## Contents

**Bill Winters**  
Group Chief Executive  

**Andy Halford**  
Group Chief Financial Officer  

### Appendix  

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</tr>
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<td>Vulnerable sectors, macroeconomic indicators, detailed risk data and interest rate sensitivity</td>
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<td>56</td>
</tr>
</tbody>
</table>
Our client franchise remains healthy and we are seeing encouraging early signs of recovery in some of our larger markets.

We came through extremely challenging conditions with operational and financial resilience.

**Strategic progress**

- The COVID crisis has reinforced the relevance of our strategic priorities:
  - Our differentiated strengths help **Network** and **Affluent** clients navigate the crisis
  - Helping clients manage risk in our **optimisation markets**\(^1\) helped lift profit there 7%
  - Existing **productivity** initiatives are being accelerated, and new ones catalysed
  - **Digital** engagement increased significantly during lockdown; processing was seamless
  - Stimulus measures targeting **sustainable** recovery play to our sustainable finance focus

**Performance**

- Encouraging underlying momentum continued into 1H’20: income up 5\(^2\)
- Discipline over costs contributed to healthy 17% pre-provision operating profit growth\(^2\)
- Credit impairment up $1.3bn YoY; down $345m QoQ in 2Q’20
  - As a result underlying operating profit reduced 25% to $2.0bn
- Facing significant uncertainty with strengthened CET1 and substantial ECL provisions

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\(^1\) India, Korea, the UAE and Indonesia (pg 23)

\(^2\) Year-on-year change, at constant currency and excluding positive debit valuation adjustment
Andy Halford

Group Chief Financial Officer
Resilient first half performance in conditions that were increasingly challenging

<table>
<thead>
<tr>
<th>($bn)</th>
<th>1H’19</th>
<th>1H’20</th>
<th>YoY$</th>
<th>Ccy$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income ex-DVA</td>
<td>7.7</td>
<td>7.9</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>DVA</td>
<td>(0.0)</td>
<td>0.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>7.7</td>
<td>8.0</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(5.0)</td>
<td>(4.7)</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Pre-provision operating profit</td>
<td>2.7</td>
<td>3.3</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Credit impairment</td>
<td>(0.3)</td>
<td>(1.6)</td>
<td>Nm</td>
<td></td>
</tr>
<tr>
<td>Other impairment</td>
<td>(0.0)</td>
<td>0.1</td>
<td>Nm</td>
<td></td>
</tr>
<tr>
<td>Profit from associates</td>
<td>0.2</td>
<td>0.1</td>
<td>(52)%</td>
<td>(52)%</td>
</tr>
<tr>
<td>Underlying profit before tax</td>
<td>2.6</td>
<td>2.0</td>
<td>(25)%</td>
<td>(25)%</td>
</tr>
<tr>
<td>Goodwill and restructuring</td>
<td>(0.2)</td>
<td>(0.3)</td>
<td>(68)%</td>
<td></td>
</tr>
<tr>
<td>Statutory profit before tax</td>
<td>2.4</td>
<td>1.6</td>
<td>(33)%</td>
<td>(33)%</td>
</tr>
<tr>
<td>Risk-weighted assets</td>
<td>271</td>
<td>263</td>
<td>(3)%</td>
<td></td>
</tr>
<tr>
<td>Net interest margin (NIM) (%)</td>
<td>1.66</td>
<td>1.40</td>
<td>(26)bps</td>
<td></td>
</tr>
<tr>
<td>CET1 ratio (%)</td>
<td>13.5</td>
<td>14.3</td>
<td>80bps</td>
<td></td>
</tr>
<tr>
<td>Liquidity coverage ratio (LCR) (%)</td>
<td>139</td>
<td>149</td>
<td>10%pt</td>
<td></td>
</tr>
<tr>
<td>Underlying RoTE (%)</td>
<td>8.4</td>
<td>6.0</td>
<td>(240)bps</td>
<td></td>
</tr>
</tbody>
</table>

- Income up 5%$ despite rapid global recession
- Expenses reduced 2% ccy = 7% positive jaws$2
  - Pre-provision operating profit ex-DVA up 17%
- Impairments significantly higher YoY; down 36% QoQ in 2Q’20
  - Stage 1 & 2 up $586m: ~50% from management overlay
  - Stage 3 up $727m: no significant new exposures in 2Q’20
- Risk-weighted assets down $2bn / 1% since 31.12.19
  - Permata reduction ($9bn) > credit migration ($7bn)
- NIM impacted by sharp reduction in interest rates
- Balance sheet has strengthened since onset of COVID
  - CET1% of 14.3%; up 90bps QoQ, above 13-14% target
  - LCR of 149%; up 7%pt QoQ
  - TB OPAC up 20% and Retail CASA up 9% since 31.12.19
- Return on tangible equity down 240bps to 6.0%

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1. YoY: year-on-year variance is better/worse other than for risk-weighted assets (RWA), common equity Tier 1 (CET1) and liquidity coverage ratio (LCR), which is increase/(decrease) / Ccy: constant currency
2. At constant currency and excluding debit valuation adjustment (DVA)
1H’20 income was up 5% at constant currency and ex-DVA; 2Q’20 was up 4% YoY

Strong growth in Financial Markets more than offset the impact of interest rate cuts

### Income 1H’20 vs 1H’19 ($m)

<table>
<thead>
<tr>
<th>Category</th>
<th>1H’20 ex-DVA</th>
<th>Currency impact</th>
<th>1H’19 constant currency ex-DVA</th>
<th>Financial Markets ex-DVA</th>
<th>Treasury &amp; Other</th>
<th>Lending &amp; Portfolio Management</th>
<th>Corporate Finance</th>
<th>Wealth Management</th>
<th>Retail Products</th>
<th>Transaction Banking</th>
<th>1H’20 ex-DVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H’19 ex-DVA</td>
<td>7,738</td>
<td>(150)</td>
<td>7,588</td>
<td>474</td>
<td>59</td>
<td>52</td>
<td>27</td>
<td>(4)</td>
<td>(21)</td>
<td>(232)</td>
<td>7,943</td>
</tr>
<tr>
<td>Currency impact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Income 2Q’20 vs 2Q’19 ($m)

<table>
<thead>
<tr>
<th>Category</th>
<th>2Q’20 ex-DVA</th>
<th>Currency impact</th>
<th>2Q’19 constant currency ex-DVA</th>
<th>Financial Markets ex-DVA</th>
<th>Lending &amp; Portfolio Management</th>
<th>Corporate Finance</th>
<th>Treasury &amp; Other</th>
<th>Retail Products</th>
<th>Wealth Management</th>
<th>Transaction Banking</th>
<th>2Q’20 ex-DVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q’19 ex-DVA</td>
<td>3,872</td>
<td>(100)</td>
<td>3,772</td>
<td>376</td>
<td>42</td>
<td>6</td>
<td>(4)</td>
<td>(35)</td>
<td>(72)</td>
<td>(164)</td>
<td>3,921</td>
</tr>
<tr>
<td>Currency impact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The net interest margin fell significantly in 2Q’20 reflecting extremely low rates

We continue to expect further NIM pressure through the remainder of 2020

- NII down 10% YoY / 13% QoQ
- Adjusted NIM\(^1\) down 24bps QoQ from rate cuts in 1Q’20
  - Asset yields down 58bps to 2.4%
  - Rate paid down 36bps from repricing of deposit base
  - AIEA\(^2\) up 4% and AIBL\(^2\) up 3%
  - No NIM impact from COVID relief measures
- Strong liquidity in HK compressing HIBOR
- Interest rate risk sensitivity in the banking book increases as rate approaches zero
  - 1 year impact of +/-50bps: $180m / $(335)m (pg34)

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1. Statutory basis: the Group has changed its accounting policy for net interest income and basis of preparation of its net interest margin to better reflect the underlying performance of its banking book. See notes to the financial statements in the 2019 Annual Report for further details
2. AIEA: Average interest earning assets / AIBL: Average interest bearing liabilities
Other income up 15%\(^1\), with strong trading income offsetting decline in fees and commissions

We have diverse sources of income that are less sensitive to interest rates, and tend to be less capital-intensive

**Income, statutory basis ($m)**

- **Net fees and commissions ($m)**
  - 1H'19: 3,992
  - 1H'20: 4,601
  - RB + PvB: ~50% of total, declined 7% driven by Wealth Management
  - CIB + CB + C&O: declined 23% driven by Transaction Banking

- **Net trading and other income ($m)**
  - 1H'19: 2,154
  - 1H'20: 3,043
  - 2Q'19: 1,978
  - 3Q'19: 2,036
  - 4Q'19: 1,723
  - 1Q'20: 2,496
  - 2Q'20: 2,105
  - $146m positive DVA movement YoY
  - Realisation gains in Treasury Markets
  - Buoyant FM conditions unlikely to repeat in 2H'20

\(^1\) Statutory basis
Strong income growth in CIB, but higher impairments offset lower costs in every business …

Standout performance from CIB, with growth in most products and good cost control

<table>
<thead>
<tr>
<th>Corporate &amp; Institutional Banking</th>
<th>1H’20</th>
<th>1H’20 vs 1H’19 (inc/(dec)) YoY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income²</td>
<td>$4.0bn</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>$2.0bn</td>
<td></td>
</tr>
<tr>
<td>Profit before tax²</td>
<td>$1.1bn</td>
<td>(6)%(6)%</td>
</tr>
<tr>
<td>RWA</td>
<td>$137bn</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retail Banking</th>
<th>1H’20</th>
<th>1H’20 vs 1H’19 (inc/(dec)) YoY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$2.5bn</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>$1.8bn</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>$0.3bn</td>
<td>(48%)(6)%</td>
</tr>
<tr>
<td>RWA</td>
<td>$44bn</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial Banking</th>
<th>1H’20</th>
<th>1H’20 vs 1H’19 (inc/(dec)) YoY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$0.7bn</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.4bn</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>$0.2bn</td>
<td>(46%)(5)%</td>
</tr>
<tr>
<td>RWA</td>
<td>$31bn</td>
<td>(11)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Private Banking</th>
<th>1H’20</th>
<th>1H’20 vs 1H’19 (inc/(dec)) YoY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$0.3bn</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.2bn</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>$0.1bn</td>
<td>(44%)(6)%</td>
</tr>
<tr>
<td>RWA</td>
<td>$6bn</td>
<td>(7)%</td>
</tr>
</tbody>
</table>

1. YoY: Year-on-year (1H’20 vs 1H’19) % variance is increase/(decrease)
2. Excluding positive movement in DVA, Corporate & Institutional Banking income was up 9% and profit before tax ex-DVA was down 23%
3. Retail Banking: income down (2.54)% / expenses down (2.47)%

Corporate & Institutional Banking: RoTE 8.3% -1.5%pt
Retail Banking: RoTE 7.3% -7.5%pt
Commercial Banking: RoTE 5.8% -3.9%pt
Private Banking: RoTE 8.5% -7.2%pt
... and in every region. Resilient performance in GCNA despite early onset of COVID

### Positive jaws in three regions; flat jaws in AME where low oil prices have exacerbated headwinds

<table>
<thead>
<tr>
<th>Region</th>
<th>Income</th>
<th>Expenses</th>
<th>Profit before tax</th>
<th>RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China &amp; North Asia</td>
<td>$3.1bn</td>
<td>$1.8bn</td>
<td>$1.1bn (15%)</td>
<td>$89bn</td>
</tr>
<tr>
<td>ASEAN &amp; South Asia</td>
<td>$2.4bn</td>
<td>$1.2bn</td>
<td>$0.5bn (40%)</td>
<td>$80bn(14%)</td>
</tr>
<tr>
<td>Africa &amp; Middle East</td>
<td>$1.3bn</td>
<td>$0.8bn</td>
<td>$0.1bn (80%)</td>
<td>$52bn</td>
</tr>
<tr>
<td>Europe &amp; Americas</td>
<td>$1.1bn</td>
<td>$0.7bn</td>
<td>$0.4bn</td>
<td>$44bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>1H’20 vs 1H’19 (inc/(dec)) YoY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China &amp; North Asia</td>
<td>2% +5 Jaws</td>
</tr>
<tr>
<td>ASEAN &amp; South Asia</td>
<td>11% +15% Jaws</td>
</tr>
<tr>
<td>Africa &amp; Middle East</td>
<td>Flat Jaws³</td>
</tr>
<tr>
<td>Europe &amp; Americas</td>
<td>38% +45% Jaws</td>
</tr>
</tbody>
</table>

### 1H’20 vs 1H’19 (inc/(dec)) YoY¹

1. YoY: Year-on-year (1H’20 vs 1H’19) % variance is increase/(decrease)
2. Excluding positive movement in DVA, Europe & Americas income was up 27%
3. AME: income down (6.3)% / expenses down (6.7)%
Contribution from Central & other items is broadly flat YoY

- Lower Treasury NII as rates decline offset by realisation gains on sale of securities
- Profit negatively impacted from a change in timing of revenue recognition of Bohai profits (Associate line)

### Central & other items (segment)

<table>
<thead>
<tr>
<th></th>
<th>1H’20</th>
<th>1H’19</th>
<th>YoY%¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$0.5bn</td>
<td>$0.4bn</td>
<td>9</td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.3bn</td>
<td>$0.3bn</td>
<td>16</td>
</tr>
<tr>
<td>Profit / (loss) before tax²</td>
<td>$0.3bn</td>
<td>$0.3bn</td>
<td>3</td>
</tr>
<tr>
<td>RWA</td>
<td>$44bn</td>
<td>$52bn</td>
<td>(15)</td>
</tr>
</tbody>
</table>

### Central & other items (region)

<table>
<thead>
<tr>
<th></th>
<th>1H’20</th>
<th>1H’19</th>
<th>YoY%¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$0.2bn</td>
<td>$0.3bn</td>
<td>(49)</td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.2bn</td>
<td>$0.3bn</td>
<td>19</td>
</tr>
<tr>
<td>Profit / (loss) before tax²</td>
<td>$(0.1)bn</td>
<td>$0.1bn</td>
<td>n.m</td>
</tr>
<tr>
<td>RWA</td>
<td>$(3)bn</td>
<td>$(2)bn</td>
<td>24</td>
</tr>
</tbody>
</table>

1. YoY: year-on-year (1H’20 vs 1H’19) variance is better/worse other than for risk-weighted assets (RWA), which is increase/decrease
2. Profit before tax includes profit from associates and joint ventures

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**Items excluded from**

- Client Segments
  - Treasury Markets
  - Associates and Joint Ventures
  - Other non-segment specific items

- Regions
  - Portfolio Management
  - Other global items

**Centrally managed**

- Treasury Capital
- Corporate Centre costs
- Strategic investments
- UK bank levy

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**Central & other items (segment)**

<table>
<thead>
<tr>
<th></th>
<th>1H’20</th>
<th>1H’19</th>
<th>YoY%¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$0.5bn</td>
<td>$0.4bn</td>
<td>9</td>
</tr>
<tr>
<td>Expenses</td>
<td>$0.3bn</td>
<td>$0.3bn</td>
<td>16</td>
</tr>
<tr>
<td>Profit / (loss) before tax²</td>
<td>$0.3bn</td>
<td>$0.3bn</td>
<td>3</td>
</tr>
<tr>
<td>RWA</td>
<td>$44bn</td>
<td>$52bn</td>
<td>(15)</td>
</tr>
</tbody>
</table>

- Lower YoY Income and profit mainly due to lower NII in Treasury Capital as rates declined
Robust cost control continued in 2Q’20, and will be maintained through 2H’20 into 2021

Initiatives are underway to deliver sustainable cost efficiencies into 2021

Cost-to-income ratio\(^1\) (%)

<table>
<thead>
<tr>
<th></th>
<th>1H’19</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>64</td>
<td>59</td>
</tr>
</tbody>
</table>

\(^1\) Cost-to-income ratio is calculated as Income ex-DVA / Operating expense ex-UK bank levy. The equivalent ratio in 1H’19 / 1H’20 including DVA is 65% / 59%

Other operating expenses income\(^2\) ($m)

<table>
<thead>
<tr>
<th></th>
<th>1Q’19</th>
<th>2Q’19</th>
<th>3Q’19</th>
<th>4Q’19</th>
<th>1Q’20</th>
<th>2Q’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>2,554</td>
<td>2,501</td>
<td>2,592</td>
<td>2,358</td>
<td>2,355</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>4,969</td>
<td>4,713</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^2\) Excludes the UK bank levy and on a constant currency basis

\(^3\) Excludes the UK bank levy

• OpEx improved 5% YoY; or 2% ccy
  ▪ 7% positive jaws at ccy and ex-DVA
  ▪ OpEx broadly flat QoQ
• Continue to expect FY’20 expenses\(^2\) below $10bn
  ▪ Costs in 2H usually higher than in 1H
• Implementing additional efficiency initiatives
  ▪ Intent to maintain rate of investment …
  ▪ … while removing costs structurally
  ▪ As a result, aiming to keep expenses below $10bn\(^3\) in 2021 as well
The effects of the rapid spread of COVID significantly impacted credit quality in 1H’20

Securing our foundations in 2015-18 means we are better prepared to navigate extremely challenging conditions

### Credit impairment ($m) / Loan loss rate (bps)

<table>
<thead>
<tr>
<th>Loan loss rate</th>
<th>92bps</th>
<th>17bps</th>
<th>1,567</th>
<th>668</th>
<th>254</th>
<th>172</th>
<th>899</th>
<th>1H’19</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1 and Stage 2 Credit impairment ($m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>176</td>
<td>157</td>
<td>279</td>
<td>224</td>
<td>55</td>
</tr>
<tr>
<td>Stage 3 Credit impairment ($m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2Q’19</td>
<td>3Q’19</td>
<td>4Q’19</td>
<td>1Q’20</td>
<td>2Q’20</td>
</tr>
</tbody>
</table>

### Credit quality ($bn)

<table>
<thead>
<tr>
<th>Early Alerts ($bn)</th>
<th>$9.3</th>
<th>$14.4</th>
<th>31.12.19</th>
<th>30.06.20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Grade 12 ($bn)</td>
<td>5.3</td>
<td>1.5</td>
<td>$2.4</td>
<td>$1.6</td>
</tr>
<tr>
<td>Net stage 3 L&amp;A ($bn)</td>
<td>$8.0</td>
<td>$8.4</td>
<td>$9.3</td>
<td>$11.5</td>
</tr>
</tbody>
</table>

- **Credit impairment up $1.3bn YoY**
  - Significant reduction QoQ in 2Q’20
  - Stage 3 impairment up $727m: no significant new exposures in 2Q’20
  - See pg14 for Stage 1 and 2 analysis
- **Quantum and timing of future impairments not possible to reliably predict**
  - If economic conditions do not deteriorate materially, we anticipate 2H’20 < 1H’20
- **$3.9bn increase in high risk assets QoQ**
  - EA up mostly in April (down MoM in June)
  - Net L&A and CG12 up $0.9bn
  - Strong cover ratio 60% (1Q’20: 65%) / 80% including collateral (1Q’20: 85%)
- **Investment grade exposures down 4%pt to 57%**
- **L&A to Vulnerable sectors** up $0.6bn in 1H’20 (pg30)

---

1. Loan loss rate is on a year to date annualised basis
2. Early Alerts (Non-Purely Precautionary) are on a net nominal basis
3. “High risk” in this context means exposures classified in Early Alerts (Non-Purely Precautionary), CG12 or Net Stage 3
4. Cover ratio before collateral
5. “Vulnerable sector” exposures identified at 1Q’20 - Refer to slide 10 of the 1Q’20 Results Presentation
Deteriorating macroeconomic variables drove higher provisions in 1H’20, mainly in 1Q’20

Increased impairments driven by modelled outcomes due to deteriorating MEVs plus management overlay

Stage 1 and 2 credit impairment ($m)

Stage 1 and 2 impairment up $586m YoY
- ~50% from management overlay
- 2/3 taken in 1Q’20
- RB overlay includes assessment of loans subject to COVID moratoria
- Lower management overlay partially offset by increase to PDs and LGDs

Stress concentrated mainly in ASA region
- GCNA showing early signs of recovery

1. See page 33 for model baseline macroeconomic forecasts in key footprint markets
2. Management overlay is net of a $16m release related to Hong Kong booked in 4Q’19 and released in 1Q’20
3. 2Q’20 E&A / C&O is a net provision release of $(11)m, not reflected in the chart
Our Retail Banking lending is predominately secured and extended to affluent customers

We replaced $8bn of unsecured consumer finance with secured exposures during our 2015-2018 turnaround

Retirement Banking and Private Banking total loans ($bn)

- RB + PvB loans of $118bn are 43% of Group
  - 30% of the unsecured book is extended to affluent 'Priority' segment customers
  - 96% Stage 1: low non-performing loan ratio at 1.0% and high cover ratio\(^2\) at 88%
- Mortgages are ~2/3 of total RB + PvB loans
  - 59% have <50% loan-to-value\(^3\) (average 45%) …
  - … and 3% have >80% LTV\(^3\)
- HK mortgages ~1/3 of total: average LTV 41%
- 70% of RB book is in GCNA
  - No material COVID moratoria schemes in the region
  - Delinquency levels have returned close to pre-COVID levels

1. Includes Auto loans and other
2. Cover ratio including collateral
3. Refer to p73 of the Half Year Report 2020 for further details of mortgage loan-to-value ratios
We remain strongly capitalised, enabling us to maximise support for clients and communities.

**Risk-weighted assets ($bn)**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Asset growth &amp; mix</th>
<th>Derivatives</th>
<th>RCF Drawdown</th>
<th>Asset Quality</th>
<th>Market Risk</th>
<th>Permata Disposal</th>
<th>FX/Other¹</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWA down ~1% or $1.5bn from 31.12.19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Increase mostly due to effects of COVID, including credit migration and RCF drawdowns</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offsetting factors include $(9)bn from Permata disposal in 2Q’20 and improved RWA density</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**CET1 ratio (%)**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>PAT</th>
<th>Buyback</th>
<th>Dividend²</th>
<th>CRWA/MRWA</th>
<th>Permata Disposal</th>
<th>FX/Other²</th>
<th>1H’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>CET1 above target 13-14% range</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profits and Permata disposal offset RWA impact from effects of COVID</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cessation of dividends released 24bps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>~15bps in 1H’20 from COVID “relief” regulatory changes⁴</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK leverage ratio 5.2% flat vs FY’19, well above minimum requirement of 3.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

1. Include FX impact $(3.6)bn; ORWA +$0.2bn; Models +$1.0bn and Initiatives +$0.2bn
2. Includes impact of FY’19 final dividend cancellation $0.6bn partly offset by Tier 1 distributions $0.2bn
3. Includes FX $(0.5)bn partly offset by lower regulatory deductions $0.3bn
4. COVID relief changes refer to changes to the Capital Requirements Regulation announced in June 2020 including IFRS transitional relief, Market Risk back-testing exemptions & PVA calculation changes
Bill Winters

Group Chief Executive
Our purpose drives our business decisions, bold actions and ambitious commitments

**Our purpose: Driving commerce and prosperity through our unique diversity**

<table>
<thead>
<tr>
<th>We understand our responsibilities</th>
<th>We will lead sustainable financing across emerging markets</th>
<th>We will maximise return from investment in our people</th>
<th>We support the communities where we work and live</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Retained ‘AA’ ESG(^1) rating from MSCI</td>
<td>• In 1H’20 we funded/facilitated:</td>
<td>• Focus on wellbeing in crisis</td>
<td>• $50m COVID Global Charitable Fund:</td>
</tr>
<tr>
<td>• Target of ‘net zero emissions’(^2) from our operations by 2030</td>
<td>▪ $2.2bn infrastructure financing that promotes sustainable development</td>
<td>▪ 75% home-working at peak</td>
<td>▪ Phase 1: distributed $22m for emergency relief to 128 partners across 52 markets</td>
</tr>
<tr>
<td>• Established partnership with Imperial College on assessing climate risks in our decisions</td>
<td>▪ $4.6bn clean-tech projects</td>
<td>▪ No COVID redundancies, or furloughs</td>
<td>▪ Phase 2: support young people to rebuild livelihoods and learning through ‘Futuremakers’</td>
</tr>
<tr>
<td>• Focus shifted to delivering Sustainability Aspirations supporting the UN SDGs(^1)</td>
<td>▪ Doubled Sustainable Deposits: now over $2bn</td>
<td>• Nine skills academies launched</td>
<td>• ‘Futuremakers’ projects running in 33 countries</td>
</tr>
<tr>
<td></td>
<td>• Launched Opportunity 2030 report(^3)</td>
<td>▪ Building future capabilities - human and technical skills</td>
<td>• Launched digital training through ‘Women in Tech’ incubators</td>
</tr>
<tr>
<td></td>
<td>• Women’s Livelihood Bond to create livelihoods for 250k+ underserved women</td>
<td>▪ Creating a culture of learning</td>
<td>• $1bn financing for companies providing goods and services to fight COVID (see pg20)</td>
</tr>
<tr>
<td></td>
<td>• 570 E&amp;S(^1) reviews completed: 25% YoY</td>
<td>▪ 30k learners on new digital platform</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ 15k certified in new ways of working</td>
<td></td>
</tr>
</tbody>
</table>

1. SDG = United Nation’s Sustainable Development Goals. ESG = Environmental, Social and Governance. E&S = Environmental and Social
2. ‘Net zero’ emissions means in aggregate we will not produce any emissions from our operations. For example, a net zero carbon building is a building that is fully powered by renewable energy sources
3. Identified a $10tn gap in financing for SDGs in 15 of our key emerging markets, and identified areas of financing that could have the greatest impact in contributing to the SDGs 6, 7 and 9
We are providing relief from the impact of COVID for individual customers and small business owners

A small proportion of RB customers currently require relief: most affected exposures are performing and secured

- Our support for personal customers included:
  - Branches and ATMs remained open, where allowed
  - Our call centres maintained full service levels
  - We ramped up digital outreach, to stay engaged
- ~300k approved relief applications in 24 markets
  - 98% approval rate for voluntary relief schemes
  - ~2/3 for mandatory programmes
- LTV of moratoria book 37%; total RB portfolio 45%
- Encouraging early signs where moratoria has ended
  - In China and Hong Kong delinquencies peaked in March but are now close to pre-COVID levels

4% Of RB clients granted relief
- Of which <1/2 sought relief voluntarily
- 88% in ASA

8% Of total RB L&A subject to relief ($8.9bn)
- 71% compulsory (regulatorily approved)
- 89% are ‘current’

79% Fully secured
- Of which >2/3 mortgages
  - … with 37% average LTV

1. Loans and advances to customers
2. As of 30.06.20 relief measures were compulsory (regulatorily approved) in ASA (India, Malaysia, Bangladesh and Nepal) and AME (Bahrain and Jordan) regions
3. ‘Current’ means scheduled payments at the time of relief were up-to-date. Of the 11% that are non-current, 8%pt are between 1-29 ‘days past due’
We are supporting corporate clients and financing credit at-cost for businesses that are fighting COVID

Extensions granted relate to a small proportion of total CCIB\(^1\) L&A\(^2\): mostly short-term tenor

| 3%   | Of total CCIB\(^1\) L&A\(^2\) subject to extensions ($5.6bn) |
| ~5k  | Client requests supported |
| ~2/3 | Is short term (<90 days) |

Of which 68% is CB\(^1\)
20% in vulnerable sectors\(^3\)
96% CB clients / 87% in ASA
99% in credit grades 1-11C\(^4\)
Of which 36% has been repaid
Only 3% >180 days

Our $1bn commitment to fund businesses fighting COVID is being put to good use already

- Strong demand, with rapid turnaround
  - $420m funding approved
  - ~50% disbursed, mostly to CB clients
  - Evenly split across ASA, GCNA and AME
- Examples include
  - Apparel manufacturers producing masks in Sri Lanka and Vietnam for overseas markets
  - Conversion of a beverage production plant in Ghana to produce hand sanitiser
  - Chinese toy company adding masks to production line
  - Procuring PPE and critical care equipment for hospitals in Bahrain

---

1. CCIB = Corporate, Commercial & Institutional Banking / CB = Commercial Banking
2. Loans and advances to customers and banks
3. ‘Vulnerable sectors’ include Commodity Traders, Oil & Gas, Metal & Mining and Aviation and - for this purpose - Commercial Real Estate and Hotels & Tourism
4. Credit grades are used internally to assess risk. CG1-11C are all ‘performing’ clients whose credit is considered ‘strong’ or ‘satisfactory’ (p158 of 2019 Annual Report)
Our network strength is helping us support clients to manage their risk and reconfigure supply chains

### Clients

- **‘Next + New’ income**
  - 1H’20 YoY: +14%

### Income

- **Network³ ($bn)**
  - 2.2 (1H’18), 2.3 (1H’19), 2.2 (1H’20)
  - % change: -6%

- **Network %⁴**
  - 68%, 69%, 65%
  - % change: -4%pt

- **Network Capital-lite %⁵**
  - 60%, 60%, 59%
  - % change: -1%pt

### ROTE

- **Network³**
  - 12%, 17%, 11%
  - % change: -6%pt

- **Corporate & Institutional Banking**
  - 8%, 10%, 8%
  - % change: -2%pt

1. 1H’20 YoY: year-on-year (1H’20 vs 1H’19) variance
2. ‘Next’ clients: those that have the potential to deliver significant and sustainable income growth; “New” clients: new to bank, mainly based in OECD markets
3. “Network” income: that generated outside of a client’s headquarter country (excluding risk management, trading and ship leasing)
4. Network income as % of CIB Income (excluding risk management, trading and ship leasing)
5. ‘Capital-lite’ income is generated from products with lower RWA consumption or of a non-funding nature
6. SWIFT Documentary Letters of Credit global volumes (MT 700) 1H’20 vs 1H’19 $ volumes
7. Transaction Banking period end Trade assets as at 30.6.20 vs 30.06.19
8. The Asset Triple A Treasury, Trade, SSC & Risk Management Awards 2020

- Improving penetration of target clients; income from “New” clients up 37% YoY
- Income from our international network was impacted by the sharp global economic contraction
- TB Trade assets have declined but at a slower rate than the market as a whole
  - Global trade volumes down 20% YoY
  - TB Trade assets down 11% YoY
- Our unique geographic diversity differentiates us
  - Only global bank in every ASEAN market
- Continued focus on supporting China opening
  - Voted “Best Renminbi Bank” in nine markets
  - Launched the GBA Business Confidence Index
Our affluent client business showed resilience in more difficult conditions

### Clients

**Number of Retail Banking Priority clients**²  
- **1H’20 YoY**: +2%

**Private Banking Net New Money ($bn)**  
- 0.0

**Affluent AUM⁴ ($bn)**  
- 89

**Income**

**Affluent³ ($bn)**  
- 1.7

**Affluent³ % of Retail Banking + Private Banking**  
- 60%  
- 63%  
- 63%

**ROTE**

**Affluent³**  
- 31%

**Retail Banking + Private Banking**  
- 12%

### Purpose

- Affluent client base continues to grow while AUM negatively impacted by lower market valuations
- Private Banking productivity is improving
  - Income per RM⁵ up 35% since 2018
  - >7x increase in digital client engagement in 1H’20
- F2F client engagement impacted by lockdowns…
  - … but digital adoption improved rapidly (see pg25)

---

1. 1H’20 YoY: year-on-year (1H’20 vs 1H’19) variance  
2. Number of qualified priority banking clients in the top 10 Retail Banking Priority markets  
3. Affluent income is that generated from Priority and Premium clients in the Retail Banking segment and from clients in the Private Banking segment; Variance +1%pt = 1H’19 62.5% vs 1H’20 63.2%  
4. Private Banking, Retail Priority and Retail Premium Wealth Management Assets Under management. This replaces the previously reported KPI “WM + Deposits % of Retail Banking”  
5. Income / RM: relationship manager
We continue to see encouraging progress in four large markets where we are optimising returns.

### Strategic priorities

- **Digitisation / reset cost base**
  - Digital adoption 69%
  - CIR improved to 43%

- **Higher quality income**
  - Global Subs +16%
  - Business Banking +53%
  - Sub-optimal RWA down 30%

- **Cost, capital and RWA**
  - CIR improved to 62%
  - Headcount down ~180
  - Continued execution of branch optimisation plans: 4 closed in 1H'20

- **Streamline cost base**
  - CIR improved 2%pt
  - Priority / RB income\(^3\) up 7%pt to 57%

- **Grow Affluent/Network**
  - TB Cash liability +31%
  - Network income -19%

- **Test disruptive retail digital platforms**
  - Banking-as-a-service platform announced
  - Permata sale enables full focus on one entity

### Income growth YoY

<table>
<thead>
<tr>
<th>Country</th>
<th>Reported / constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>44% / 53%</td>
</tr>
<tr>
<td>Korea</td>
<td>9% / 14%</td>
</tr>
<tr>
<td>UAE</td>
<td>(3)% / (3)%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>37% / 40%</td>
</tr>
</tbody>
</table>

### Cost-to-income ratio

<table>
<thead>
<tr>
<th>Country</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
</tr>
</tbody>
</table>

### Pre-provision operating profit\(^1\)

<table>
<thead>
<tr>
<th>Country</th>
<th>$406m / 133%</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>$206m / 79%</td>
</tr>
<tr>
<td>UAE</td>
<td>$120m / 3%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$111m / 95%</td>
</tr>
</tbody>
</table>

### Profit before tax\(^1\)

<table>
<thead>
<tr>
<th>Country</th>
<th>$239m / 80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>$191m / 57%</td>
</tr>
<tr>
<td>UAE</td>
<td>$(72)m / nm(^2)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$47m / 38%</td>
</tr>
</tbody>
</table>

### Aggregate PBT\(^4\)

<table>
<thead>
<tr>
<th>Country</th>
<th>$405m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td></td>
</tr>
</tbody>
</table>

1. Underlying Pre-provision operating profit and underlying profit before tax for 1H’20 and YoY change where negative is decrease
2. UAE underlying profit before tax for 1H’19 was $91m
3. Priority Banking income as a % of Retail Banking income
4. Aggregate underlying profit before taxation / pre-provision operating profit in the four markets
The crisis has accelerated some existing productivity projects, and catalysed new ones

- Digital sales grew significantly during the pandemic
  - >4x YoY including Ant Financial JV in China …
  - … digital sales ex-JV up 12%pts
  - Non-digital sales declined 18% YoY due primarily to COVID-related social isolation
- Strongly positive jaws drove:
  - Double-digit growth in PPOP per FTE …
  - … and a 6%pt improvement in cost-to-income ratio
- Targeting expenses <$10bn (ccy) by implementing sustainable cost reduction actions given challenging environment

<table>
<thead>
<tr>
<th>Clients</th>
<th>1H’20 YoY¹</th>
<th>¹1H’20 YoY: year-on-year (1H’20 vs 1H’19) variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Banking % of digital sales²</td>
<td>67%</td>
<td>+43%pt</td>
</tr>
<tr>
<td>Corporate &amp; Institutional Banking on-boarding³ (Days)</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income productivity</th>
<th>1H’18</th>
<th>1H’19</th>
<th>1H’20</th>
<th>²1H’19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income per FTE⁴ ($000s)</td>
<td>171</td>
<td>177</td>
<td>185</td>
<td>+5%</td>
</tr>
<tr>
<td>PPOP per FTE⁵ ($000s)</td>
<td>59</td>
<td>65</td>
<td>79</td>
<td>+21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost efficiency</th>
<th>1H’18</th>
<th>1H’19</th>
<th>1H’20</th>
<th>⁵Pre provision operating profit over the past 12 months divided by the 12 month rolling average of FTEs. This replaces the previously reported KPI ‘RAR per client-facing FTE’, which was $500k in 1H’20 down 3% on 1H’19 of $517k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:income ratio (ex UK bank levy)</td>
<td>67%</td>
<td>65%</td>
<td>59%</td>
<td>-6%pt</td>
</tr>
</tbody>
</table>

1. 1H’20 YoY: year-on-year (1H’20 vs 1H’19) variance
2. Digital sales as a % of total sales – now includes sales via Ant Financial JV
3. Days to on-board a new Corporate & Institutional Banking client
4. Income over the past 12 months divided by the 12 month rolling average of full-time equivalent employees
5. Pre provision operating profit over the past 12 months divided by the 12 month rolling average of FTEs. This replaces the previously reported KPI ‘RAR per client-facing FTE’, which was $500k in 1H’20 down 3% on 1H’19 of $517k
We are executing multiple exciting digital initiatives to transform our business.

**Retail Banking**

- **Mobile adoption**:
  - 1H'18: 26%
  - 1H'19: 32%
  - 1H'20: 37%
  - YoY: +6%pts

- **Digital adoption**:
  - 1H'18: 47%
  - 1H'19: 52%
  - 1H'20: 56%
  - YoY: +4%pts

**Corporate & Institutional Banking**

- **FM digital volume ($m)**:
  - 1H'18: 70
  - 1H'19: 78
  - 1H'20: 93
  - YoY: +19%

**Commercial Banking**

- **S2B utilisation**:
  - 1H'18: 57%
  - 1H'19: 64%
  - 1H'20: 70%
  - YoY: +6%pts

**Strategic priorities**

- HK virtual bank “Mox” launching very soon
- Digital-only bank now available in 9 Africa markets
  - Doubled number of new accounts opened in 1H'20 to ~330k new accounts
- Personal lending JV with Ant Financial in China
- Announced nexus banking platform in Indonesia
- Roll out of MyRM in Hong Kong
- Launched CardsPal mobile app in Singapore

---

1. 1H'20 YoY: year-on-year (1H'20 vs 1H'19) variance
2. Mobile adoption by active clients
3. Mobile and online adoption by active clients
4. Financial Markets sales income originated via E-platforms, prior year periods have not been restated for CIB/CB reorganisation as impact is immaterial
5. % of Commercial Banking clients active on the Group’s proprietary Straight2Bank (S2B) application, 1H'17 has not been restated for CIB/CB reorganisation
6. MyRM enables Priority Banking clients to interact with their RM in a secure way via on-line banking or SC mobile banking
7. Nexus is a banking as a service (BaaS) solution that will offer white-label platforms
8. CardsPal is a mobile app that helps the user find the best credit card deals to help maximise savings, covering 70+ cards
9. The Asian Banker’s Excellence in Retail Financial Services Award Programme 2020
Concluding remarks

The outlook globally is extremely uncertain but some of our larger markets are recovering from COVID

- Economic activity is likely to be volatile and uneven across our footprint in 2H’20
  - Geopolitical risks remain elevated
  - Some of our larger markets should start to drive the global economy out of recession
- Income is likely to be lower HoH and YoY in 2H’20
  - Interest rates expected to remain low; buoyant 1H’20 conditions for FM unlikely to repeat
- We are targeting expenses\(^1\) below $10bn in both 2020 and 2021\(^2\)
- It is not possible to reliably predict the quantum or timing of future impairments
  - However, if economic conditions do not materially deteriorate then, given substantial provisions taken already, we anticipate impairments will be lower HoH in 2H’20

We believe some of our larger markets will start to drive the global economy out of recession

---

1. Total expenses excluding UK bank levy
2. 2021 cost target is on a constant currency basis
Appendix

Vulnerable sectors, macroeconomic indicators, detailed risk data and interest rate sensitivity

Information for fixed income investors

Sustainability information

Abbreviated terms and important notice
Vulnerable sectors, macroeconomic indicators, detailed risk data and interest rate sensitivity
We continue to monitor exposures to sectors most at risk from COVID and lower oil prices particularly carefully.

Loans and advances in “Vulnerable sectors” increased by $0.6bn during 1H’20 and are now 9% of Group total.

<table>
<thead>
<tr>
<th>IFRS 9 (as at 30 June 2020)</th>
<th>Commodity Traders</th>
<th>Oil and Gas</th>
<th>Metals &amp; Mining</th>
<th>Aviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>% &lt; 1 year maturity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Stage 3 L&amp;A ($bn)</td>
<td>9.6</td>
<td>8.8</td>
<td>5.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Net Stage 2 L&amp;A ($bn)</td>
<td>8.9</td>
<td>6.7</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Net Stage 1 L&amp;A ($bn)</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Change in total Net L&amp;A from 31.12.19 ($bn)</td>
<td>(0.8)</td>
<td>0.7</td>
<td>(0.2)</td>
<td>0.9</td>
</tr>
</tbody>
</table>

- **Vulnerable sectors**
  - Off balance sheet exposures down 7%
  - Collateral more than doubled to $6bn
  - ECL provision up $0.3bn to $1.1bn

- **Other sectors considered COVID-sensitive**
  - Commercial Real Estate
    - $18.3bn loans & advances
    - 98% strong/satisfactory credit grade
  - Hotels & Tourism
    - $2.9bn loans & advances
    - 97% strong/satisfactory credit grade

---

1. The data presented at 1Q’20 was on a net nominal basis. On that basis in 2Q’20 Commodity Traders was up $0.3bn, Oil & Gas was up $0.9bn, Metals & Mining was down $0.2bn and Aviation was up $0.6bn (all QoQ).
2. Based on net loans and advances to customers and banks as at 30 June 2020.
3. See page 74 of the Half Year Report for further details of the Group’s credit quality by industry.
4. Early alert (non-purely precautionary) on a net nominal basis as % of total net nominal exposure.
The global economy is likely to contract by 3.3% in 2020 due to the effects of COVID-19

Economic uncertainty remains high

**Potential headwinds**
- Resurgence and spread of COVID-19 infections
- Escalating US-China tensions
- Geopolitical events including US presidential elections

**Potential tailwinds**
- Unprecedented increase in central bank balance sheets to support economies
- Large fiscal stimulus to combat impact of COVID-19
- Opportunities for supply chain realignments

### Sharp contraction in 2020 and recovery in 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Real GDP growth1 (%)</th>
<th>2019</th>
<th>2020e</th>
<th>2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>4.2</td>
<td>-1.2</td>
<td>-7.2</td>
<td>6.0</td>
</tr>
<tr>
<td>GCNA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>6.1</td>
<td>2.5</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>2.0</td>
<td>-0.6</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>4.2</td>
<td>-4.0</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>ASA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.0</td>
<td>0.4</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>0.7</td>
<td>-6.0</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>AME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>2.3</td>
<td>-4.3</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>2.7</td>
<td>-4.6</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>EA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>1.4</td>
<td>-8.0</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>1.7</td>
<td>-5.4</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>GLOBAL</td>
<td>3.0</td>
<td>-3.3</td>
<td>5.5</td>
<td></td>
</tr>
</tbody>
</table>

1. Source: Standard Chartered Global Research, India’s financial year starts in April each year. The forecasts for 2020 reflect Global Research projections, and not necessarily those of the Board
Stage 1 and 2 credit impairments: Changes to baseline forecast in key footprint markets

Changes to macroeconomic forecasts for key footprint markets: 1Q’20 to 2Q’20

Baseline: change in macroeconomic forecasts\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Hong Kong</th>
<th>Korea</th>
<th>Singapore</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (YoY): 2020 Forecast</td>
<td>4.0% ⇒ 2.5%</td>
<td>(4.9)% ⇒ (7.2)%</td>
<td>0.7% ⇒ (0.6)%</td>
<td>(2.3)% ⇒ (6.0)%</td>
<td>3.1% ⇒ (4.0)%</td>
</tr>
<tr>
<td>GDP (YoY): 2021 Forecast</td>
<td>5.8% ⇒ 7.5%</td>
<td>3.5% ⇒ 6.0%</td>
<td>2.5% ⇒ 2.2%</td>
<td>2.8% ⇒ 8.2%</td>
<td>5.6% ⇒ 13.1%</td>
</tr>
<tr>
<td>GDP (YoY): 5 year average base forecast</td>
<td>5.3% ⇒ 5.9%</td>
<td>1.3% ⇒ 1.9%</td>
<td>2.3% ⇒ 2.0%</td>
<td>1.2% ⇒ 2.1%</td>
<td>5.7% ⇒ 6.0%</td>
</tr>
<tr>
<td>Unemployment: 5 year average base forecast</td>
<td>3.8% ⇒ 3.8%</td>
<td>4.0% ⇒ 4.1%</td>
<td>3.6% ⇒ 3.9%</td>
<td>3.2% ⇒ 3.5%</td>
<td>N/A ⇒ N/A</td>
</tr>
<tr>
<td>3 month interest rate: 5 year average base forecast</td>
<td>2.6% ⇒ 2.4%</td>
<td>2.1% ⇒ 2.1%</td>
<td>1.3% ⇒ 1.6%</td>
<td>1.7% ⇒ 1.7%</td>
<td>4.8% ⇒ 4.4%</td>
</tr>
<tr>
<td>House prices (YoY): 5 year average base forecast</td>
<td>6.2% ⇒ 6.4%</td>
<td>3.8% ⇒ 3.9%</td>
<td>2.6% ⇒ 2.3%</td>
<td>3.6% ⇒ 3.8%</td>
<td>6.0% ⇒ 6.0%</td>
</tr>
</tbody>
</table>

Crude price Brent, bbl

\(35 \Rightarrow 34\)

\(44 \Rightarrow 44\)

\(49 \Rightarrow 50\)

1. Forecast from Standard Chartered Global Research as at 26 May 2020
Stage 1 and 2 credit impairments: Baseline forecast GDP trends

Shape of GDP base forecasts in relation to prior period actuals and long-term growth rates

1. Forecast from Standard Chartered Global Research as at 26 May 2020. Long-term quarterly growth forecasts are on a ~10yr forward-looking basis in each market.
The (50)bps downside scenario now implies negative interest rates, which increases the earnings sensitivity

Estimate of banking book NII sensitivity to instantaneous +/- (50)bps change in interest rates across all currencies

Annualised benefit ($m)

- Interest rates globally have been cut significantly since the start of the year, primarily in response to COVID
  - The US Federal Funds target rate was cut by (150)bps in March 2020 to 0.00-0.25%
  - Most major currency rates are now close to zero
- A further cut of (50)bps across all yield curves would make re-pricing liabilities very difficult
- The asymmetry between the +/- scenarios has widened due to:
  - Deposit flooring assumptions as rates approach zero
  - Differing behavioral assumptions, which are scenario-specific
- Benefit of Treasury Markets tenor extension reducing as surplus now being reinvested in a lower rate environment

1. See page 95 of the Half Year Report for further details concerning the calculation of interest rate risk in the banking book
Information for fixed income investors
Standard Chartered overview: resilient performance founded on a diverse franchise

Over 160 years in some of the world's most dynamic markets

- **60** markets
- **>80%** income from Asia, Africa & Middle East
- **4** client segments & **4** regions

**Group income diversified by region and segment**

- GCNA: 39%
- ASA: 32%
- AME: 16%
- EA: 14%
- C&OI: 6%

**Group income diversified by product**

- Financial Markets: 28%
- Retail Products: 23%
- Transaction Banking: 19%
- Corporate Finance: 12%
- Lending: 7%
- Wealth Management: 6%
- Treasury: 5%
- Other FM: 4%
- CCPL: 5%
- Deposits: 4%
- Mortgages and Auto: 4%
- Other Retail Products: 3%

**1H’20 Performance highlights**

- **$8.0bn** (1H’19: $7.7bn)
  - Operating income: **59%** (1H’19: 65%)
  - Cost income ratio (ex UK Levy): **59%** (1H’19: 65%)

- **$2.0bn** (1H’19: $2.6bn)
  - Profit before taxation: **6.0%** (1H’19: 8.4%)
  - Return on tangible equity: **6.0%** (1H’19: 8.4%)

1. Security Services was reclassified from Transaction Banking to Financial Markets following a reorganisation
2. Capital Structuring Distribution Group
3. Includes Debit Valuation Adjustment of $104m
Foundations strengthened amid a difficult operating environment

- Strong and liquid balance sheet positions the Group well to support its clients through current volatile and uncertain times
- CET1 above target range as profits, Permata disposal and distribution actions more than offset negative impacts from COVID
- MREL position further strengthened by $7.4bn of issuance in 1H'20: well above 2022 requirement
- Leverage ratio unchanged: operating with significant headroom to minimum requirements
- LCR strengthened despite COVID market liquidity stress due to improved quality of the funding base

1. Fully phased minimum requirements from 1 January 2022
### Key risk indicators

<table>
<thead>
<tr>
<th>Risk Indicator</th>
<th>1H’20 (IFRS 9)</th>
<th>FY’14 (IAS 39)</th>
<th>1H’20-14 Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment grade as a % of corporate exposure</td>
<td>57%</td>
<td>42%</td>
<td>↑</td>
</tr>
<tr>
<td>Top 20 corporates as a % of Tier 1 capital</td>
<td>61%</td>
<td>83%</td>
<td>↓</td>
</tr>
<tr>
<td>CCIB tenor profile % (&lt;1 yr.) including FVTPL</td>
<td>63%</td>
<td>65%</td>
<td>≈</td>
</tr>
<tr>
<td>Total cover ratio (excl / incl collateral)¹</td>
<td>60% / 80%</td>
<td>52% / 62%</td>
<td>↑</td>
</tr>
<tr>
<td>Loan-to-value of mortgage portfolio</td>
<td>45%</td>
<td>49%</td>
<td>↓</td>
</tr>
<tr>
<td>% of retail banking income from Affluent²</td>
<td>63%</td>
<td>44%</td>
<td>↑</td>
</tr>
</tbody>
</table>

1. Key portfolio indicators improved since FY’14 reflecting:

   - Focus on investment grade clients for new CIB origination and targeted reduction in single name concentrations
   - Strengthening of the Group’s risk culture with more frontline involvement in risk management
   - Shift to more affluent retail customers and reduction of exposure to higher risk unsecured segments

2. Quality and resilience of the loan book significantly improved since FY’14:

   - Highly diverse by industry sectors, product and geography
   - Re-positioning of corporate portfolio: exiting weaker accounts, higher quality origination and reduction in exposure to vulnerable sectors
   - Retail shift to affluent results in higher quality clients and lower level of unsecured exposures
   - Business banking exposure, of which 80% is secured, is < 3% of the Group’s loan book

### Gross customer loans and advances³ ($bn)

<table>
<thead>
<tr>
<th>Industry/(Product)</th>
<th>1H’20</th>
<th>FY’14</th>
<th>1H’20-14 Mvt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial real estate</td>
<td>6%</td>
<td>8%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Energy</td>
<td>6%</td>
<td>9%</td>
<td>↓</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>3%</td>
<td>8%</td>
<td>↓</td>
</tr>
<tr>
<td>Government</td>
<td>8%</td>
<td>14%</td>
<td>↑</td>
</tr>
<tr>
<td>CCPL &amp; other unsecured lending</td>
<td>6%</td>
<td>7%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Secured wealth products</td>
<td>7%</td>
<td>6%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Mortgage</td>
<td>28%</td>
<td>27%</td>
<td>≈</td>
</tr>
<tr>
<td>Transport, telecom &amp; utilities</td>
<td>6%</td>
<td>9%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Financing, insurance &amp; non-banking</td>
<td>8%</td>
<td>7%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9%</td>
<td>7%</td>
<td>&lt;</td>
</tr>
<tr>
<td>Manufacturing &amp; non-banking</td>
<td>8%</td>
<td>7%</td>
<td>&lt;</td>
</tr>
</tbody>
</table>

1. FY’14 includes both individual and portfolio impairment provisions: 1H’20 includes stage 3 provisioning. Following adoption of IFRS 9, the definition of non-performing loans and stage 3 have been aligned

2. Retail banking priority, retail banking premium and private banking. FY14 Affluent segment contribution to retail banking income is based on client income.

3. 1H’20 customer loans and advances does not include reverse repurchase agreements (repos) held at fair value through profit and loss (FVTPL) amounting to $59bn, while FY’14’s figures include repos held at FVTPL amounting to $14.3b.
Some of the Group’s larger markets in Asia are expected to lead the way in the global COVID recovery.

**UK GDP**
- Base interest rate: 0.1%
- 2020: 6.5%
- 2021: 6.5%

**Europe GDP**
- Base interest rate: -0.5%
- 2020: 5.5%
- 2021: 5.5%

**US GDP**
- Base interest rate: 0 to 0.25%
- 2020: 3.8%
- 2021: 3.8%

**China GDP**
- Base interest rate: 3.85%
- 2020: 7.5%
- 2021: 7.5%

**India GDP**
- Base interest rate: 4.25%
- 2020: 10%
- 2021: 10%

**Korea GDP**
- Base interest rate: 0.5%
- 2020: 2.2%
- 2021: 2.2%

**Hong Kong GDP**
- Base interest rate: 0.5%
- 2020: 6%
- 2021: 6%

**Singapore GDP**
- Base interest rate: n/a
- 2020: 8.2%
- 2021: 8.2%

**Notes:**
- Source of maps: United Nations
- Source of real GDP growth: SC Research Global Focus: Economic Outlook Q3 2020

1. Current benchmark rate as at 24 July 2020
2. Bank policy rate
3. One-year loan prime rate
4. Singapore’s monetary policy is based on the management of the exchange rate
Balance sheet diversity underpins resilience

1H’20 Balance sheet assets
- Loans & advances to customers¹
- Investment securities
- Loans & advances to banks
- Other assets
- Cash & balances at central banks
- Derivatives

1H’20 Customer loans & advances¹ by market and segment
- Hong Kong
- Singapore
- UK
- Korea
- US
- China
- India
- UAE
- Other

1H’20 Balance sheet liabilities
- Customer accounts¹
- Other liabilities
- Derivatives
- Deposits by banks
- Senior debt
- Other debt securities in issue
- Subordinated liabilities & other borrowed funds

1H’20 Customer accounts¹ by market and segment
- Hong Kong
- UK
- Singapore
- Korea
- US
- China
- India
- UAE
- Other

1. Loans & advances to customers and Customer accounts includes FVTPL
Liquidity position strengthened despite market stress

**Total customer deposits** ($bn)

<table>
<thead>
<tr>
<th></th>
<th>FY'18</th>
<th>1H'19</th>
<th>FY'19</th>
<th>1H'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA</td>
<td>175</td>
<td>189</td>
<td>173</td>
<td>155</td>
</tr>
<tr>
<td>%CASA/Total Customer Deposits</td>
<td>56%</td>
<td>54%</td>
<td>58%</td>
<td>64%</td>
</tr>
<tr>
<td>Time deposits &amp; other</td>
<td>223</td>
<td>219</td>
<td>239</td>
<td>274</td>
</tr>
</tbody>
</table>

- LCR and ADR strengthened to 149% and 63% respectively
- Liquidity levels maintained at pre-crisis levels despite challenging 1Q’20
- Funding quality improved with CASA balances (including Retail CASA and TB OPAC) increasing by 15% vs FY’19, mainly in UK, US, SG and across GCNA
- The Group remains committed to supporting its clients through this difficult period while continuing to improve the quality of its funding base

**Advances-to-deposits ratio** ($bn)

<table>
<thead>
<tr>
<th></th>
<th>FY'18</th>
<th>1H'19</th>
<th>FY'19</th>
<th>H1'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>251</td>
<td>398</td>
<td>260</td>
<td>408</td>
</tr>
<tr>
<td>%CASA/Total Customer Deposits</td>
<td>63%</td>
<td>64%</td>
<td>64%</td>
<td>63%</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>265</td>
<td>412</td>
<td>269</td>
<td>429</td>
</tr>
</tbody>
</table>

**Liquidity coverage ratio** ($bn)

<table>
<thead>
<tr>
<th></th>
<th>FY'18</th>
<th>H1'19</th>
<th>FY'19</th>
<th>H1'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQLA</td>
<td>150</td>
<td>155</td>
<td>158</td>
<td>157</td>
</tr>
<tr>
<td>Net outflows</td>
<td>97</td>
<td>111</td>
<td>110</td>
<td>105</td>
</tr>
<tr>
<td>Liquidity coverage ratio</td>
<td>154%</td>
<td>139%</td>
<td>144%</td>
<td>149%</td>
</tr>
</tbody>
</table>

---

1. Excludes repurchase agreements and reverse repurchase agreements and other similar secured borrowing. Customer deposits and customer accounts include $7,696m of customer accounts held at FVTPL.
2. Loans and advances to customers includes $10,453m of customer loans and advances held at FVTPL and excludes $13,595m of central bank balances that qualify as HQLA.
CET1 position strong: absolutely and relative to requirements

**CET1 minimum requirement reduced in the period**

- FY'19 MDA: 10.2%
  - 2.5% CCB
  - 0.35% CCyB
  - 1.0% G-SII
  - 1.9% Pillar 2A
  - 4.5% Pillar 1
- 1H'20 MDA: 10.0%
  - 2.5% CCB
  - 0.14% CCyB
  - 1.0% G-SII
  - 1.9% Pillar 2A
  - 4.5% Pillar 1

- Minimum CET1 requirement reduced by ~23bps largely due to a decrease in the Group’s countercyclical buffer by ~21bps, mainly in Hong Kong and the UK

**CET1 position materially above revised MDA threshold**

- 1H'20 CET1 ratio of 14.3% increases headroom to MDA threshold to $11.3bn
- 1H'20 Standard Chartered PLC distributable reserves of $13.6bn
- Continue to target CET1 ratio in the 13-14% range over the medium term

Notes:
- Absolute buffers are as of 30 June 2020
- The Maximum Distributable Amount (MDA) thresholds assumes that the maximum 2.1% of the Pillar 1 and Pillar 2A requirement has been met with AT1
Increasing resilience to stress demonstrated in BoE tests

- Passed 2019 BoE stress test with CET1 well above the 6.9% hurdle rate in stress:
  - Low point of 9.0%\(^1\) CET1 after ‘strategic’ management actions
  - Well above Tier 1 leverage hurdle rate of 3.6%
  - No AT1 conversion triggered
  - Also well-positioned on a non-transitional IFRS9 basis

- Improved resilience to stress, lower drawdowns and higher buffers:
  - “Aggregate loan impairments were a less material driver of stress in this year’s scenario, reflecting continued improvements in credit quality…”\(^2\)
  - Improved foundations prepares Group well to manage COVID stress
  - Proactive credit management supported by internal stress testing programme

---

**CET1 ratio – BoE Stress Test results (transitional)**

<table>
<thead>
<tr>
<th>Year</th>
<th>CET1%</th>
<th>Post MA CET1%</th>
<th>BoE ST hurdle rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>13.6%</td>
<td>13.6%</td>
<td>520bps</td>
</tr>
<tr>
<td>2018</td>
<td>7.6%</td>
<td>7.9%</td>
<td>210bps</td>
</tr>
<tr>
<td>2019</td>
<td>6.2%</td>
<td>6.7%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

**CET1 ratio – 2019 BoE Stress Test stress drawdown (non-transitional)**

<table>
<thead>
<tr>
<th>Year</th>
<th>SCB</th>
<th>Bank 1</th>
<th>Bank 2</th>
<th>Bank 3</th>
<th>Bank 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5.6%</td>
<td>5.8%</td>
<td>6.7%</td>
<td>6.3%</td>
<td>8.2%</td>
</tr>
<tr>
<td>2018</td>
<td>8.0%</td>
<td>6.7%</td>
<td>7.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>7.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

\(^1\) On a transitional IFRS 9 basis as assessed by the Bank of England
\(^2\) BoE 2018 stress test results statement
Good progress on funding programme despite stressed markets

### Existing stock - Currency mix ($bn)

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>EUR</th>
<th>GBP</th>
<th>Other</th>
<th>USD Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior</td>
<td>15.4</td>
<td>4.2</td>
<td>0.8</td>
<td>2.7</td>
<td>23.1</td>
</tr>
<tr>
<td>Tier 2</td>
<td>9.7</td>
<td>4.4</td>
<td>0.9</td>
<td>0.5</td>
<td>15.5</td>
</tr>
<tr>
<td>AT1</td>
<td>5.5</td>
<td>-</td>
<td>0.3</td>
<td>0.6</td>
<td>6.4</td>
</tr>
<tr>
<td>Total</td>
<td>30.6</td>
<td>8.6</td>
<td>2.0</td>
<td>3.8</td>
<td>45.0</td>
</tr>
</tbody>
</table>

### Maturity profile of existing stock ($bn)

- **2018**
  - Senior: 6.1
  - Tier 2: 0.5
  - AT1: 4.5

- **2019**
  - Senior: 7.1
  - Tier 2: 2.0
  - AT1: 5.4

- **2020 YTD**
  - Senior: 7.7
  - Tier 2: 0.6
  - AT1: 6.1

### YTD 2020 funding progress

- **Senior $2bn 6NC5**
- **Senior $2bn 11NC10**
- **Senior $100m 30NC5+5 zero coupon**
- **Senior $130m 30NC3+3 zero coupon**
- **AT1 $1bn PerpNC5.5**
- **Senior €750m 8NC7**
- **Tier 2 €1bn 10NC5**
- **Senior ¥5.5bn 3NC2**
- **Senior HK$1bn 3NC2**

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1. SC PLC only
2. SC PLC & SCB: modelled on earlier of call date or maturity date
MREL transition: well positioned for future growth and requirements

External MREL position ahead of known 2022 requirement

- PLC Senior ~$21.5bn
- AT1 + Tier 2 ~$21.3bn
- CET1 ~$37.6bn

Combined Buffer 3.6%
- Pillar 2A 3.3%
- Pillar 1 8.0%
- Pillar 2A 3.3%
- Pillar 1 8.0%

H1’20

2022 Requirement

- At 1H’20, the Group’s expected 2022 MREL is 26.3% of RWA including the Combined Buffer¹
- The Group meets its expected 2022 MREL today
- SC PLC issuance strategy results in:
  - Substantial Hold Co stock today with little non-compliant capital in MREL
  - Compatibility with a Single Point of Entry resolution approach

Internal MREL met via internal issuance

- Internal MREL required for the Group’s 5 material subsidiaries
- Internal MREL scaled in the 75-90% range as per FSB TLAC term sheet
- Expected sum of internal MREL < the Group’s external MREL
- Internal instruments in the form of AT1, Tier 2 and Senior Non-Preferred

¹ Combined Buffer comprises the Capital Conservation Buffer, G-SII Buffer and any Countercyclical Buffer
Strong credit ratings maintained through COVID pressures

Focus on continued delivery of Group strategy to defend and, over time, improve credit ratings

**Senior long and short term ratings**

<table>
<thead>
<tr>
<th></th>
<th>Moody’s Ratings</th>
<th>S&amp;P Global Ratings</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Chartered PLC</td>
<td>A2, Not rated</td>
<td>BBB+ A-2</td>
<td>A F1</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>A1, P-1</td>
<td>A A-1 F1</td>
<td></td>
</tr>
<tr>
<td>Standard Chartered Bank (Hong Kong)</td>
<td>A1, P-1</td>
<td>A+ A-1 Not rated</td>
<td></td>
</tr>
</tbody>
</table>

- The Group has strengthened its foundations in recent years and is focused on sustainable growth to achieve target returns
- The Group remains a well-rated institution with strong credit fundamentals, absolutely and relatively to peers
  - Well-established network is a franchise strength; GCNA exposure a relative strength
  - Recognition of strengthened risk management, more controlled risk appetite, reduced loan concentrations and improved exposure quality
- Funding and liquidity are key credit strengths
- Despite COVID pressures, to-date the Group has seen limited negative rating actions: remaining on stable outlook at S&P and Moody’s
- S&P cite the Group’s established franchise and risk-focused culture in the past few years as strengths underpinning its stable rating in the current environment
- Fitch, having taken extensive negative actions on its bank portfolio as a result of COVID, affirmed the Group’s ratings but changed the outlook to negative from stable citing heightened risks to the Group from COVID economic fallout
Fitch upgraded the ratings of SCB Singapore, SC AG, SCB China, SCB Korea and SCB Taiwan to A+ in April 2020.
Sustainability information
Our sustainable finance philosophy

Social Impact

- $2.5tn SDG financing gap in emerging and low income countries
- Achieving global CO₂ targets will be mainly driven in Africa and Asia
- SDGs 90% financed in developed markets, 60% financed in developing markets but only 10% financed in Africa

Responsible Banking

- Managing the impact of our activities on communities and the environment
- Standard Chartered ESRM risk team active since 1997
- Minimum standards & 7 position statements govern our activity
- >19,000 individual client E&S assessments each year

Impact Driven Financing

- We will lead in sustainable financing across emerging markets
- 2.5 million households helped through $1bn of microfinance loans
- Largest commercial provider of blended finance
- Launched the world’s first blue bond (Republic of Seychelles) and the first Sustainable Deposit

1. UNDP report
3. Convergence
Standard Chartered: a unique opportunity

Financing impact in some of the world’s least developed countries through a UK regulated institution...

We directly and indirectly support $2.8 billion of value-added impact in East Africa... Equivalent to 2.1% of the region’s GDP

We support direct and indirect employment to 1.7% of the region’s labour force

1. Oliver Wyman Transaction Banking Benchmarking Study 2016
2. 2H’18 Dealogic Project Finance League Table
3. Convergence
4. SCB East Africa Study 2018
Sustainability is being embedded across our business

Over 19,000
bank-wide client assessments against position statements in 2019

Over 1,100
clients and transactions reviewed by Environmental and Social Risk Management team in 2019

Over 1,000
frontline and risk staff trained in environmental and social risk and sustainable finance in 2019

Our main impact on the environment and society is through the business activities we finance. Our 7 Position Statements (5 sectors and 2 thematic) outline the standards we encourage and expect of our clients and ourselves.

- Extractive industries – oil & gas, metal & mining
- Agro-industries – fisheries, forestry, palm oil, agribusiness
- Power generation – fossil fuel, renewable energy, nuclear energy, dams and hydropower
- Infrastructure and Transport
- Chemicals and Manufacturing
- Climate Change
- Human Rights

Extractive industries
No to Arctic or Amazon exploration

Power generation
No to coal

Agro-industries
No to deforestation
Our refreshed commitments on climate change

There is still much work to be done to ultimately reduce the emissions generated by our financing activities, but we are making good progress toward doing so and are determined to continue to leverage our strong position across our markets to bring the required capital for sustainable development to where it matters most.

– Bill Winters

We have recently committed to:

**Infrastructure**
- Provide project financing services for $40bn of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework (Jan 2020 – Dec 2024)

**Climate**
- Provide $35bn worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that aligns to our verified green and sustainable product framework (Jan 2020 – Dec 2024)

**Carbon**
- Develop a methodology to measure, manage and ultimately reduce the CO2 emissions from the activities we finance (Jan 2019 – Dec 2020)
- Exit all clients who remain dependent on thermal coal for over 10% of their revenue by 2030, with interim thresholds (Jan 2020 – Jan 2030)

**Environment**
- Reduce annual Scope 1 & 2 greenhouse gas emissions to net zero with interim targets (Jan 2019 – Dec 2030)
- Source all energy from renewable sources (Jan 2020 – Dec 2030)
- Join the Climate Group ‘RE100’ (Jan 2020 – Dec 2020)
- Reduce our Scope 3 value chain emissions from business travel by 7% (Jan 200 – Dec 2020)
- Introduce an emissions offset programme for Scope 3 travel emissions (Jan 2020 – Dec 2020)

“The Group aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement”
Leading private sector catalyst of finance for the UN’s Sustainable Development Goals in our footprint

**Green & Sustainable Product Framework**

Green and Sustainable Product Framework launched in 2019 governs Green and Sustainable Products, developed with Sustainalytics

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**Sustainable Deposits…**
- Launched the world’s first Sustainable Deposit which is available in London, Singapore, Hong Kong and New York
- Sustainable Deposits give clients the chance to deposit funds referenced to assets that align to UN SDGs
- Investors can put money to work addressing some of the world’s biggest long term threats such as: climate change, health, financial inclusion and education
- In May 2020 we had raised over $2bn in Sustainable Deposits

**Sustainability Bonds…**
- Issued the Group’s inaugural EUR 500m emerging markets focused Sustainability Bond in June 2019
- First emerging markets focussed sustainability bond bringing capital to where it matters most to combat climate change and increase access to finance for entrepreneurs
- Impact in emerging markets, but credit risk against Standard Chartered PLC

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**Green and Sustainability Linked Loans**
- 909% growth year on year in green and sustainable loans to clients from $3.2bn to $29.1bn (2018 vs. 2019)

**Renewables & Clean tech**
- 690% growth year on year in renewables & clean tech from $2.9bn to $20bn (2018 vs. 2019)

**Green, Social and Sustainability Bonds**
- 201% growth year on year in green, social and sustainability bonds to clients from $9.1bn to $18.3bn (2018 vs. 2019)

**Sustainable infrastructure**
- 7% growth year on year in sustainable infrastructure from $20.8bn to $22.3bn (2018 vs. 2019)
Financing the UN’s Sustainable Development Goals where it matters the most

Leadership in Sustainable Finance

- World’s Best for Sustainable Finance
- Africa’s Best Bank for Sustainable Finance 2019
- Green Finance Deal of the Year (Middle East) 2019
- Leader in sustainable finance, acting as book runner and placement agent for the landmark $12m Women’s Livelihood Bond
- SC PLC issued the first emerging markets focused sustainability bond in June 2019
- SC PLC issued the first emerging markets focused sustainability bond
- World’s first Islamic finance sustainability loan via an USD 2bn Conventional and Murabaha RCF for DP World
- Market leader in blended finance, having led several award winning debt raisings in Ghana, Kenya, Pakistan, South Africa, Sierra Leone
- World’s first Islamic finance sustainability loan
- First impact-focused subscription finance facility in May 2020
- Thought leader in dialogue with the Green Bond Principles and Climate Bond Initiative organisations
- Pioneering Solutions in the Industry
- Sustainable finance team promoting Environment, Social, and Governance (ESG) and Sustainable Development Goal (SDG) financing globally
- Market leader in originating and executing Green, Social, and Sustainability bonds
- Committed specialist team looking at clean technology solutions
- New emissions cap commitment in 2018

Committed to Sustainability

- Environmental and Social Risk Management policy created in 1997
- ‘Here for good’ brand promise established in 2000
- Launched Sustainability philosophy in 2018
- Sustainable finance team promoting Environment, Social, and Governance (ESG) and Sustainable Development Goal (SDG) financing globally
- Market leader in originating and executing Green, Social, and Sustainability bonds
- Committed specialist team looking at clean technology solutions
- New emissions cap commitment in 2018
Sustainable finance governance

We have overhauled our sustainable finance, climate and sustainability governance this year with dedicated forums reporting to management and the Board

- This gives greater board oversight over sustainability matters, including climate risk and sustainable finance
- Tighter controls on labelling of green and sustainable transactions to ensure there is no greenwashing or SDG washing
Abbreviated terms and important notice
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affluent activities</td>
<td>Personal banking services offered to affluent and emerging affluent customers</td>
</tr>
<tr>
<td>AME</td>
<td>The Group’s business in the Africa &amp; Middle East region</td>
</tr>
<tr>
<td>ASA</td>
<td>The Group’s business in the ASEAN &amp; South Asia region</td>
</tr>
<tr>
<td>bps</td>
<td>Basis points</td>
</tr>
<tr>
<td>C&amp;O</td>
<td>Central &amp; Other</td>
</tr>
<tr>
<td>CB</td>
<td>The Group’s Commercial Banking segment</td>
</tr>
<tr>
<td>Ccy</td>
<td>Variance on a Constant Currency basis</td>
</tr>
<tr>
<td>CCR</td>
<td>Counterparty Credit Risk: the potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation</td>
</tr>
<tr>
<td>CMV</td>
<td>Current market value</td>
</tr>
<tr>
<td>COVID</td>
<td>COVID-19 (coronavirus disease) caused by the SARS-CoV-2 virus</td>
</tr>
<tr>
<td>CET1</td>
<td>Common Equity Tier 1 capital. CET1 ratio = a measure of CET1 capital as a percentage of RWA</td>
</tr>
<tr>
<td>CG12</td>
<td>Credit Grade 12 accounts. Credit grades are indicators of likelihood of default. Credit grades 1 to 12 are assigned to performing customers, while credit grades 13 and 14 are assigned to non-performing or defaulted customers</td>
</tr>
<tr>
<td>CIB</td>
<td>The Group’s Corporate &amp; Institutional Banking segment</td>
</tr>
<tr>
<td>CPO</td>
<td>Day-past-due: one or more days that interest and/or principal payments are overdue based on the contractual terms</td>
</tr>
<tr>
<td>DVA</td>
<td>The Group calculates Debit Valuation Adjustments on its derivative liabilities to reflect changes in its own credit standing</td>
</tr>
<tr>
<td>EA</td>
<td>The Group’s business in the Europe &amp; Americas region</td>
</tr>
<tr>
<td>EAD</td>
<td>Exposure At Default: The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty’s default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit</td>
</tr>
<tr>
<td>Early Alerts</td>
<td>Early Alerts: a non-purely precautionary early alert account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management</td>
</tr>
<tr>
<td>ECL</td>
<td>Expected Credit Loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings Per Share</td>
</tr>
<tr>
<td>FM</td>
<td>The Group’s Financial Markets business</td>
</tr>
<tr>
<td>FTE</td>
<td>Full-Time Equivalent employee</td>
</tr>
<tr>
<td>GBA</td>
<td>Greater Bay Area consisting of nine cities and two special administrative regions in south China</td>
</tr>
<tr>
<td>GCNA</td>
<td>The Group’s business in the Greater China &amp; North Asia region</td>
</tr>
<tr>
<td>Jaws</td>
<td>The relationship between income growth and cost growth in a given period. ‘Positive’ jaws = income growth &gt; cost growth</td>
</tr>
<tr>
<td>L&amp;A</td>
<td>Loans &amp; Advances</td>
</tr>
<tr>
<td>Loan loss rate</td>
<td>Credit impairment for loans and advances to customers over average loans and advances to customers (annualised)</td>
</tr>
<tr>
<td>Loan loss rate (LLR)</td>
<td>Credit impairment for loans and advances to customers over average loans and advances to customers (annualised)</td>
</tr>
<tr>
<td>LGD</td>
<td>Loss Given Default: The percentage of an exposure that a lender expects to lose in the event of obligor default</td>
</tr>
<tr>
<td>M&amp;M</td>
<td>Metals &amp; Mining industry sector</td>
</tr>
<tr>
<td>MEV</td>
<td>Macroeconomic Variable: The determination of expected credit loss includes various assumptions and judgements in respect of forward-looking macroeconomic information</td>
</tr>
<tr>
<td>Network activities</td>
<td>Corporate and institutional banking services offered to clients utilising the Group’s unique network in 60 markets across Asia, Africa and the Middle East</td>
</tr>
<tr>
<td>NBV</td>
<td>Net book value</td>
</tr>
<tr>
<td>NIM</td>
<td>Net interest margin, adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest-earning assets</td>
</tr>
<tr>
<td>NEW</td>
<td>Non-Employed Worker</td>
</tr>
<tr>
<td>NPL</td>
<td>Non-Performing Loan: An NPL is any loan that is more than 90 days past due or is otherwise individually impaired. This excludes Retail loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected</td>
</tr>
<tr>
<td>O&amp;G</td>
<td>Oil &amp; Gas industry sector</td>
</tr>
<tr>
<td>PD</td>
<td>Probability of Default: an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation over a given time horizon</td>
</tr>
<tr>
<td>PB</td>
<td>The Group’s Private Banking segment</td>
</tr>
<tr>
<td>RB</td>
<td>The Group’s Retail Banking segment</td>
</tr>
<tr>
<td>RCF</td>
<td>Revolving Credit Facility: a line of credit arranged between the Group and a business</td>
</tr>
<tr>
<td>RoRWA</td>
<td>Return on RWA: annualised profit as a percentage of RWA</td>
</tr>
<tr>
<td>RoTE</td>
<td>Return on Tangible Equity: Group average tangible equity is allocated to client segments based on average RWA utilised and the global level underlying effective tax rate is applied uniformly</td>
</tr>
<tr>
<td>RWA</td>
<td>Risk-Weighted Assets are a measure of the Group’s assets adjusted for their associated risks</td>
</tr>
<tr>
<td>TB</td>
<td>The Group’s Transaction Banking business</td>
</tr>
</tbody>
</table>
Important notice

This document contains or incorporates by reference "forward-looking statements" regarding the belief or current expectations of Standard Chartered PLC (the "Company"), the board of the Company (the “Directors”) and other members of its senior management about the strategy, businesses and performance of the Company and its subsidiaries (the “Group”) and the other 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. Recipients should not place reliance on, and are cautioned about relying on, any 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 associated with implementation of Basel III and uncertainty over the timing and scope of regulatory changes in various jurisdictions in which the Group operates; 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 or other strategic actions, including engaging in acquisitions, disposals or other strategic transactions; reputational, compliance, conduct, information and cyber security and financial crime risks; global macroeconomic and geopolitical 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 the UK Banking Act 2009 and other similar legislation or regulations; risks associated with the discontinuance of IBORs and transition to alternative reference rates; 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 among other financial institutions or corporate borrowers; 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; risks arising out of health crises and pandemics, such as the COVID-19 (coronavirus) outbreak; climate related transition and physical risks; business model disruption risks; the implications of a post-Brexit and the disruption that may result in the United Kingdom and globally from the withdrawal of the United Kingdom from the European Union; and failure to generate sufficient level of profits and cash flows to pay future dividends. Please refer to the Company’s latest Annual Report for a discussion of certain other risks and factors which may impact the Group’s future financial condition and performance.

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