

Final Results 2004

16 February 2005



Leading the way
in Asia, Africa and the Middle East



Leading the way in Asia, Africa and the Middle East

Bryan Sanderson
Chairman



Performance highlights

Net revenue

\$5,367m



13%

Pre-tax profit

\$2,158m



39%

Normalised EPS

125.9c



40%

Normalised ROE

20.1%



Dividend (per share)

57.5 c



10.6%



Positioned for growth

- Organic growth
- Acquisitions and alliances
 - Korea
 - Indonesia
 - China



Governance structure

- Reinforced Board strength
- Diversity of expertise
- Challenge and support



- Tsunami response
- Seeing is Believing
- Corporate responsibility structure





Summary

- Strong track record
- Good momentum
- Greater diversity in earnings

Leading the way
in Asia, Africa and the Middle East

Peter Sands
Group Finance Director



Group results

| US\$m | 2003 | 2004 |
|--------------------------|--------------|--------------|
| Revenue | 4,740 | 5,367 |
| Cost | (2,509) | (2,815) |
| Goodwill | (134) | (181) |
| Profit before provisions | 2,097 | 2,371 |
| Debt charge | (536) | (214) |
| Profit before tax | 1,550 | 2,158 |



Performance highlights

Normalised metrics

2003

2004

ROE

15.7%

20.1%

EPS

90.1c

125.9c

Cost to income ratio

53.6%

53.5%

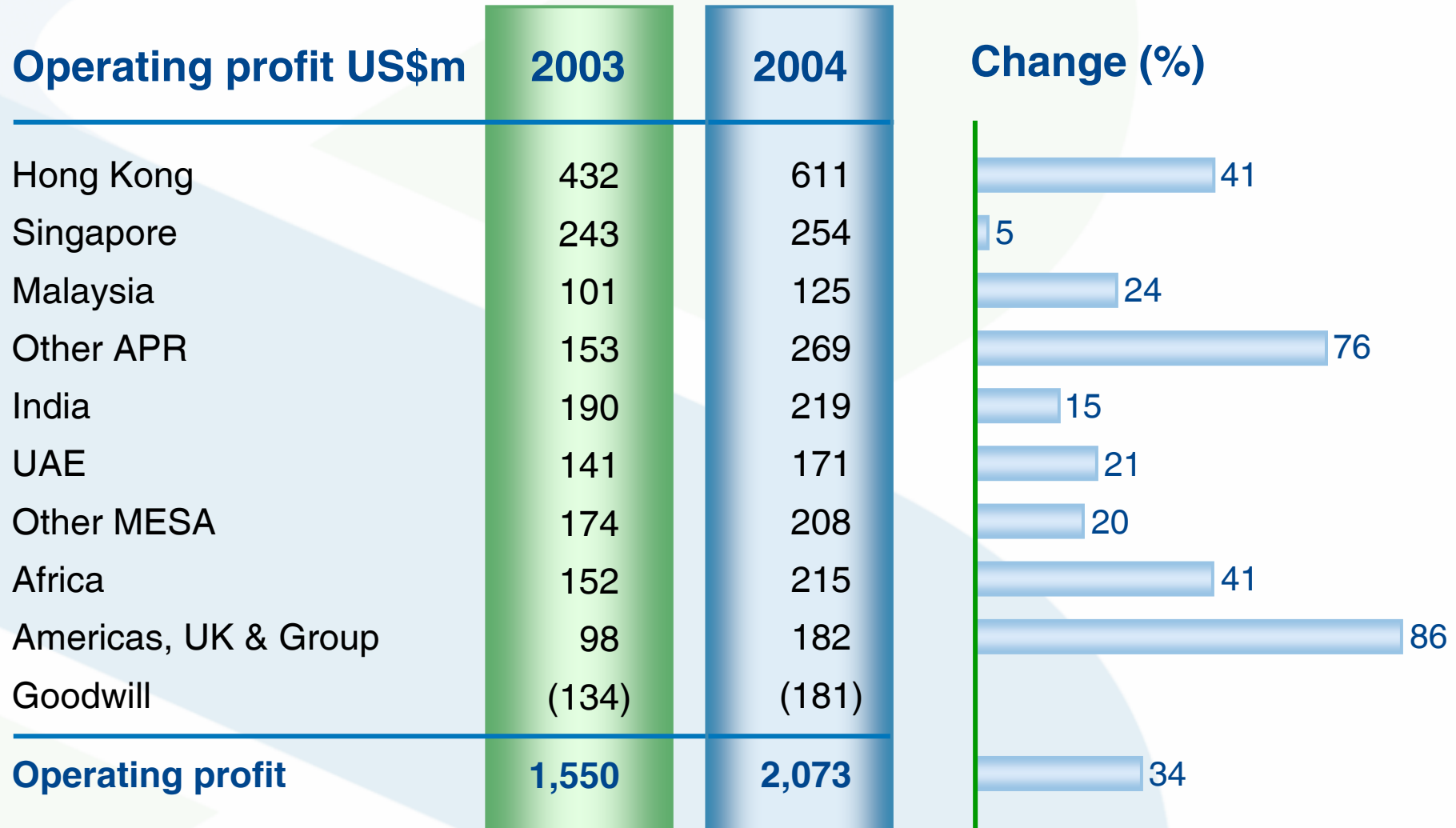


Group adjusted results

| US\$m | 2004 | Significant one-offs | | | | Adjusted 2004 |
|--------------------------|--------------|----------------------|-------------|-----------|---------------------|------------------|
| | | BOC / Koram | Sub debt | HK Inc | Tsunami Donation | |
| Revenue | 5,367 | (131) | 23 | | | 5,259 |
| Cost | (2,815) | | | 18 | 5 | (2,792) |
| Goodwill | (181) | | | | | (181) |
| Debt charge | (214) | | | | | (214) |
| Profit before tax | 2,158 | | | | | 2,073 |



Results by geography



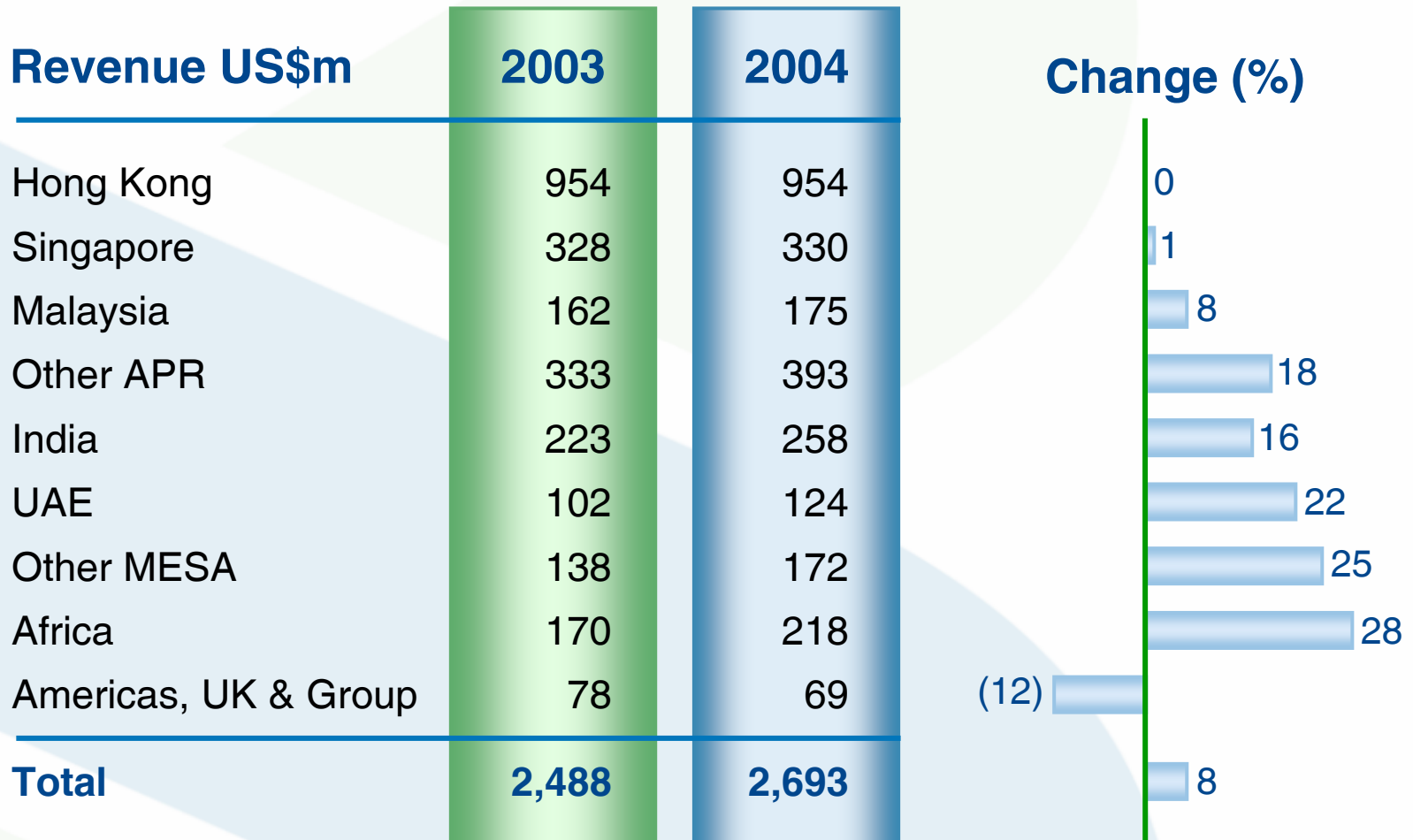


Consumer Banking results

| US\$m | 2003 | 2004 |
|--------------------------|------------|--------------|
| Revenue | 2,488 | 2,693 |
| Cost | (1,259) | (1,388) |
| Profit before provisions | 1,229 | 1,305 |
| Debt charge | (478) | (242) |
| Operating profit | 751 | 1,064 |



Consumer Banking revenue



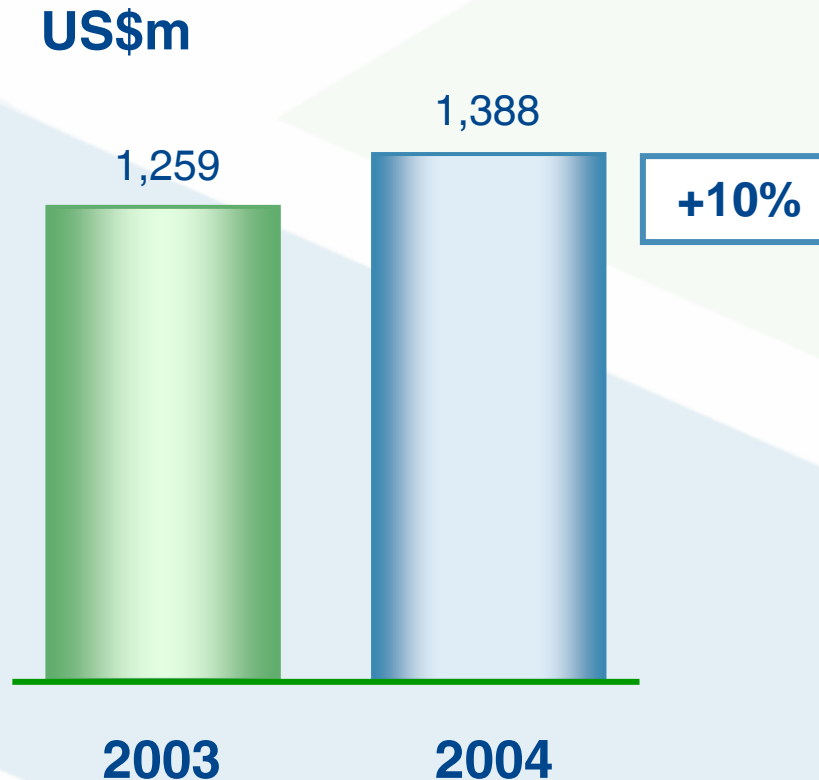


Consumer Banking costs

| Costs US\$m | 2003 | 2004 | Change (%) |
|----------------------|--------------|--------------|------------|
| Hong Kong | 411 | 415 | 1 |
| Singapore | 110 | 116 | 5 |
| Malaysia | 79 | 86 | 9 |
| Other APR | 188 | 231 | 23 |
| India | 125 | 153 | 22 |
| UAE | 46 | 51 | 11 |
| Other MESA | 83 | 93 | 12 |
| Africa | 159 | 195 | 23 |
| Americas, UK & Group | 58 | 48 | (17) |
| Total | 1,259 | 1,388 | 10 |



Consumer Banking costs



Drivers of cost growth

- +6% investment for future growth
- +2% regulatory and control
- +2% business as usual



Consumer Banking debt charge

| US\$m | 2003 | 2004 |
|---------------------------|------------|------------|
| Specific provisions | | |
| Hong Kong | 282 | 88 |
| Rest of world | 196 | 183 |
| General provision release | – | (29) |
| Total | 478 | 242 |



Wholesale Banking results

| US\$m | 2003 | 2004 |
|--------------------------|------------|--------------|
| Revenue | 2,252 | 2,566 |
| Cost | 1,250 | 1,404 |
| Profit before provisions | 1,002 | 1,162 |
| Debt charge | (58) | 28 |
| Operating profit | 933 | 1,190 |



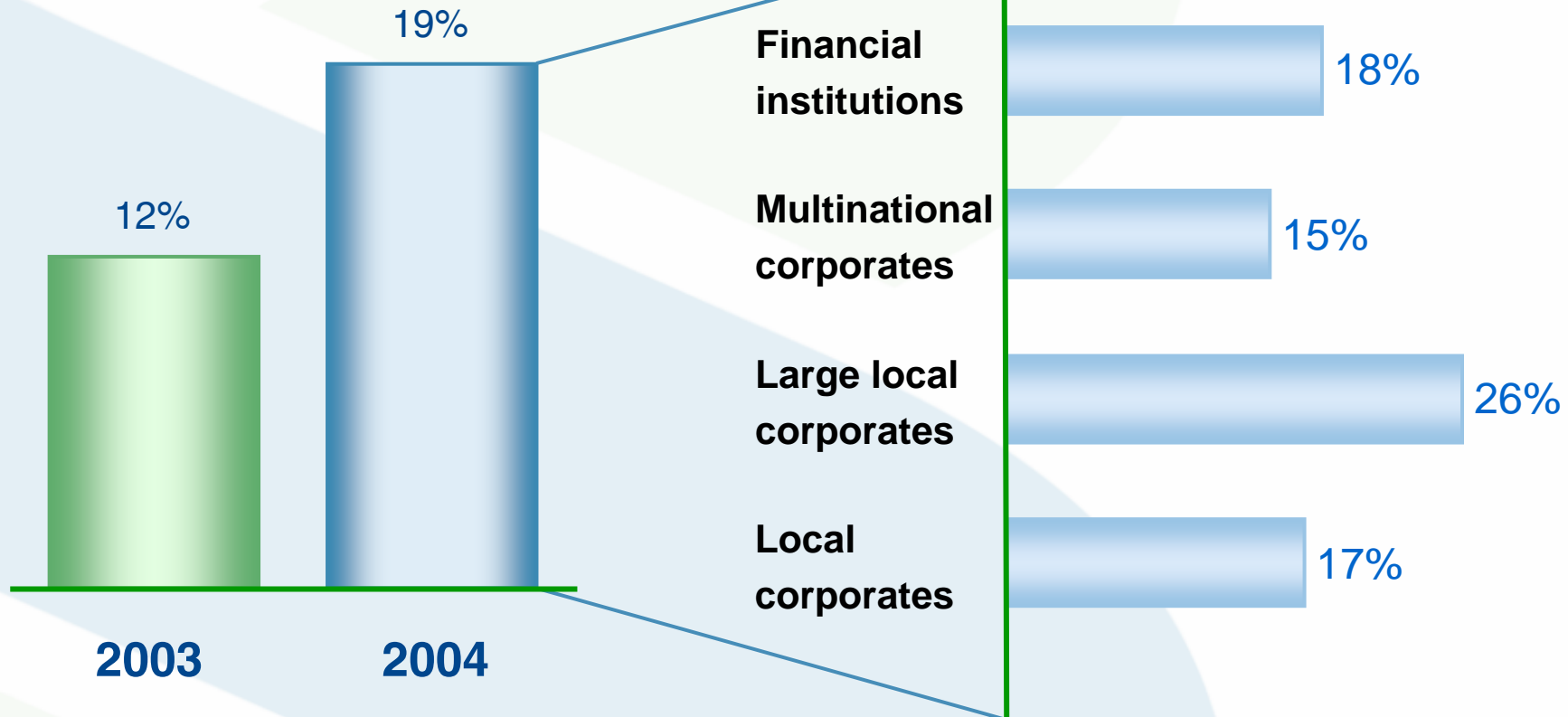
Wholesale Banking revenue

| US\$m | 2003 | 2004 | Change (%) |
|-----------------------------|--------------|--------------|------------|
| Trade and lending | 815 | 868 | 7 |
| Global markets | 1,054 | 1,209 | 15 |
| Cash management and custody | 383 | 489 | 28 |
| Revenues | 2,252 | 2,566 | 14 |



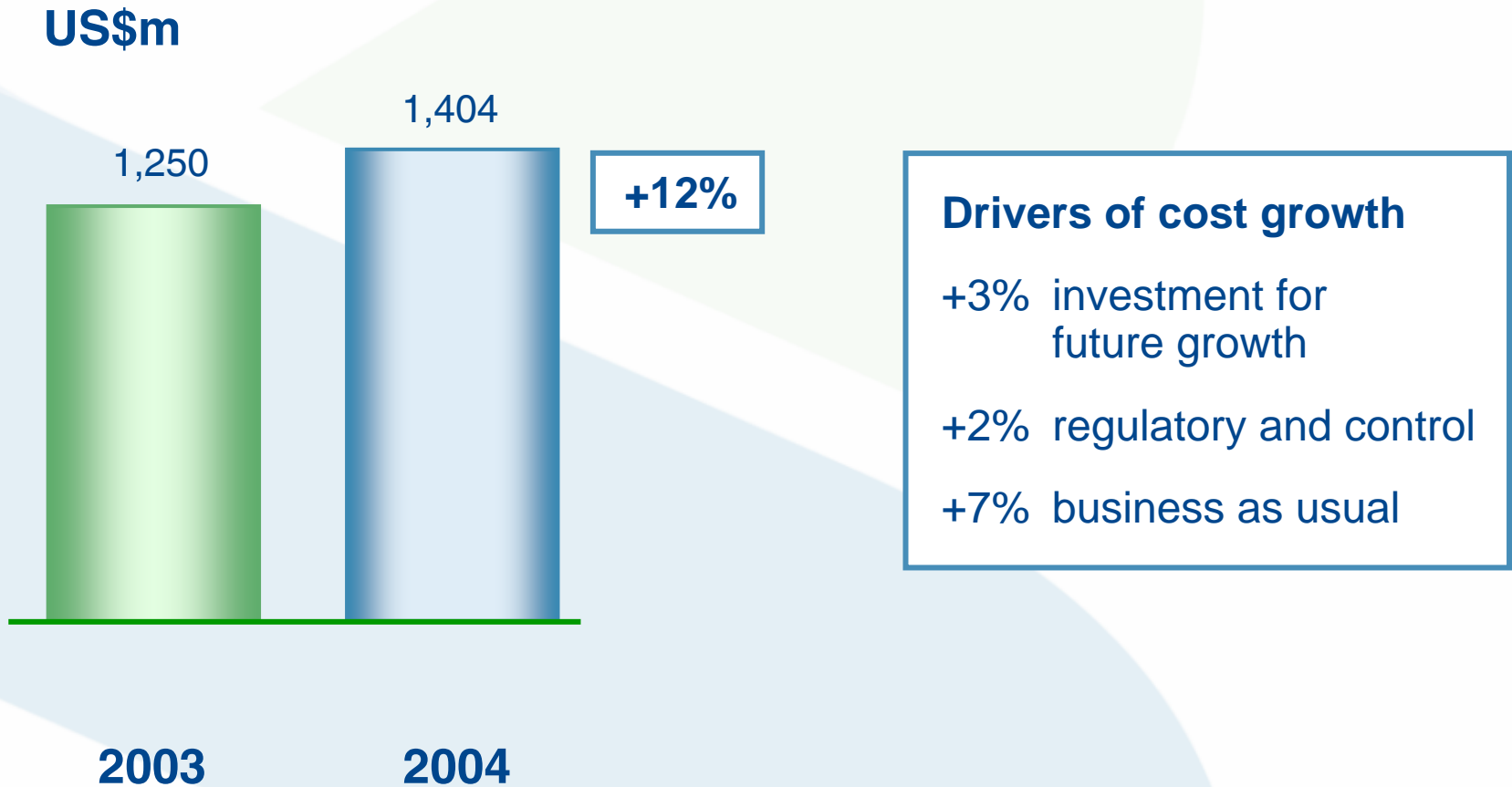
Wholesale Banking customer revenue growth

% growth





Wholesale Banking costs





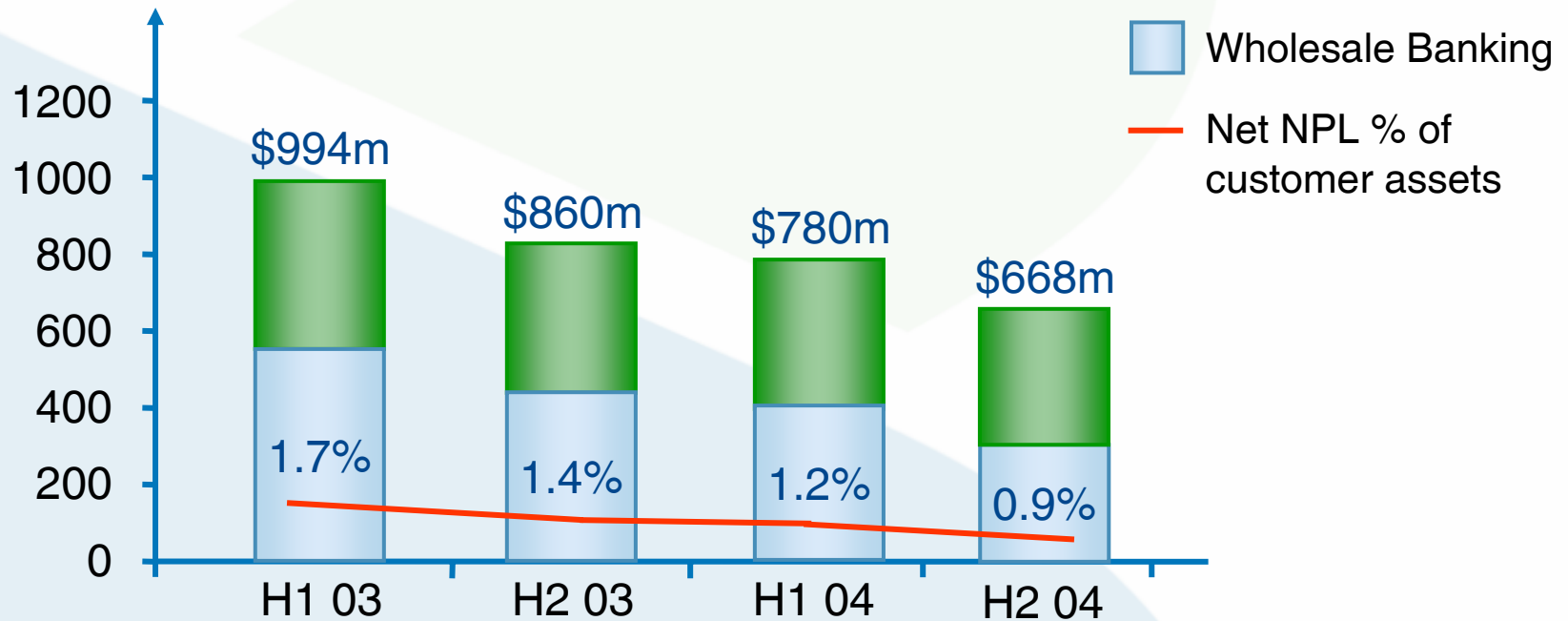
Wholesale Banking debt charge

| US\$m | 2003 | 2004 |
|---------------------------|-------------|-----------|
| Specific provisions | | |
| Gross charge | 250 | 157 |
| Recoveries | (182) | (159) |
| General provision release | (10) | (26) |
| Total | (58) | 28 |



Risk profile

Net NPL* US\$m



79%

81%

82%

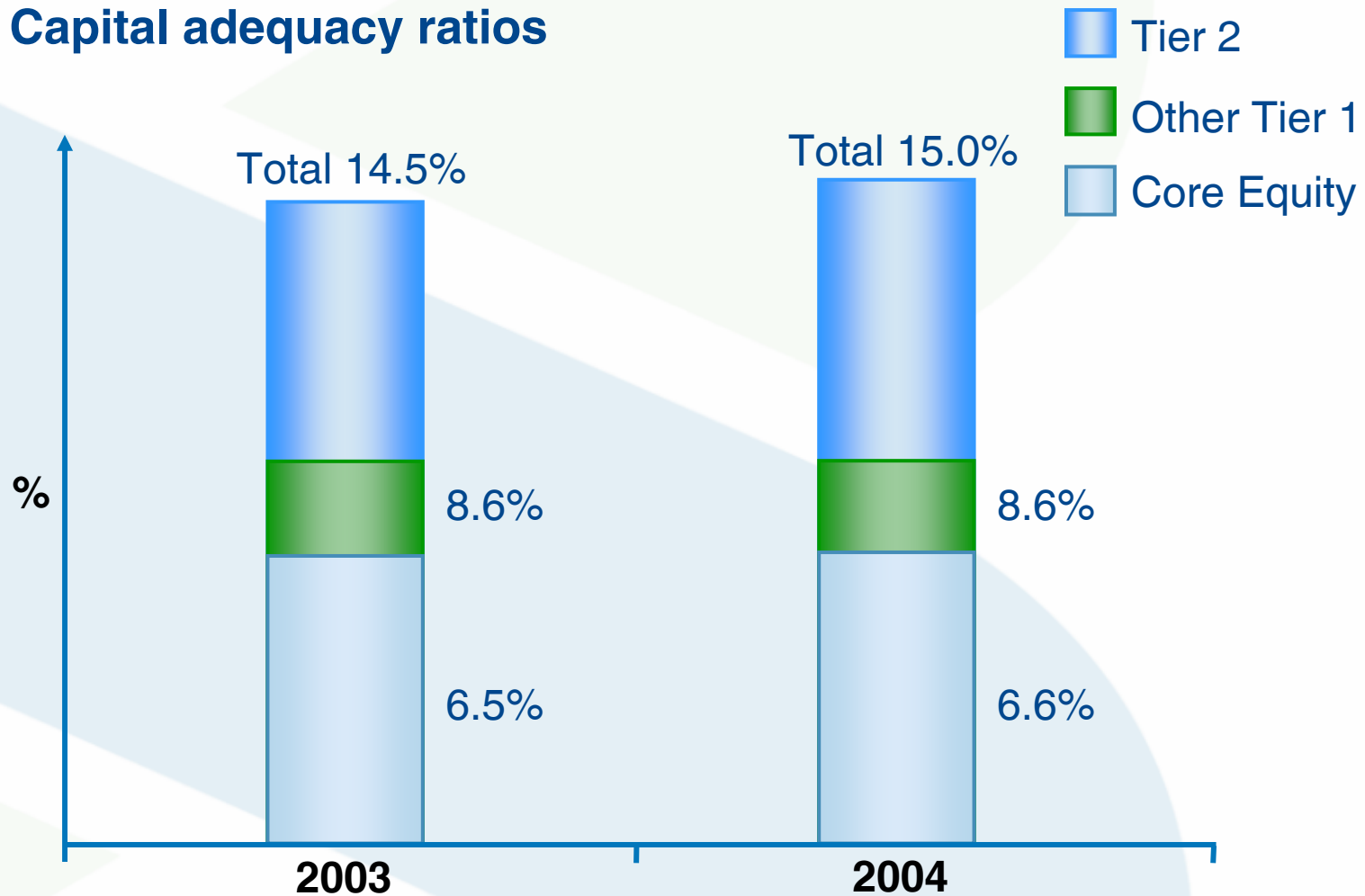
86%

Wholesale Banking
Cover Ratio (%)

*Excluding LMA



Capital adequacy ratios





- Performance momentum
- Integration of acquisitions
- IFRS

Leading the way in Asia, Africa and the Middle East

Mervyn Davies
Group Chief Executive

- Expand Consumer Banking customer segments and products
- Continue Wholesale Banking transformation
- Integrate Korea First Bank and deliver growth
- Accelerate growth in India and China
- Deliver further technology benefits
- Embed Outserve into our culture

Consumer Banking priorities



- Develop key customer segments, eg
 - Youth
 - International banking
- Scale up SME business
- Expand presence in growing markets, eg
 - MESA
- Product and channel innovation, eg
 - Manhattan
 - Moving Partners



Wholesale Banking priorities



- Deepen customer relationships and improve cross-sell ratios
- Continue to fill product capability gaps
- Scale up advisory and debt capital markets
- Leverage trade corridors



Acquisitions and alliances update



Market

Product

Client



KOREA FIRST BANK

PermataBank



渤海银行
Bohai Bank

India
SMBC

ANZ
Project Finance

Korea progress



- 48.5m population
- 23.3m banked population
- \$605b GDP
- 4.0% GDP growth (2005)
- 3.0% inflation
- 3.6% unemployment
- 61% internet penetration
- 69% cellular penetration



Segment focused relationships

Cross-sell

Product development

Distribution models

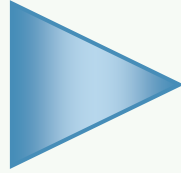
Best practice techniques

- Share SCB personal loan product and platform
- Launch Mortgage One
- Create high net worth customer offering
- Proven track record





Broaden Fee-Based Products



- Strengthen KFB product capability
- Build international cash management and trade business
- Strengthen global markets product capabilities
- Proven track record

Leverage International Network

Grow Client Base

Restructure Funding





 Branch and representative offices

- 10 new branches
- 46 new ATMs
- Over 3,500 sales staff
- Launched Manhattan card
- Launch Utsav - India's first 3D card
- Launched Local Corporate, Commercial Real Estate & Commodity Finance businesses



Branch and representative offices



- New RMB licences in Xiamen, Beijing and Nanjing
- Awarded a derivatives license
- First foreign bank approved for RMB business with local corporates in Shenzhen
- Launched QFII investment vehicle
- Mortgage business relaunched for niche market

Deliver technology benefits



- Creating scale and cost efficiencies
- Increasingly flexible and adaptable platform
- Innovative technology development
- Meeting changing regulatory requirements





- Voice of customer
- Process improvement
- Metrics and measurement
- Change management and communication





- New platforms for growth
- Good momentum in both businesses
- Investing for future growth



Appendix

The way ahead

| GDP growth % | 2004 | 2005F* | 2006F* |
|--------------|------|--------|--------|
| China | 9.5 | 8.5 | 8.0 |
| Singapore | 8.3 | 4.2 | 3.5 |
| Hong Kong | 8.0 | 4.0 | 4.0 |
| UAE | 8.0 | 4.0 | 2.0 |
| Malaysia | 7.0 | 5.8 | 5.0 |
| India | 6.0 | 7.0 | 7.0 |
| Nigeria | 5.2 | 7.0 | 4.9 |
| South Korea | 4.8 | 4.0 | 4.5 |
| Indonesia | 4.8 | 5.3 | 5.5 |
| South Africa | 3.5 | 3.8 | 4.0 |

*Standard Chartered forecasts