360 Rewards

Frontline enablers

- CEMS, NBC
- WM Platforms
- KnowledgeOne Analytics & Leads Mgt

Solutions

- CVPs
- Core Bundles

Note: CEMS – Customer experience management system, NBC – Needs based conversation
Performance metrics

- Financials
- Risk and portfolio
- Product and segment
- Process and sales productivity
- Customer and service level
Revenue growth by segment

US$bn

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>5.6</td>
<td>6.8</td>
</tr>
<tr>
<td>Priority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td></td>
<td></td>
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</tbody>
</table>

CAGR

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>HVS</td>
<td>39%</td>
<td>46%</td>
</tr>
</tbody>
</table>

HVS as % of total

**Revenue growth by segment**

**US$bn**

- **Private**
  - 2009: 5.6
  - 2011: 6.8
  - CAGR: 10%
- **Priority**
  - 2009: 39%
  - 2011: 46%
- **SME**
  - 2009: 21%
  - 2011: 19%
- **Personal**
  - 2009: 4%
  - 2011: 16%
### Continued progress in key customer metrics

#### NPS

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>12</td>
<td>25</td>
<td>39</td>
<td>49</td>
<td>51</td>
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</tbody>
</table>

#### SCB Way**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td># Conversations/day</td>
<td>4.08</td>
<td>4.27</td>
<td>4.08</td>
<td>3.91</td>
<td></td>
</tr>
<tr>
<td># Sales/day</td>
<td>1.10</td>
<td>1.45</td>
<td>1.88</td>
<td>2.23</td>
<td>2.43</td>
</tr>
<tr>
<td># Solutions sold/day</td>
<td>3.91</td>
<td>4.08</td>
<td>4.27</td>
<td>4.38</td>
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</tbody>
</table>

#### Complaints/‘000 accounts

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.44</td>
<td>0.83</td>
<td>0.53</td>
<td>0.45</td>
<td>0.40</td>
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</table>

#### Active internet users (m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100</td>
<td>102</td>
<td>109</td>
<td>115</td>
<td>118</td>
</tr>
</tbody>
</table>

#### Q12 scores distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.91</td>
<td>4.08</td>
<td>4.27</td>
<td>4.38</td>
</tr>
</tbody>
</table>

*Products per customer (PPC) index, **Improvement rate % in Jun 12 YTD average vs that of 2011 YTD average
Awards in 2012

The Asian Banker Excellence in Retail Financial Services Awards

Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm

Citywealth Magic Circle Awards, 2012
Asian Advisor/Manager of the Year

Banker M.E. Product Awards, 2012
Best SME Internet Bkg
Best SME Foreign Exchange Service

Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm

CNBC Financial Advisor Awards, 2012
CNBC Financial Advisor Awards for WM expertise (India)

Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm

Capital Outstanding Enterprise Awards
Best Performing Bank Foreign, 2012

Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm

Gartner CRM Excellence Awards
Best Customer Experience Excellence Award

Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm

Global Finance Best Internet Banking 2012 Awards.
Best Consumer Internet Bank in Singapore, Vietnam, Pakistan, UAE, Bahrain and Zambia.

Retail Banker International Awards, 2012
Best Retail Bank (Global)
Best Online Banking Strategy

Bkg & Pmts Asia Trailblazer Awards, 2012
Process Excellence in Account Opening

Retail Banker International Awards, 2012
Best Retail Bank (Global)
Best Online Banking Strategy

Bkg & Pmts Asia Trailblazer Awards, 2012
Process Excellence in Account Opening
Investing in franchise build and accelerating investment in H2 12

- Branding and marketing spend
- Mobile and online
- Customer-focused systems
- Branch projects
- Frontline and sales staff
- Regulatory and controls
Integrating distribution to redefine customer experience

New branch design

**Breeze**

**Express Banking Centres**

**Full branch**

**Smart / Mall branch**

**Pop-up branches**
Challenges and risks

Business and geographic
- Balance sheet growth
- Korea: making steady progress
- China: ongoing investment

Regulation
- Pace of regulatory changes
- Lack of convergence

Competition
- Re-investment in our markets
- Pressure for talent and customers
Incremental growth opportunities

- Become digital main bank
- Scale up Hong Kong and Singapore
- Build strategic alliances
- Accelerate Africa buildup
- Focus on SME and Wealth Management
### Consumer Banking strategic agenda

#### PARTICIPATION MODEL
- Grow HVS and active customers
- Increase CASA* and unsecured mix
- Drive product per customer income via SCB Way, bundles and analytics
- Expand and integrate distribution network

#### CUSTOMER FOCUS
- Build digital main bank capabilities
- Leverage brand and service guarantees to dial up NPS
- Deepen and broaden Wealth Management solutions via trusted advisor proposition

#### ‘BACK TO BASICS’
- Deliver balance sheet and AUM growth
- Become employer of choice
- Improve productivity and the control environment
- Maintain tight cost and risk discipline

*CASA - Current Account Savings Account
Build Digital Main Bank capabilities

“To do”

1. Accelerate digital capability roll out
2. Enable CASA
3. Shift customer behavior
4. Integrate multi-channel capability
5. Create “digital first” solutions
6. Alliances to build scale
Bringing it all together

To be the world’s best international Consumer Bank in each of our chosen markets and segments across Asia, Africa and the Middle East

Participation model  Customer focus  ‘Back to basics’

Our customer charter

Our team is here to give you…

- Friendly, fast and accurate service
- Solutions to financial needs
- Recognition and reward overall banking relationship

Our goal is to be the Bank you recommend to friends, family and colleagues

Deliver sustainable operating performance
Key messages

- Consumer Banking transformation on track
- Strong balance sheet and diversified growth
- Macro trends support long term opportunities
- Continuing to invest for long term growth
Leading the way in Asia, Africa and the Middle East

Kevin Hoffman-Smith
CFO, Consumer Banking
Key messages

- Balanced growth across segments, products and geographies
- Lending mix shifting gradually to unsecured and SME
- Strong portfolio quality
### Financial performance - 5 years

<table>
<thead>
<tr>
<th>US$m</th>
<th>2006</th>
<th>2009</th>
<th>06 - 09 CAGR %</th>
<th>2011</th>
<th>09 - 11 CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>4,684</td>
<td>5,629</td>
<td>6</td>
<td>6,791</td>
<td>10</td>
</tr>
<tr>
<td>Expenses</td>
<td>(2,641)</td>
<td>(3,709)</td>
<td>12</td>
<td>(4,605)</td>
<td>11</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>2,043</td>
<td>1,920</td>
<td>(2)</td>
<td>2,186</td>
<td>7</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(721)</td>
<td>(1,052)</td>
<td>13</td>
<td>(524)</td>
<td>(29)</td>
</tr>
<tr>
<td>Other impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(12)</td>
</tr>
<tr>
<td>Operating profit</td>
<td><strong>1,322</strong></td>
<td><strong>867</strong></td>
<td><strong>(13)</strong></td>
<td><strong>1,650</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>
## Balance sheet

### Deposits

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA</td>
<td>124</td>
<td>151</td>
</tr>
<tr>
<td>Time deposits</td>
<td>(5)</td>
<td>19</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CAGR %**
- 10
- 7

### Loans and advances

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>CCPL*</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>SME</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td>58</td>
<td>70</td>
</tr>
</tbody>
</table>

**CAGR %**
- 14
- 22
- 17
- 20
- 10

*CCPL – Cards, Personal Loans and Unsecured Lending*
## Financial Performance - HoH

<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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ m</td>
<td>%</td>
<td>Constant fx %</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>3,337</td>
<td>(2,109)</td>
<td>178</td>
<td>5</td>
</tr>
<tr>
<td>Expenses</td>
<td>3,454</td>
<td>(2,496)</td>
<td>198</td>
<td>9</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>1,228</td>
<td>(211)</td>
<td>(20)</td>
<td>(2)</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>958</td>
<td>(313)</td>
<td>89</td>
<td>42</td>
</tr>
<tr>
<td>Other impairment</td>
<td>1,208</td>
<td>(300)</td>
<td>5</td>
<td>125</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,013</td>
<td>(4)</td>
<td>(114)</td>
<td>(11)</td>
</tr>
</tbody>
</table>

### Excluding one-offs*

<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>
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<tbody>
<tr>
<td></td>
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<td>3,337</td>
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<td>139</td>
<td>4</td>
</tr>
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<td>Expenses</td>
<td>3,454</td>
<td>(2,317)</td>
<td>112</td>
<td>5</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>1,142</td>
<td>(262)</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>1,137</td>
<td>(346)</td>
<td>81</td>
<td>31</td>
</tr>
<tr>
<td>Other impairment</td>
<td>1,169</td>
<td>(343)</td>
<td>5</td>
<td>125</td>
</tr>
<tr>
<td>Operating profit</td>
<td>876</td>
<td>(4)</td>
<td>(59)</td>
<td>(7)</td>
</tr>
</tbody>
</table>

*One-offs include sales of loan portfolios, recoveries on structured notes in Taiwan, Early Retirement Programme and property sale in Korea.
## Income by product

<table>
<thead>
<tr>
<th></th>
<th>US$m</th>
<th></th>
<th>06 - 11 CAGR %</th>
<th>US$m</th>
<th></th>
<th>H1 12 vs H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2009</td>
<td>2011</td>
<td>H1 12</td>
<td></td>
<td>US$m</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,404</td>
<td>1,311</td>
<td>1,409</td>
<td>0</td>
<td>786</td>
<td>95</td>
</tr>
<tr>
<td>Mortgage &amp; Auto Finance</td>
<td>780</td>
<td>1,244</td>
<td>1,478</td>
<td>14</td>
<td>656</td>
<td>(95)</td>
</tr>
<tr>
<td>Cards, Personal Loans &amp; Unsecured</td>
<td>1,799</td>
<td>1,992</td>
<td>2,422</td>
<td>6</td>
<td>1,297</td>
<td>148</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>534</td>
<td>921</td>
<td>1,272</td>
<td>19</td>
<td>639</td>
<td>(18)</td>
</tr>
<tr>
<td>Others</td>
<td>167</td>
<td>161</td>
<td>210</td>
<td>5</td>
<td>137</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>4,684</td>
<td>5,629</td>
<td>6,791</td>
<td>8</td>
<td>3,515</td>
<td>178</td>
</tr>
</tbody>
</table>
### Income by geography

<table>
<thead>
<tr>
<th>Region</th>
<th>2006 US$m</th>
<th>2009 US$m</th>
<th>2011 US$m</th>
<th>06 - 11 CAGR %</th>
<th>H1 12 US$m</th>
<th>H1 12 vs H1 11 US$m</th>
<th>H1 12 vs H1 11 %</th>
<th>Constant fx %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>1,019</td>
<td>1,082</td>
<td>1,326</td>
<td>5</td>
<td>674</td>
<td>32</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Singapore</td>
<td>367</td>
<td>635</td>
<td>924</td>
<td>20</td>
<td>479</td>
<td>34</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Korea</td>
<td>1,146</td>
<td>995</td>
<td>1,153</td>
<td>0</td>
<td>588</td>
<td>5</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Other APR</td>
<td>950</td>
<td>1,283</td>
<td>1,613</td>
<td>11</td>
<td>846</td>
<td>49</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>India</td>
<td>323</td>
<td>444</td>
<td>482</td>
<td>8</td>
<td>223</td>
<td>(15)</td>
<td>(6)</td>
<td>8</td>
</tr>
<tr>
<td>MESA</td>
<td>545</td>
<td>678</td>
<td>723</td>
<td>6</td>
<td>371</td>
<td>12</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Africa</td>
<td>257</td>
<td>351</td>
<td>422</td>
<td>10</td>
<td>235</td>
<td>33</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>Americas, UK &amp; Europe</td>
<td>77</td>
<td>161</td>
<td>148</td>
<td>14</td>
<td>99</td>
<td>28</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,684</strong></td>
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<td><strong>8</strong></td>
<td><strong>3,515</strong></td>
<td><strong>178</strong></td>
<td><strong>5</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>
Loan impairment

<table>
<thead>
<tr>
<th>Year</th>
<th>US$m</th>
<th>LI / ANR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>721</td>
<td>0.98%</td>
</tr>
<tr>
<td>2007</td>
<td>736</td>
<td>0.90%</td>
</tr>
<tr>
<td>2008</td>
<td>937</td>
<td>1.12%</td>
</tr>
<tr>
<td>2009</td>
<td>1,052</td>
<td>1.19%</td>
</tr>
<tr>
<td>2010</td>
<td>578</td>
<td>0.53%</td>
</tr>
<tr>
<td>2011</td>
<td>524</td>
<td>0.44%</td>
</tr>
<tr>
<td>H1 12</td>
<td>300</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

*LI / ANR – Loan impairment / Average Net Receivables
Key messages

- Balanced growth across segments, products and geographies

- Lending mix shifting gradually to unsecured and SME

- Strong portfolio quality
Leading the way
in Asia, Africa and the Middle East

Ray Duggins
Chief Risk Officer, Consumer Banking
Key messages

- Credit quality remains strong and stable
- Lending mix gradually shifting gradually to unsecured and SME
- Established and proven credit risk management toolkit and processes
## Consumer Banking loan impairment

<table>
<thead>
<tr>
<th></th>
<th>H1 11</th>
<th>H2 11</th>
<th>FY 11</th>
<th>H1 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LI/ANR</td>
<td>0.03%</td>
<td>0.01%</td>
<td>0.02%</td>
<td>(0.03%)</td>
</tr>
<tr>
<td>30dpd/ENR*</td>
<td>0.59%</td>
<td>0.67%</td>
<td>0.67%</td>
<td>0.66%</td>
</tr>
<tr>
<td>Loan book (US$bn)</td>
<td>73</td>
<td>70</td>
<td>70</td>
<td>69</td>
</tr>
<tr>
<td>LI (US$m)</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>SME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LI/ANR</td>
<td>0.40%</td>
<td>0.60%</td>
<td>0.52%</td>
<td>0.50%</td>
</tr>
<tr>
<td>90dpd/ENR*</td>
<td>0.58%</td>
<td>0.57%</td>
<td>0.57%</td>
<td>0.53%</td>
</tr>
<tr>
<td>Loan book (US$bn)</td>
<td>20</td>
<td>19</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>LI (US$m)</td>
<td>38</td>
<td>58</td>
<td>96</td>
<td>49</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LI/ANR</td>
<td>1.05%</td>
<td>1.52%</td>
<td>1.33%</td>
<td>1.51%</td>
</tr>
<tr>
<td>Including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30dpd/ENR*</td>
<td>2.12%</td>
<td>2.28%</td>
<td>2.28%</td>
<td>2.12%</td>
</tr>
<tr>
<td>CCPL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan book (US$bn)</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>35*</td>
</tr>
<tr>
<td>LI (US$m)</td>
<td>163</td>
<td>253</td>
<td>416</td>
<td>260</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LI/ANR</td>
<td>0.35%</td>
<td>0.50%</td>
<td>0.44%</td>
<td>0.49%</td>
</tr>
<tr>
<td>30dpd/ENR*</td>
<td>0.95%</td>
<td>1.08%</td>
<td>1.08%</td>
<td>1.02%</td>
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<tr>
<td>Loan book (US$bn)</td>
<td>126</td>
<td>122</td>
<td>122</td>
<td>124</td>
</tr>
<tr>
<td>LI (US$m)</td>
<td>211</td>
<td>313</td>
<td>524</td>
<td>300</td>
</tr>
</tbody>
</table>

*ENR - End period Net Receivables

** Includes US$20.4bn of CCPL
Loan impairment remains low

Loan impairment as a % of Consumer Banking Average Net Receivables*

- 2002: 2.12
- 2004: 0.72
- 2006: 0.98
- 2008: 1.12
- 2010: 0.55
- 2011: 0.51
- H1 12: 0.56

* Gross loan impairment excluding sales of loan portfolios
Strong and stable credit quality

Selective actions taken

- Korea – Credit bureau scores to mitigate Personal Debt Rehabilitation Scheme impact
- Thailand – Intensified collection activity and debt restructuring after floods
- China – Limited origination from SMEs in higher risk sectors
## Improved risk-reward profile

**2010**

- **Mortgages**: 60%
- **Others**: 11%
- **15% SME**
- **14% CCPL**

**H1 2012**

- **Mortgages**: 56%
- **Others**: 12%
- **16% SME**
- **16% CCPL**

### Loan Book and Risk Adjusted RoRWA

<table>
<thead>
<tr>
<th></th>
<th>Loan book US$bn</th>
<th>Risk adjusted RoRWA</th>
<th>LI / ANR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCPL</td>
<td>16</td>
<td>4.7%</td>
<td>2.80%</td>
</tr>
<tr>
<td>SME</td>
<td>17</td>
<td>5.7%</td>
<td>0.66%</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>7.4%</td>
<td>0.53%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Loan book US$bn</th>
<th>Risk adjusted RoRWA</th>
<th>LI / ANR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCPL</td>
<td>20</td>
<td>5.7%</td>
<td>2.56%</td>
</tr>
<tr>
<td>SME</td>
<td>20</td>
<td>8.0%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>8.1%</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

- Improving risk-reward profile as portfolio mix shifts
Two types of Stress tests

- Scenario based stress tests
- Standard “1 in 25 severity” used to assess downside volatility

Performed Regularly

- Nine scenario based stress tests performed in last 12 months
- “1 in 25 severity” recession losses reviewed on a quarterly basis

Relevant stress assumptions

- Scenarios developed through an internal challenge process including bank economists, market experts and credit experts
- Market specific severities based on historical events

Downside volatility and mitigating plans

- Stress impairment rates range between current level and prior peak of 2008
- High risk segments identified and mitigation plans developed
Established credit risk management toolkit

- 94 application and behaviour scores in use with 25 SME scores recently developed
- 20 markets with full bureau and 7 markets with negative bureau
- Integrated new origination and account management decision systems with Straight Through Processing
- Advanced authorisation and fraud tools, optimised diallers and collection intensive care units
- Robust risk-reward framework (economic profitability, capital efficiency and downside volatility)
- Hands-on approach (portfolio deep dives, field visits, stress tests)
Key messages

- Credit quality remains strong and stable

- Lending mix gradually shifting gradually to unsecured and SME

- Established and proven credit risk management toolkit and processes
Q&A