Liquidity and capital

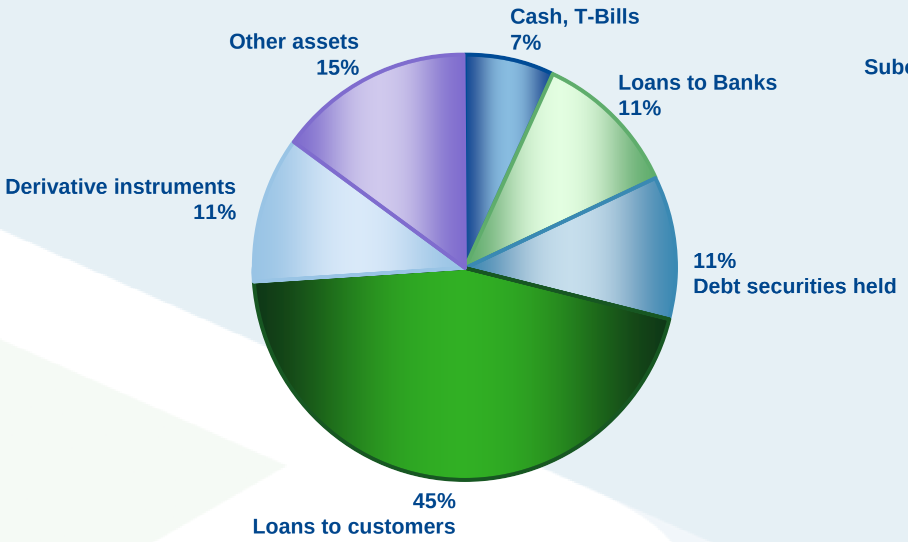
Pamela Walkden
Group Treasurer

Standard Chartered

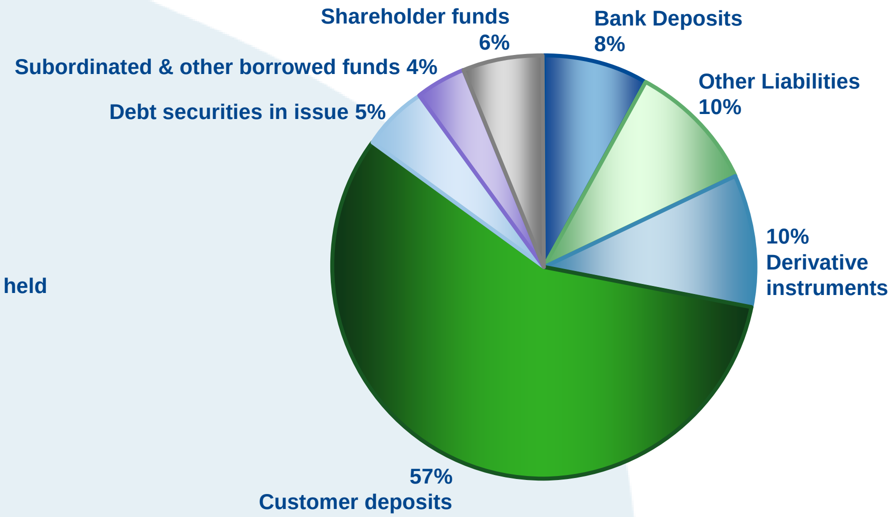
A conservative balance sheet

- Liquid and diverse balance sheet
- Customer deposits exceed customer loans
- Net lender to the inter-bank market
- Over 70% of wholesale banking assets < 1year

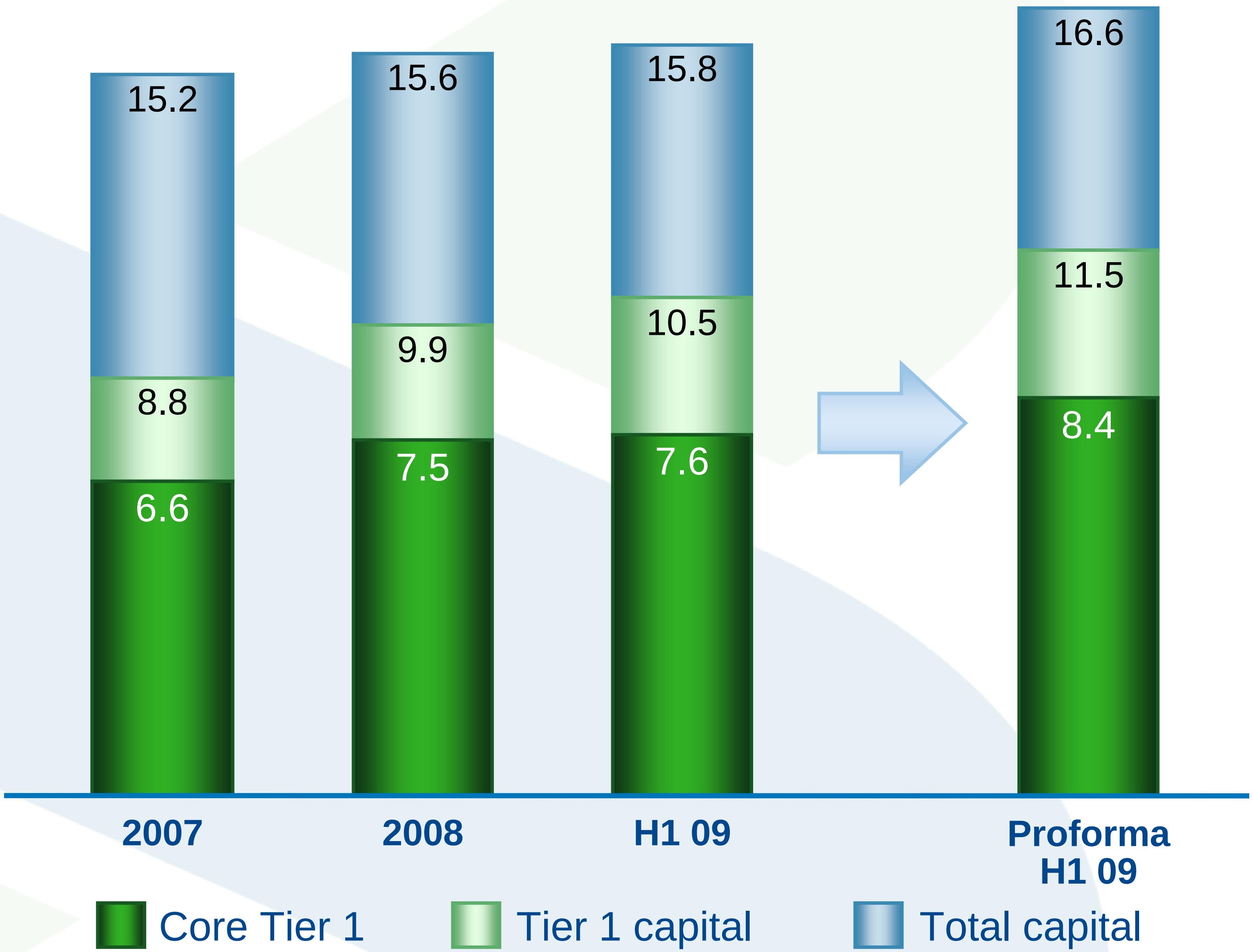
Assets



Liabilities



Capital strength*



* all figures are cumulative %

Successful access to capital markets

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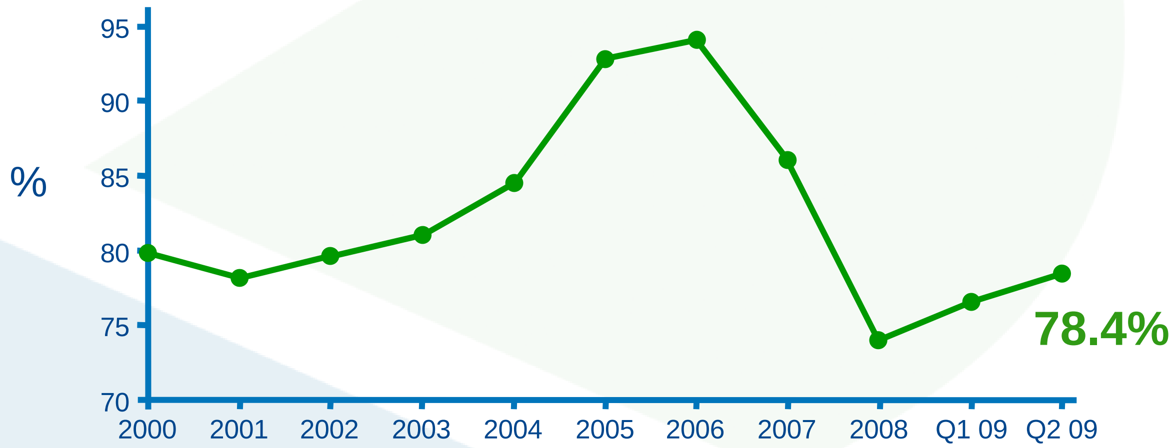
Recent Capital Issuance

	2008	2009 YTD
Dollar	Rights issue US$2.7bn	Equity placement US$1.7bn
Euro Dollar	Senior US$25m T1 US$925m	Senior US$1.5bn T1 US$1.5bn
Euro	Senior EUR 750m LT2 EUR400m	Senior EUR 1.25bn
GBP	LT2 GBP 500m LT2 GBP 200m	Senior GBP 200m[1]
Other	Senior AED 1bn LT2 SGD 450m LT2 JPY10bn LT2 KRW 350bn	Senior SGD 55m Senior HK$1.58bn LT2 KRW 300bn
Total	**US$7.9bn**	**US$7.0bn**

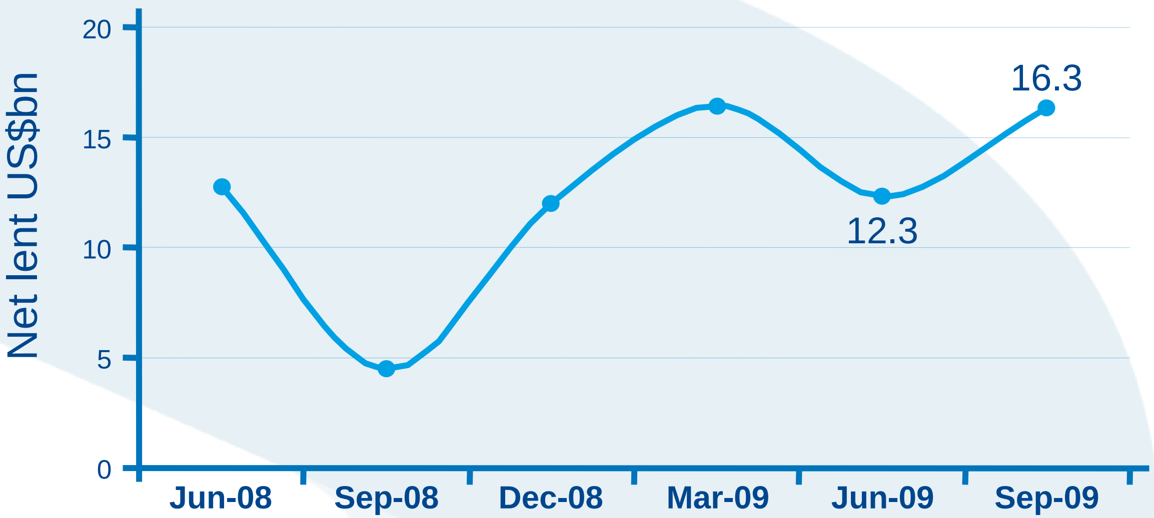
(1) As part of Exchange of GBP 284m LT2

Strongly liquid

A/D ratio consistently below 100%



Net interbank lender



Focus on quality deposits

- SCB able to seek actively higher quality deposits

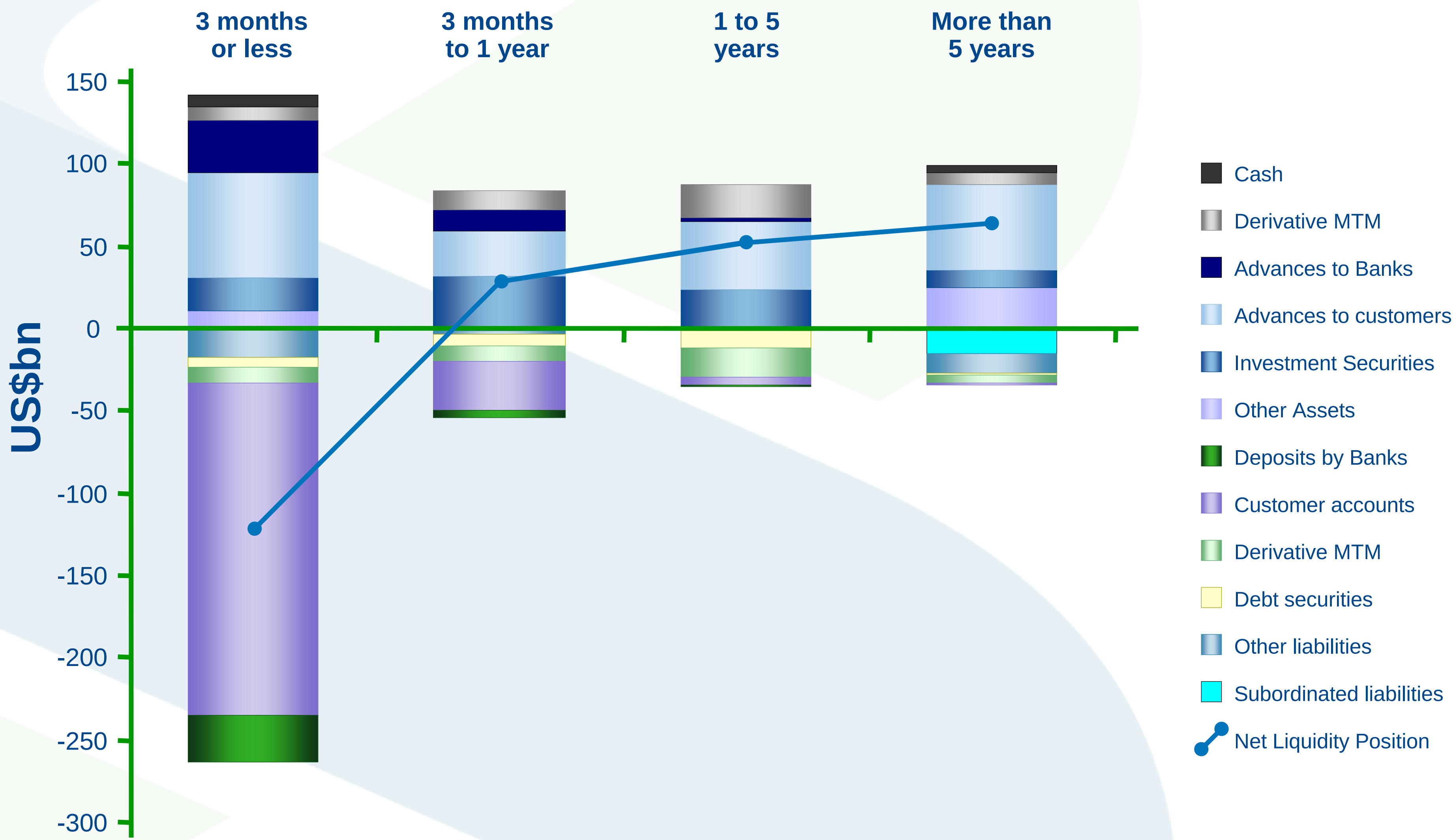
High Liquidity Value

- Retail Current Accounts
- Corporate Operating Accounts – CASA (SME, Mid-Market, Cash Mgt)
- Retail Savings Accounts
- Retail TDs (Excel & Priority)
- Corporate Savings Accounts
- Private Bank TDs
- Corporate TDs (Mid-Market, Local Corp)
- Wholesale TDs (Global Corporate)
- Central Bank TDs and Central Bank Call Account
- Debt securities issued (CDs / CPs)
- Interbank borrowing

Low Liquidity Value

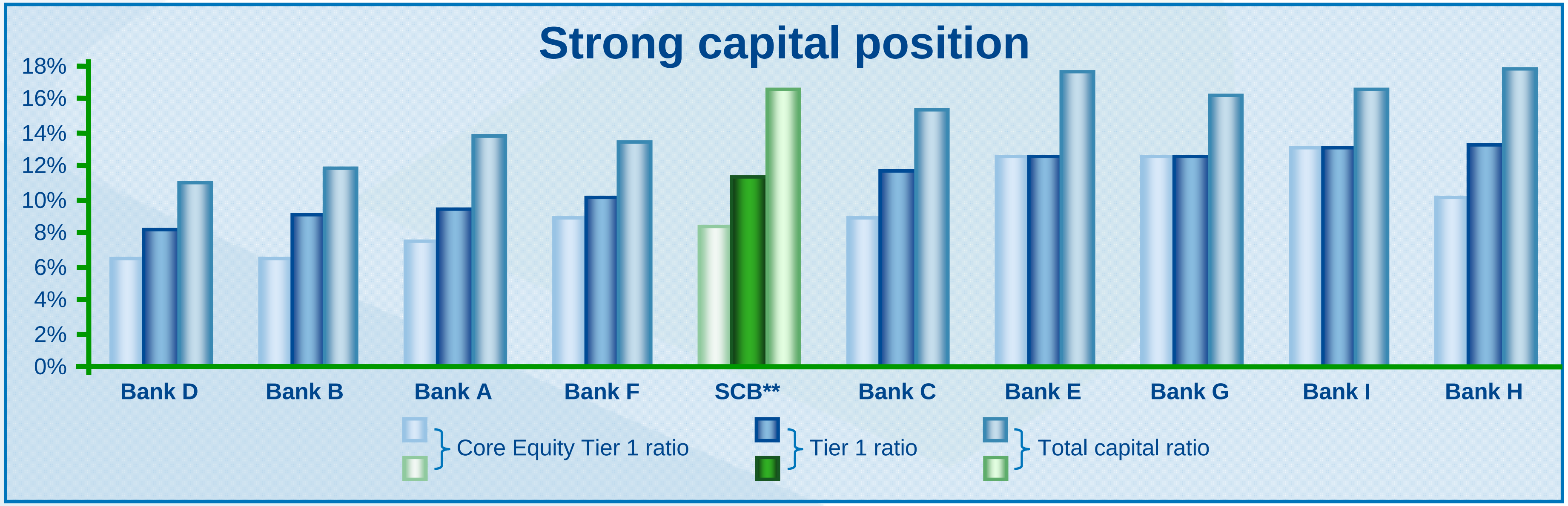
- Mix based on behavioural stickiness and profitability

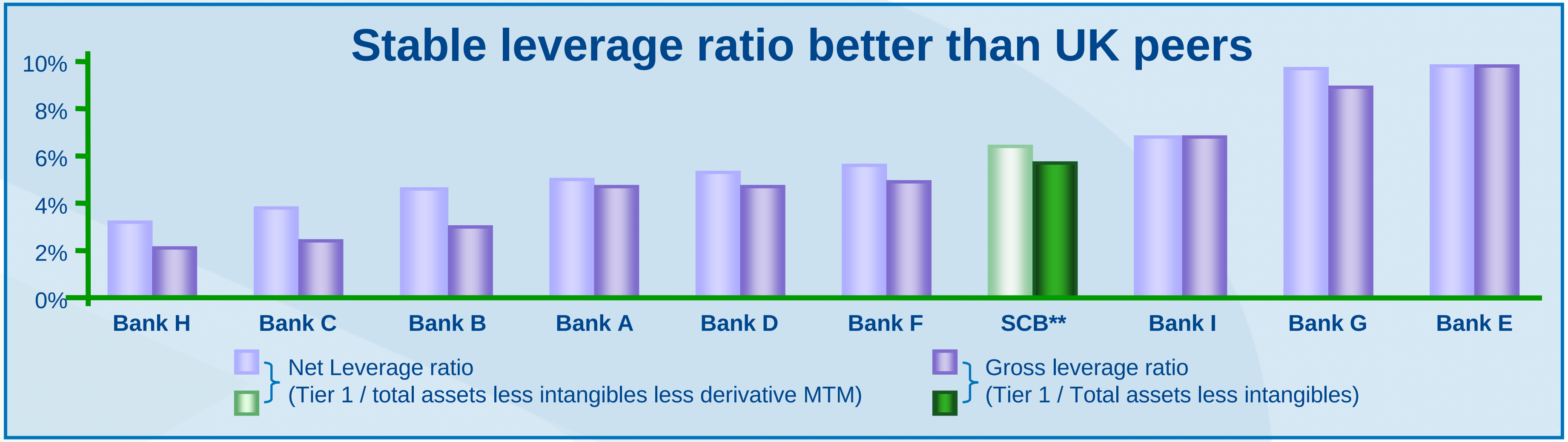
Contractual liquidity mismatch



Source: Standard Chartered interims 30 June 2009

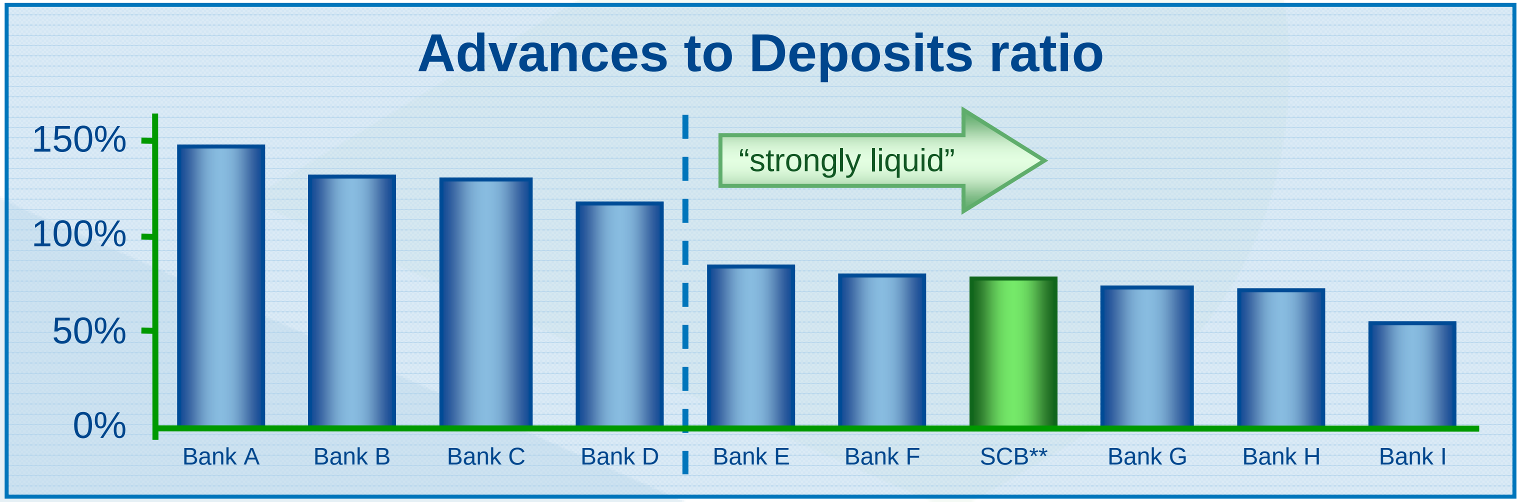
Capital and leverage position strong versus peers*

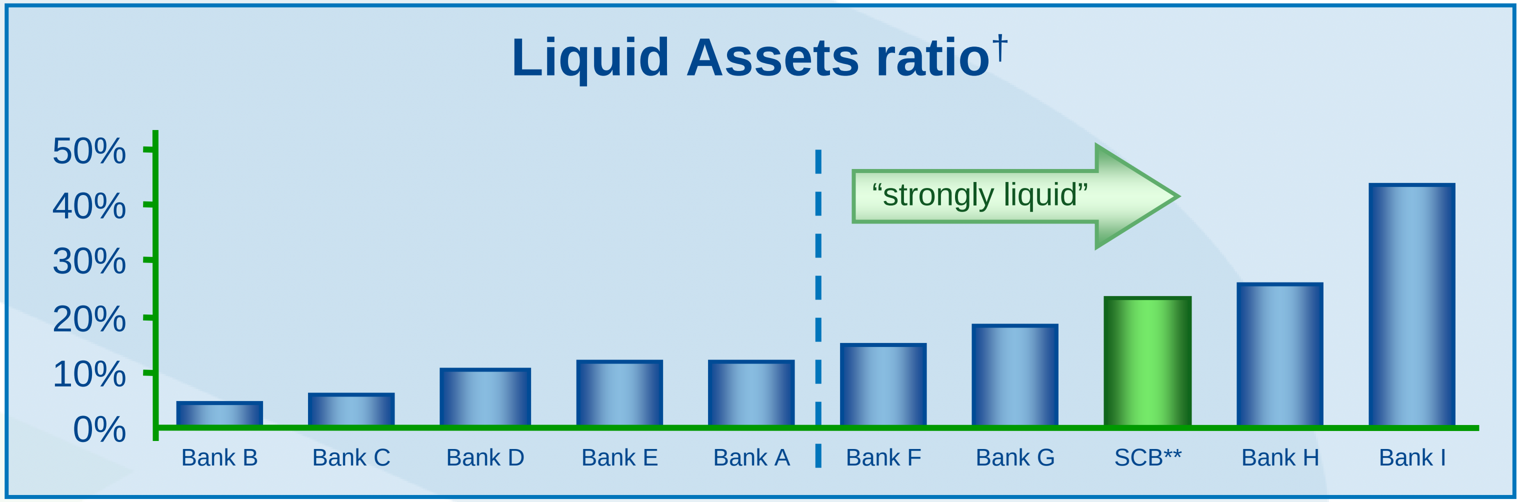




*As at 30 June 2009 ** SCB on proforma basis including US$1.7bn equity raised in August 2009

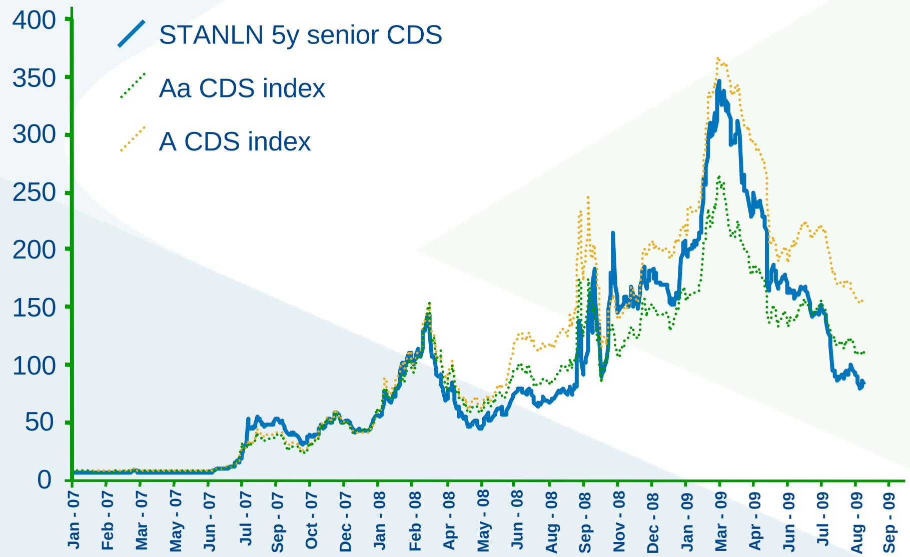
Liquidity stronger than most peers*

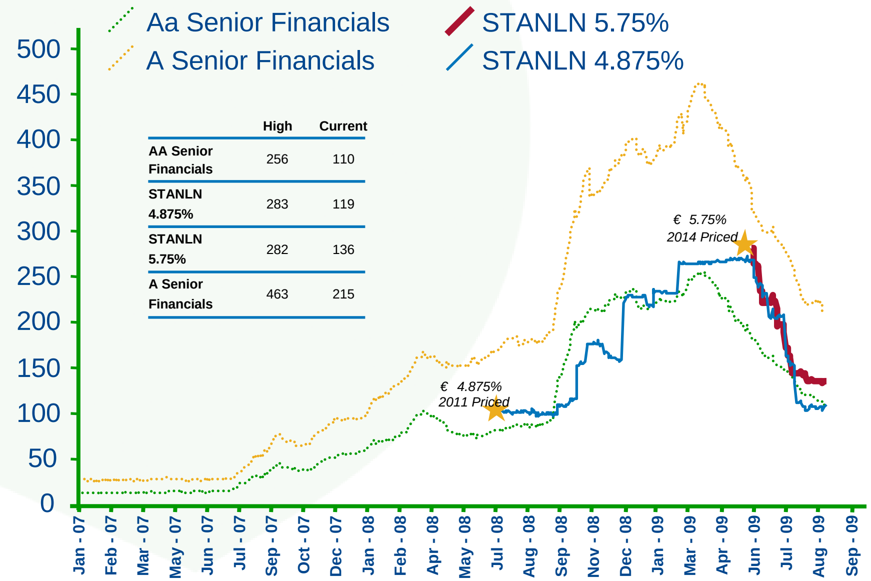




*As at 30 June 2009 ** SCB on proforma basis including US$1.6bn equity raised in August 2009 † LAR calculated

Standard Chartered outperforms its rating

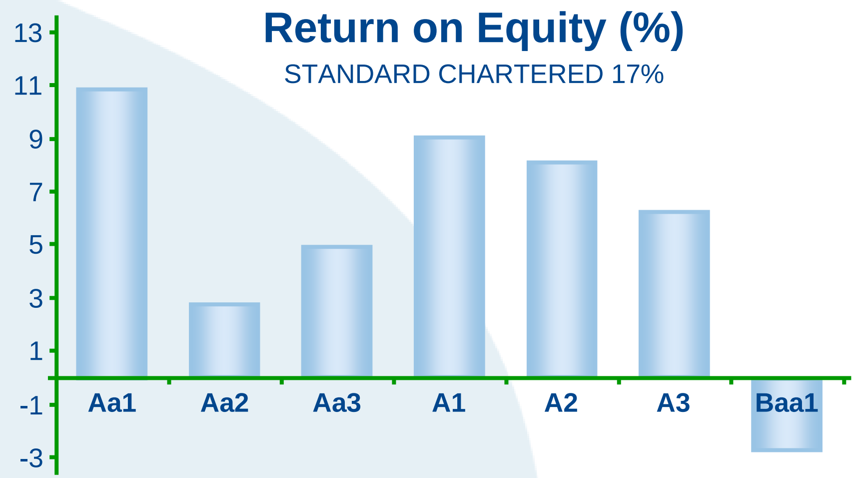




	High	Current
AA Senior Financials	256	110
STANLN 4.875%	283	119
STANLN 5.75%	282	136
A Senior Financials	463	215

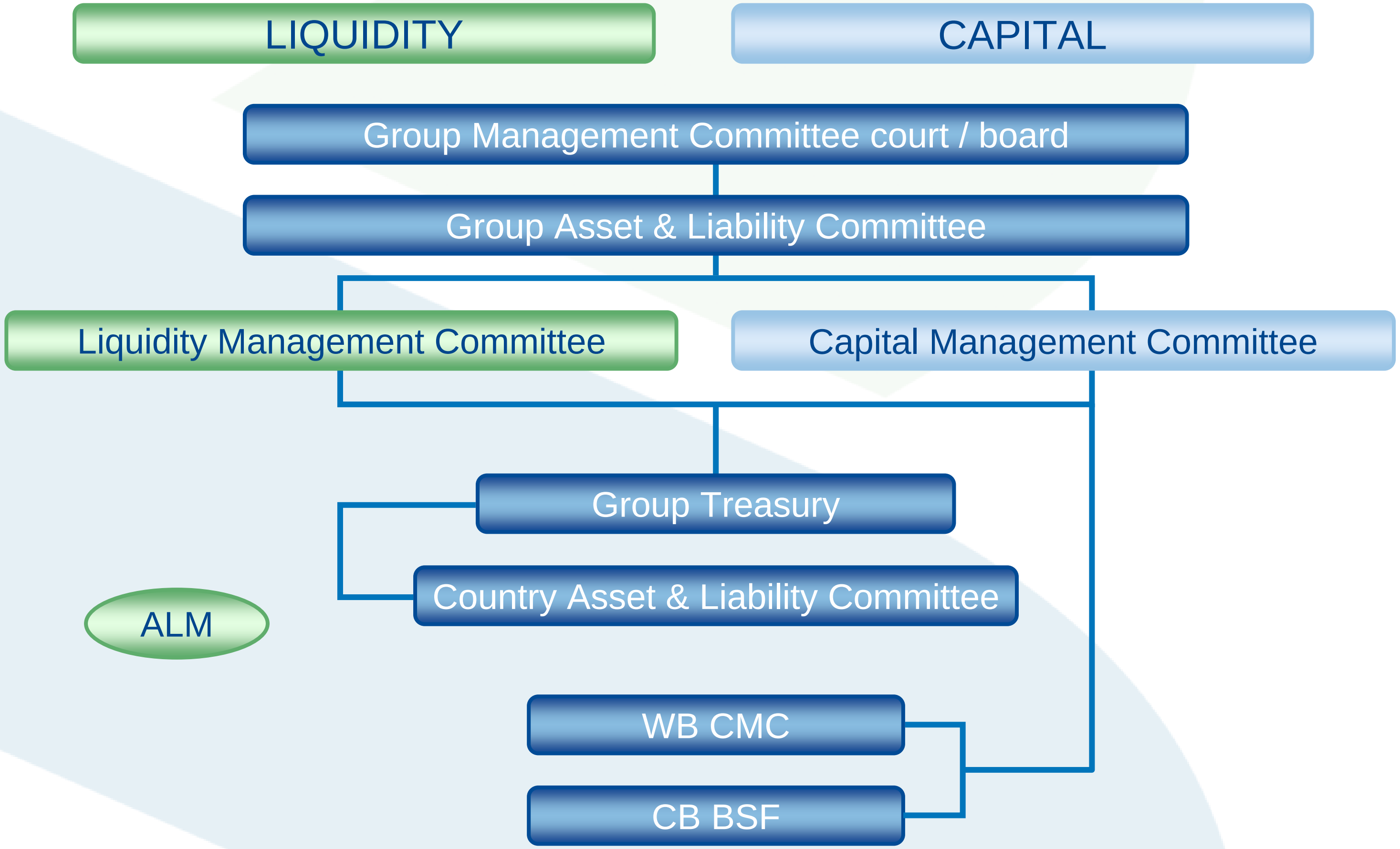
Standard Chartered's

- CDS performs better than "Aa" CDS index
- Senior issues are trading tighter than "Aa" senior financials
- RoE better than Moody's "Aa1" rated institution



Source: Bloomberg - RoE based on latest published information for 176 banks globally with market cap of over US$2.5bn (as at September 09)

Long standing governance structure on capital and liquidity



Liquidity risk constantly evaluated

Standard Chartered

- **Maximum Cumulative Outflow**:
  The amount of net cash inflow/ outflow from all On-Balance Sheet and Off-Balance Sheet items under normal conditions over the next 30 calendar days. Normal conditions mean BAU customer behaviour for withdrawal and repayment of Assets / Liabilities.
- **Wholesale Borrowing Limit**:
  A limit governing the amount which the Treasury operation can raise in the Wholesale / Inter-bank market, including Intra-group and custodial funds. Typical to cover short term liquidity.
- **Swapped Funds**:
  Non-domestic funds swapped into local currency
- **Advances/Deposit Ratio**:
  Corporate and Retail Loans as a % of the Corporate and Retail deposits
- **Commitments Guideline**:
  Amount of Customer Un-drawn Committed Facilities
- **Medium Term Funding Ratio**:
  Ratio of liabilities with maturity > 1 year to assets with maturity > 1 year

TACTICAL

STRATEGIC

Capital stress testing

Scenario 1: High inflation

- The fiscal response to the global downturn, including quantitative easing and lowering of interest rates, gives rise to dramatic increases in inflation across many of the Group's major markets, further adversely impacting retail consumption, investment, export trade, household and corporate defaults

Scenario 2: US dollar devaluation

- Prolonged shift in sentiment towards the US resulting in a significant devaluation in the US dollar - 40% devaluation against the Euro and 29% against the Yen - examining the impact of both sharp and gradual declines in the US dollar on the Group's business plans

Scenario 3: Mortgage portfolios

- Property price stress test assessing the impact of a 40% decline over the next 12 months in residential and commercial property prices

Scenario 4: De-pegging of currencies

- Stress test assessing impact of peg breaks of the HKD and Gulf state currencies

Scenario 5: Economic slow-down

- Scenario analysis assessing the impact of a deterioration in economic activity from slowing growth and higher unemployment on the Group's core markets and its portfolios

STRESS RESULTS:

The results of the various stress scenarios evaluated indicate that the Group would remain strongly capitalised should it experience these types of scenario over the next 2-3 years.

Management actions have been identified which would be executed should such scenarios be observed in the Group's markets to minimise the impact on the Group's capital.

Liquidity stress testing

Standard Chartered

- Every unit is required to maintain sufficient liquidity to survive a name specific stress event without recourse to the Group for further support
- Compliance is achieved through the management of cash-flows and the holding of marketable securities
- The Liquidity Stress test period is sufficiently long to allow:
  - A conservative view of the time for various customer groups to react
  - The Bank can respond to the full period of the crisis
  - Stress tests are calculated on a daily basis locally in each country
  - Each country needs to be cash-flow positive throughout the stress period

Low refinancing risk*

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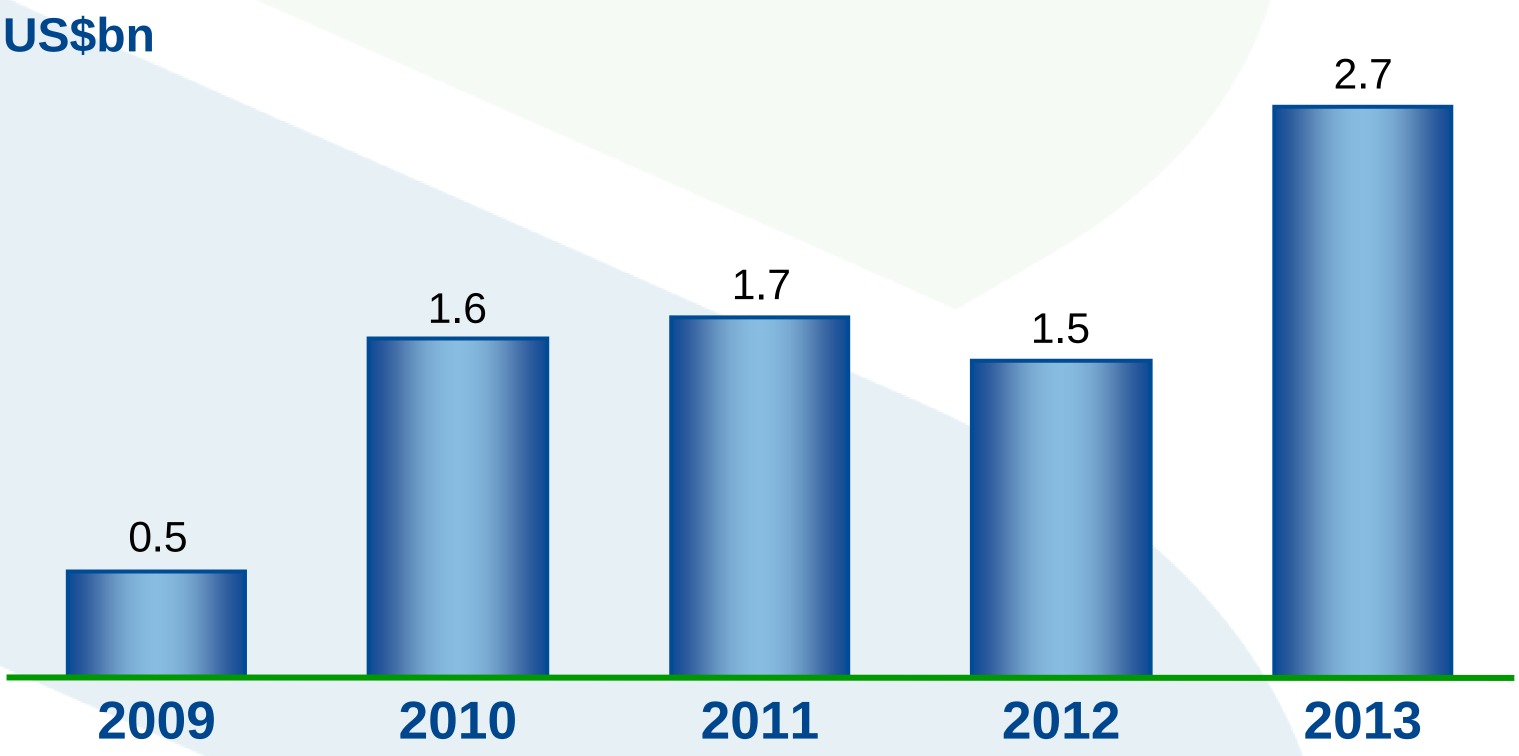
SCB capital and senior funding maturity profile



* The refinancing profile includes the effect of callable instruments.
The profile should not be construed as the issuer having made a decision with respect to any callable securities that are included in the profile.

Evolution of the regulatory environment

- FSA New Liquidity Regime Published in October 2009

  - The Reporting and Quantitative Requirements will come into effect for SCB from 1st October 2010

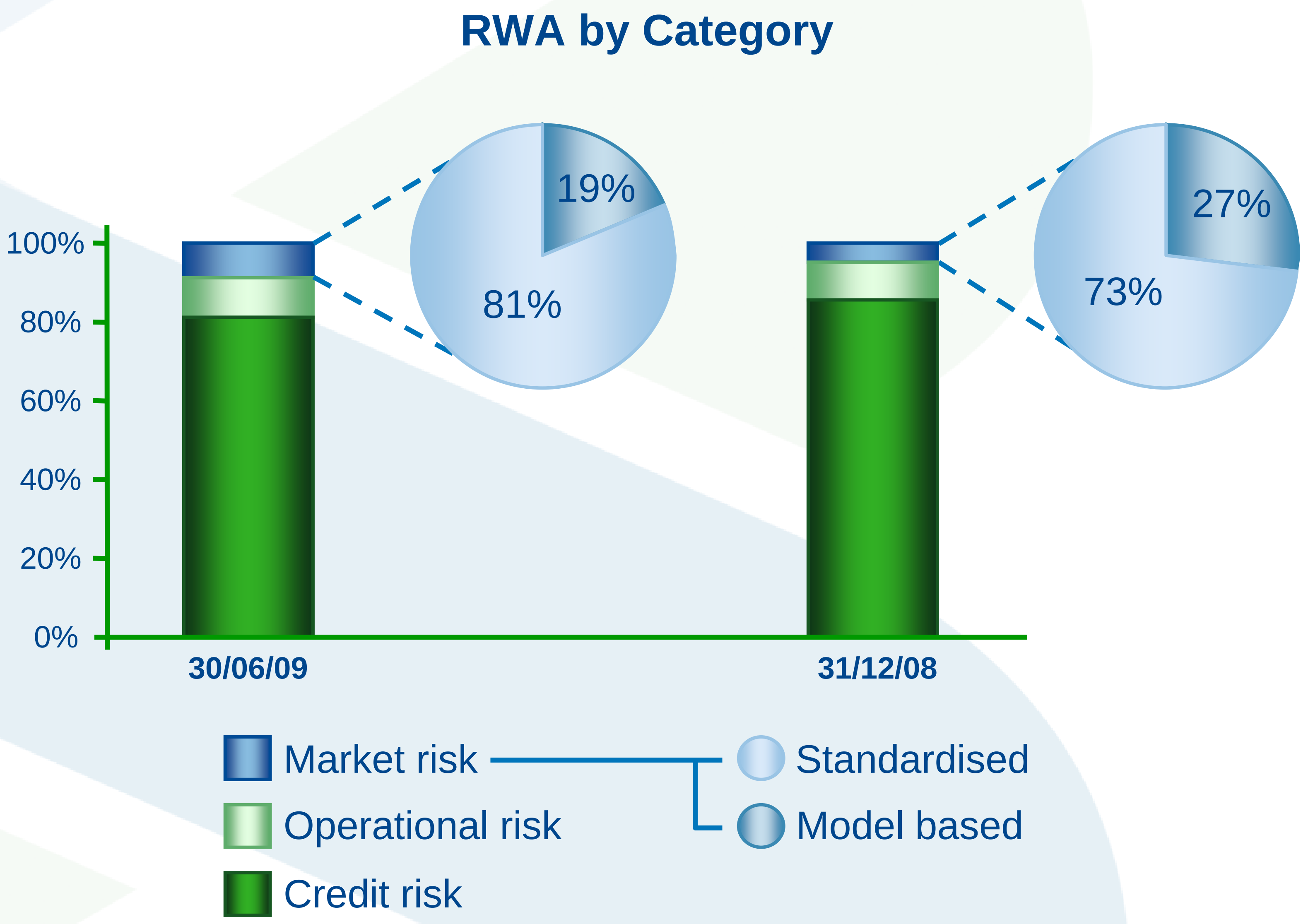
  - The key themes from the original Consultation Paper (CP08/22) still apply:
    - Self-sufficiency for UK firms
    - FSA will set required amounts for Liquid Asset Buffer and Funding Profile constraints

Evolution of the regulatory environment

- Leverage ratios
- Living wills
- Capital

Evolution of the regulatory environment

Standard Chartered



Key messages

- Strong foundations of capital and liquidity
- Market is differentiating - strong interest in our name
- Minimal refinancing risk
- Engaging constructively in the regulatory dialogue

Q & A

Analyst trip 2009

Richard Goulding
Group Chief Risk Officer

Standard Chartered

Key messages

Standard Chartered

- Diversified portfolio with low exposure to risky asset classes and segments
- Portfolio quality indicators are stabilising and remain good by historical standards
- Robust risk governance and strong risk organisation driving continuous improvement in capabilities from a strong base
- Anticipation, vigilance and discipline enable us to manage well in a challenging risk environment

Key messages

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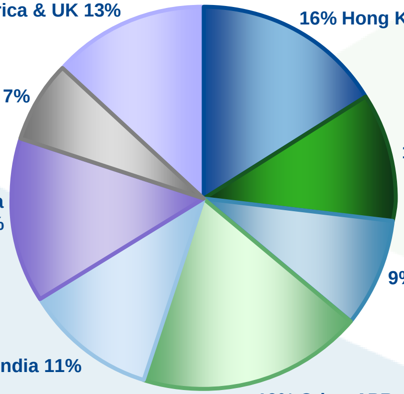
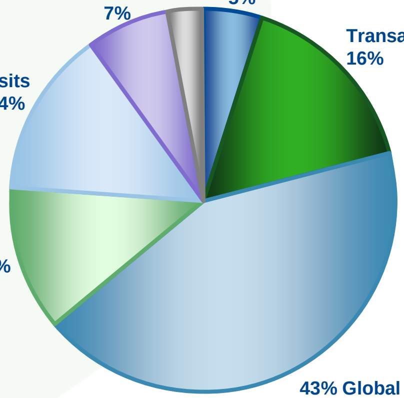
Strength through diversification

- 28% of Group's loan portfolio in retail mortgages - strongly collateralised with average LTV 50%
- 75% of Consumer Banking portfolio is fully secured
- No mass market retail business in USA, UK or Europe
- Wholesale Banking has a diversified geographical, customer and product mix

Income and assets well diversified

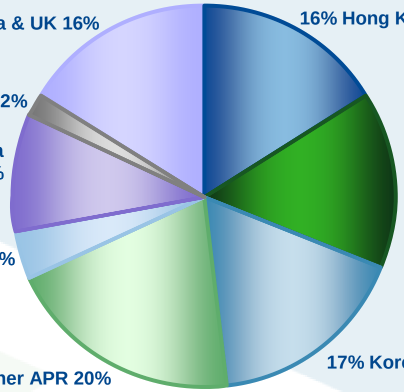
Income H1 09: US$8.0bn

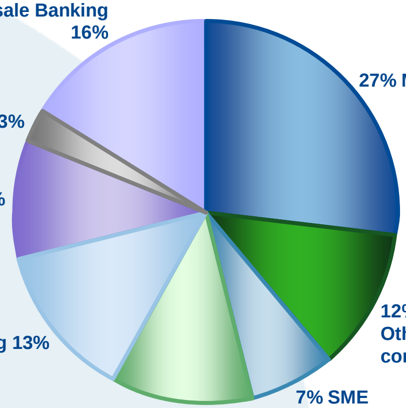




SCB income is well diversified…

Loan portfolio H1 09: US$185bn





… as is the loan portfolio

Low exposure to higher risk assets

- Low exposure to:
  - Securitised assets
  - Leveraged loans
  - Commercial real estate
- Minimal exposure to level three assets

Wholesale Banking asset backed securities

Asset Class	Carry value (US$ m)				
	Dec-07	Jun-08	Dec-08	Jun-09	Sep-09
RMBS					
US Alt-A	88	59	57	49	48
US Prime	2	2	1	1	1
UK Other	1,798	1,499	969	758	752
CDOs					
CDO of ABS	126	79	32	20	19
Other CDOs	392	335	306	292	291
CMBS					
US CMBS	154	132	129	125	124
Other CMBS	939	796	525	485	491
Other ABS	2,015	2,059	1,740	1,268	1,202
Total	5,514	4,961	3,759	2,988	2,928

- ABS portfolio currently approximately less than 1% of overall Group exposure
- Centralised management of the ABS portfolio
- ABS portfolio has reduced principally due to redemptions
- No sub-prime mortgage exposure and minimal US Alt-A exposure

Key messages

Standard Chartered

- Diversified portfolio with low exposure to risky asset classes and segments
- Portfolio quality indicators are stabilising and remain good by historical standards
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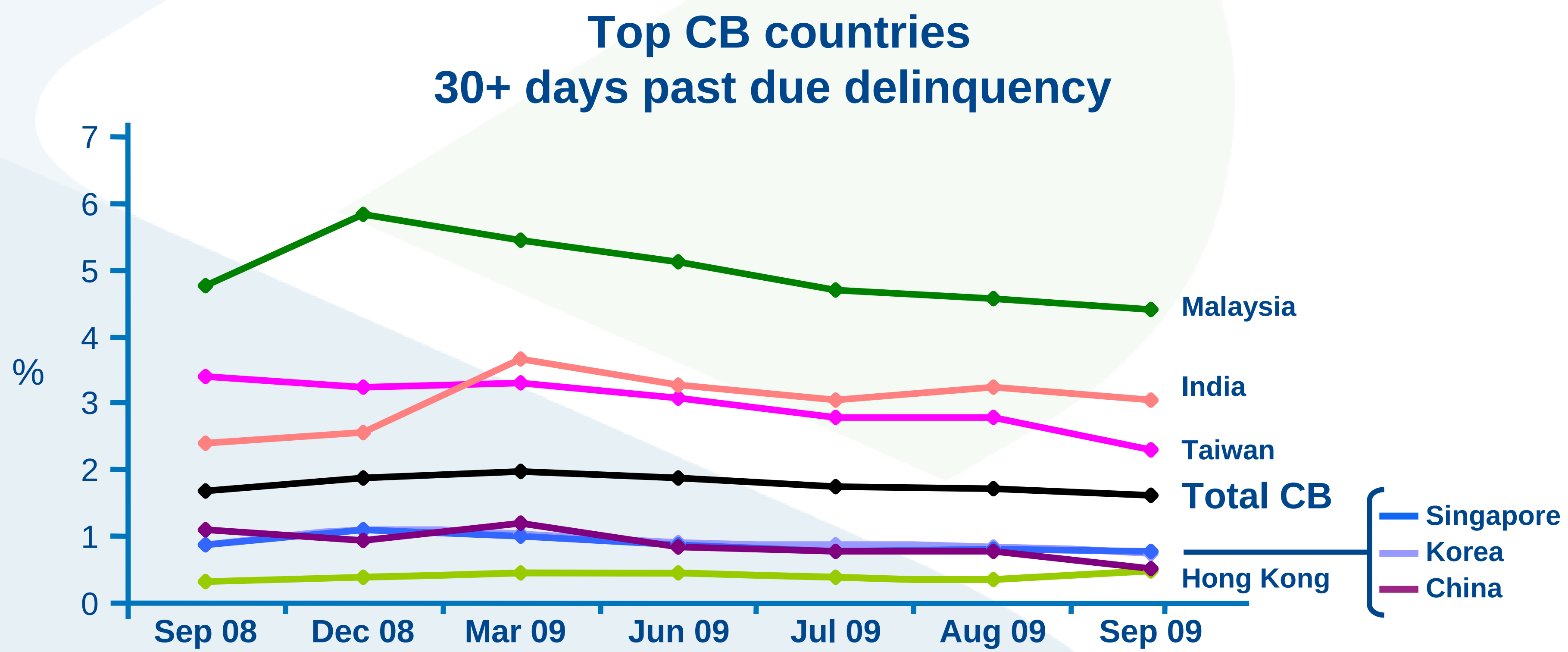
Consumer Banking

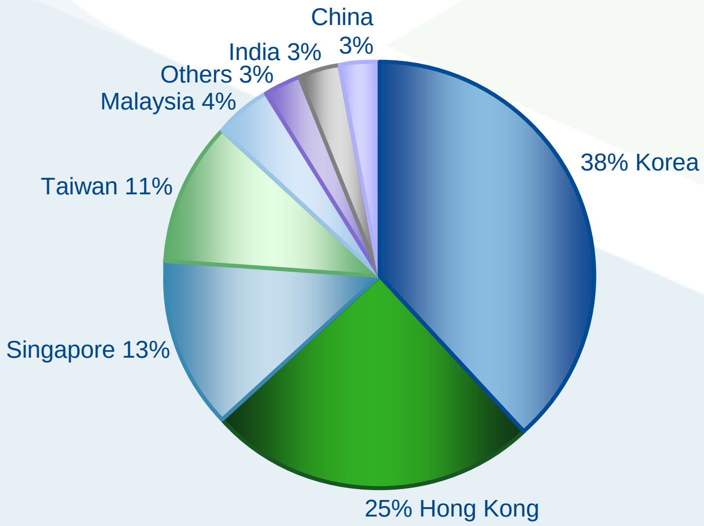
Consumer Banking portfolio quality



- Delinquency trends for top CB countries largely stable
- Largest portfolios have been least impacted by crisis
- Hot spots have stabilised

Consumer Banking portfolio quality

Residential mortgage portfolio by geography



- 60% of the Consumer Banking portfolio in residential mortgages
- Mortgage portfolio well collateralised; average LTV 50%
- Only 2% of portfolio with LTV > 100% (US$1.0bn)

	Korea	Hong Kong	Taiwan	Singapore	India	China	Malaysia
Regulatory LTV cap	60%*	70%[2*]	No Cap	90%	No Cap	80%*	100%
SCB policy LTV cap[1]	60%	70%	90%	85%	85%	80%	90%
Average LTV	48%	35%	62%	57%	62%	56%	56%

[1] Global policy, higher LTV offered on exception basis; subject to regulatory cap
[2] Hong Kong mortgages with LTV > 70% are insured * High value properties and regions subject to lower LTV caps

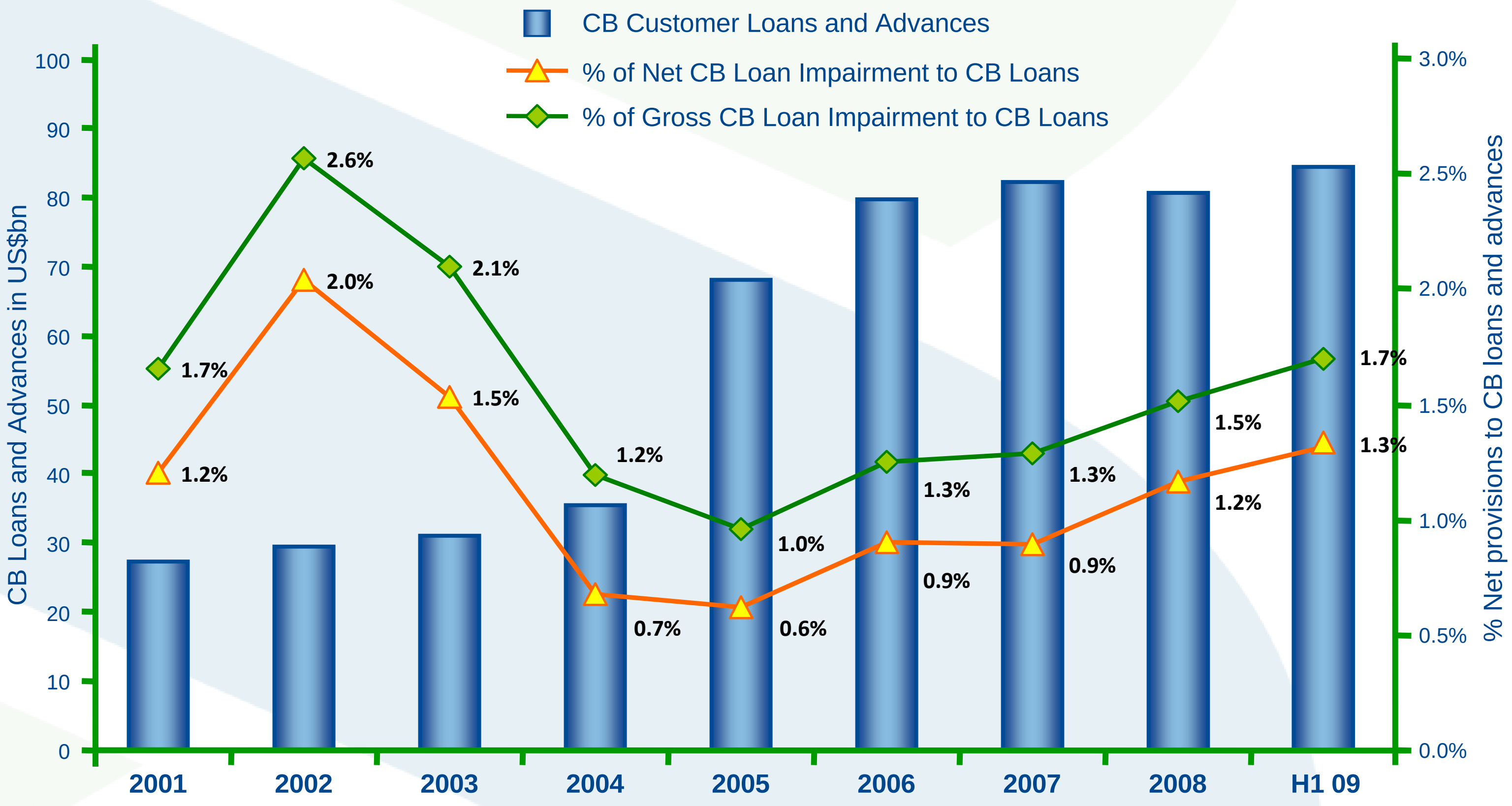
Consumer Banking loan impairment trend

		Q3 08	Q4 08	Q1 09	Q2 09	H1 09
Mortgages	LI/ANR	0.00%	0.05%	0.13%	0.31%	0.22%
	30dpd/ENR	1.20%	1.34%	1.22%	1.19%	1.19%
	Loan book (US$bn)	46	47	47	51	51
	LI (US$m)	1	6	16	40	56
SME	LI/ANR	1.21%	2.75%	2.31%	1.96%	2.13%
	90dpd/ENR	2.06%	2.52%	2.54%	2.42%	2.42%
	Loan book (US$bn)	12	12	11	12	12
	LI (US$m)	39	85	60	54	114
Other	LI/ANR	1.89%	4.84%	3.90%	3.21%	3.50%
Including	30dpd/ENR	2.95%	3.25%	3.37%	3.40%	3.40%
personal loans	Loan book (US$bn)	22	22	21	22	22
& credit cards	LI (US$m)	130	264	185	208	393
Total	LI/ANR	0.75%	1.70%	1.34%	1.35%	1.35%
	30dpd/ENR	1.84%	2.07%	2.00%	1.92%	1.92%
	Loan book (US$bn)	80	81	79	85	85
	LI (US$m)	170	355	261	302	563

NOTE: LI - Loan impairment, ANR - Average net receivables, ENR - End period net receivables

Consumer Banking loan impairment trend

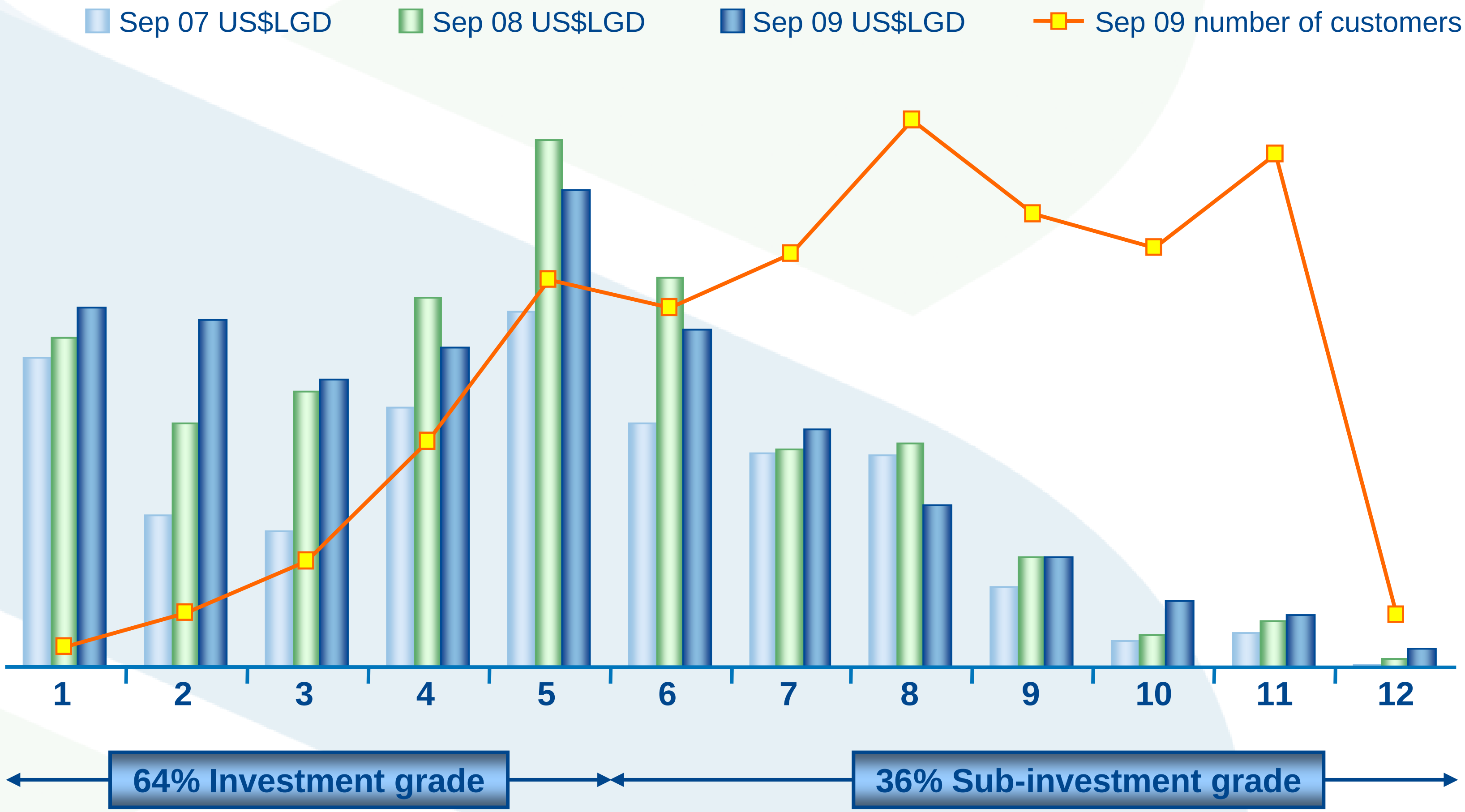
- Loan impairment trends increased but have stabilised and remain below previous cyclical peaks



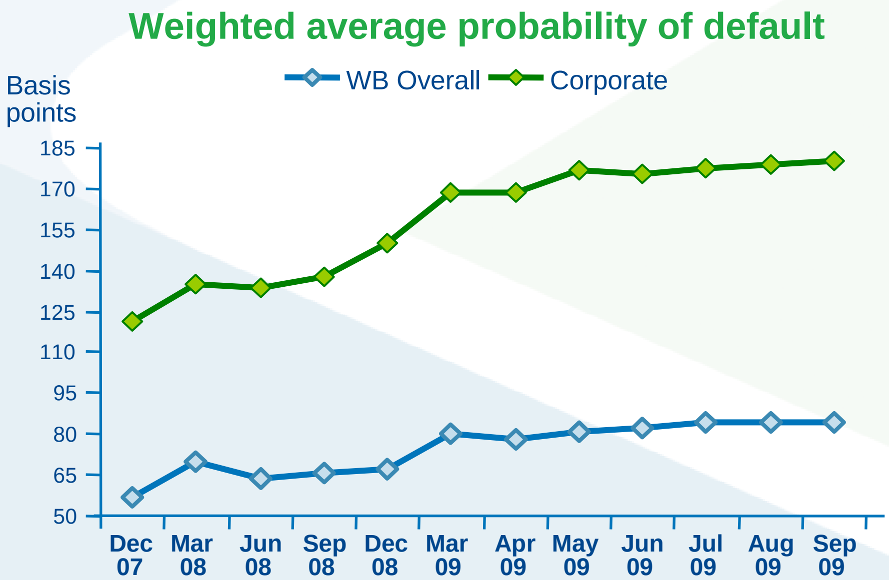
Wholesale Banking

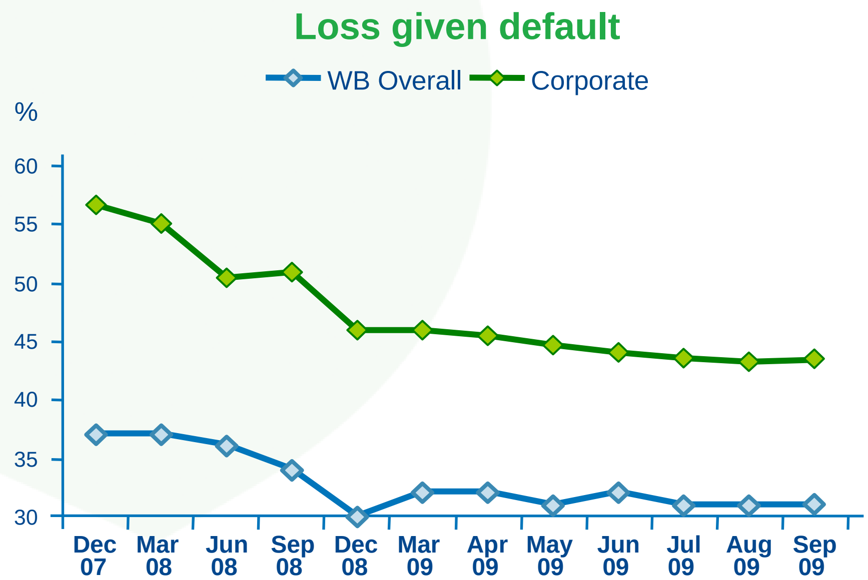
Wholesale Banking portfolio quality

- Credit risk exposure concentrated within good quality clients



Wholesale Banking portfolio quality



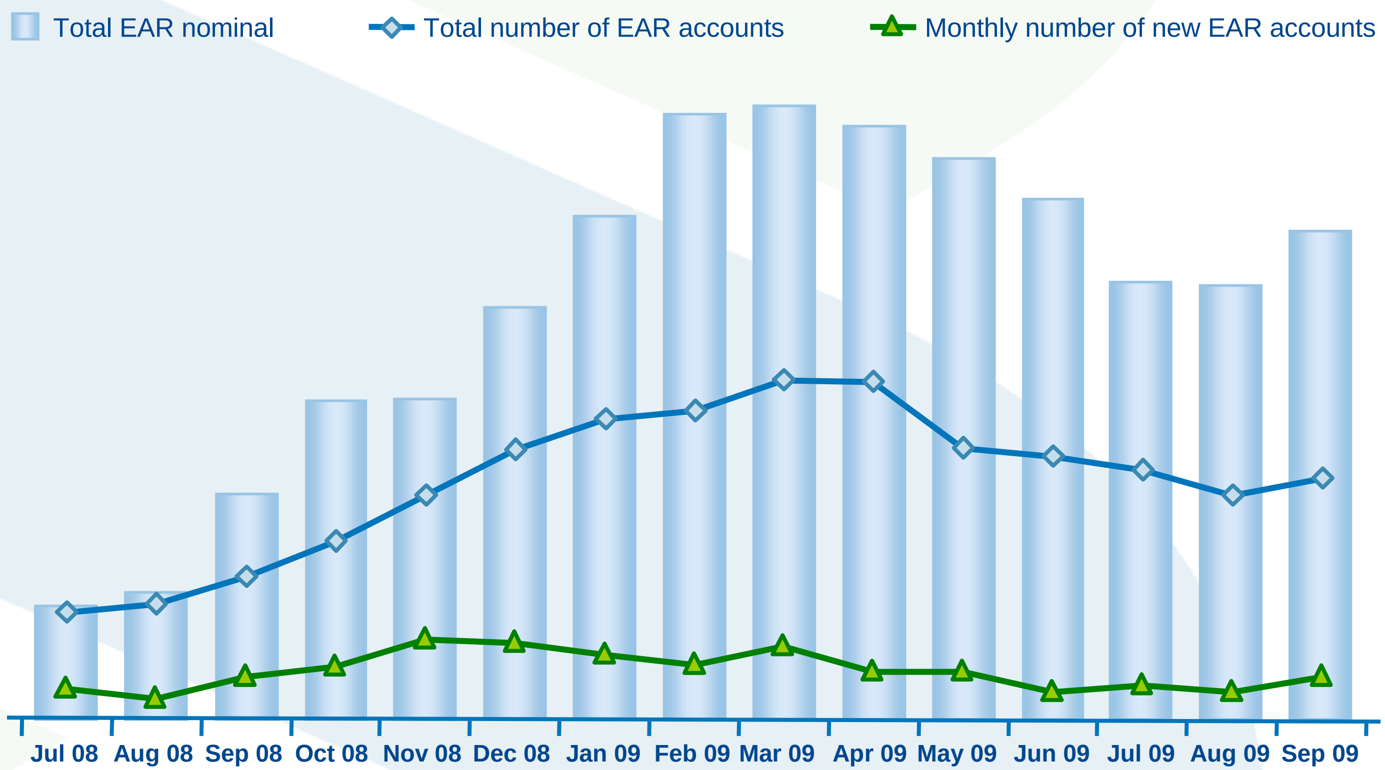


- Pace of negative credit grade migration has slowed
- Levels of loss given default have been improving gradually since December 07; reflecting actions taken to mitigate risk and also improve capital efficiency

Wholesale Banking portfolio quality

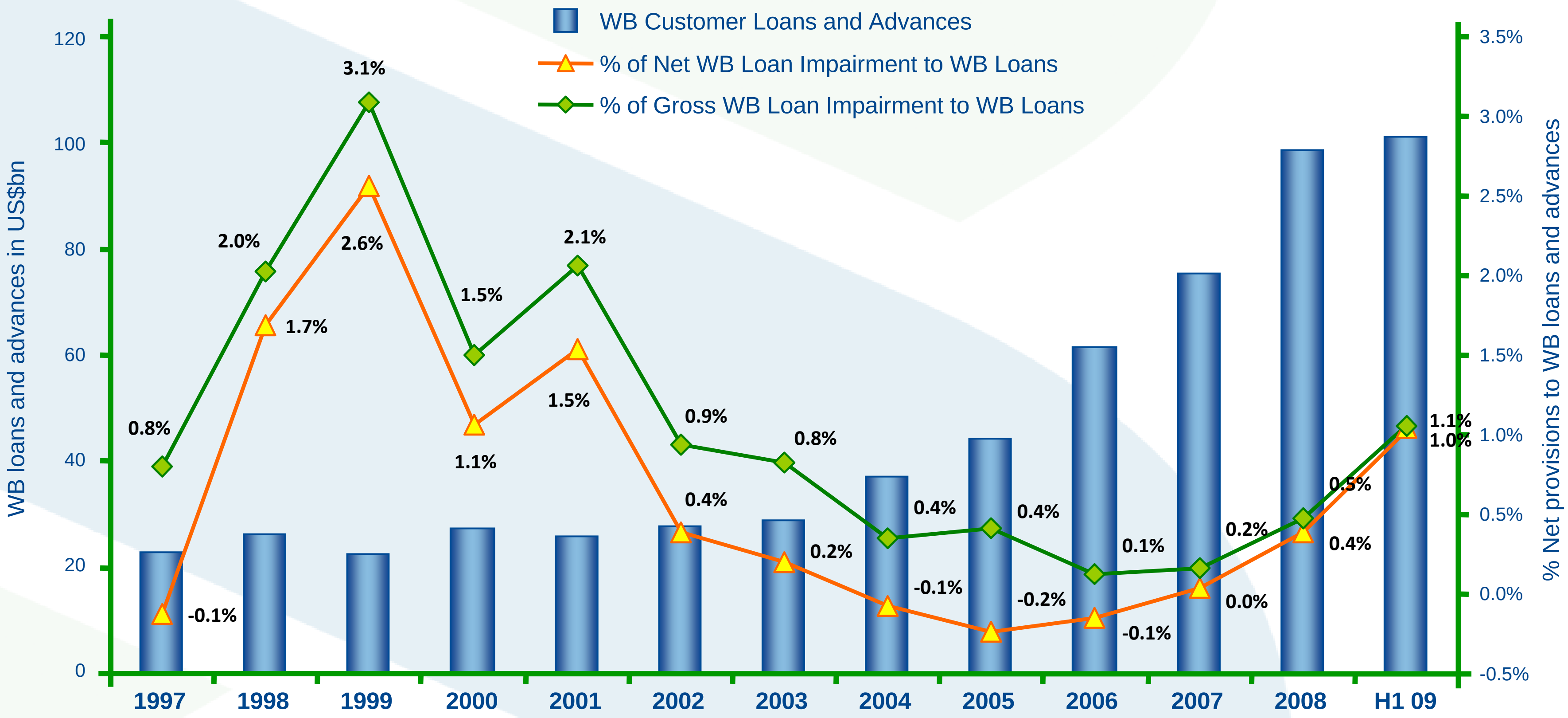
Standard Chartered

- Trend in Early Alert accounts driven by consciously conservative approach to Early Alert classification providing early visibility of potential problem accounts



Wholesale Banking loan impairment trend

- Anticipation and firm management action has mitigated impact on impairment levels which remain below previous cyclical peaks

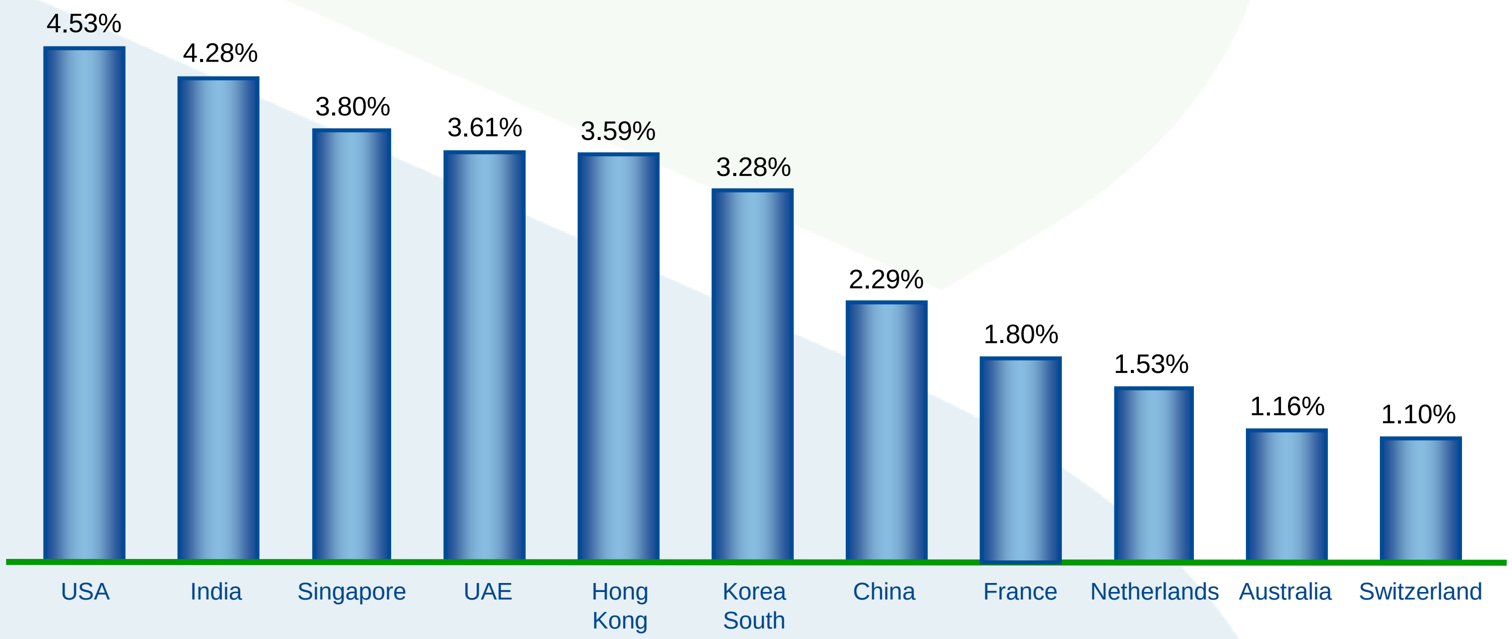


Other Risks

Country risk

Cross-border asset exposure is diversified and reflects SCB core markets

Cross-border country risk exposures
(representing 1% or more of total assets)



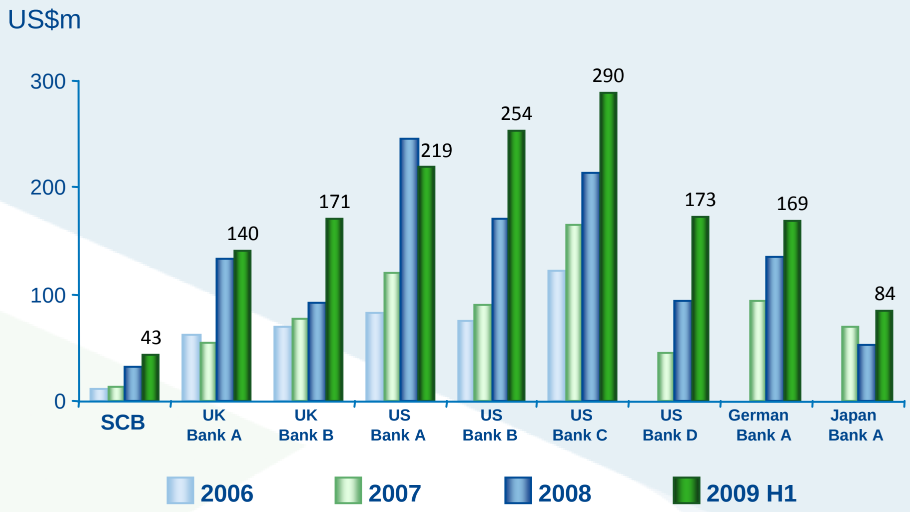
Country Risk covers the risk that the bank will be unable to obtain payment from its customers/third parties on their contractual obligations, as a result of certain actions taken by foreign governments, chiefly relating to convertibility and transferability of foreign currency

NOTE: Percentages at column tops represent cross-border asset exposure as a percentage of total assets

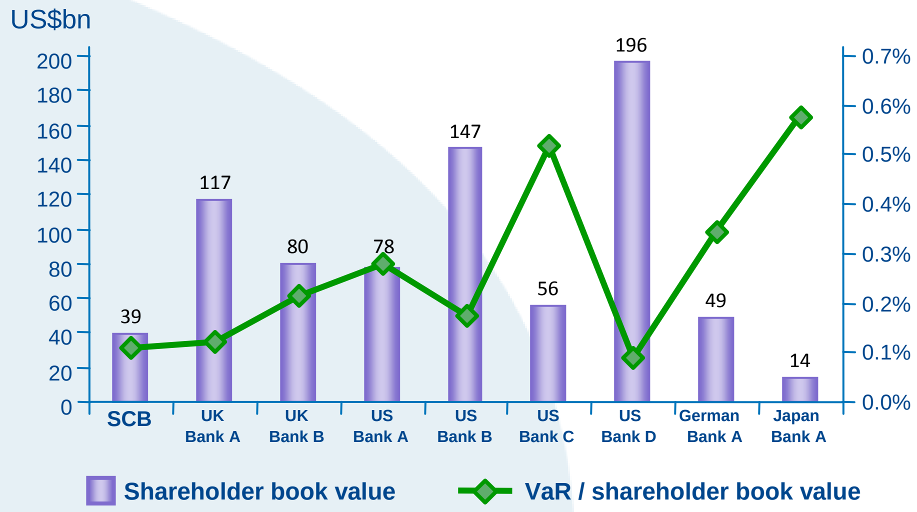
Market risk

- Absolute level of market risk low compared to peers
- Relative level of market risk in line with other conservative peers
- SCB VaR increase during 2009 is primarily due to increased market volatility

Average VAR (97.5% / 1-day)

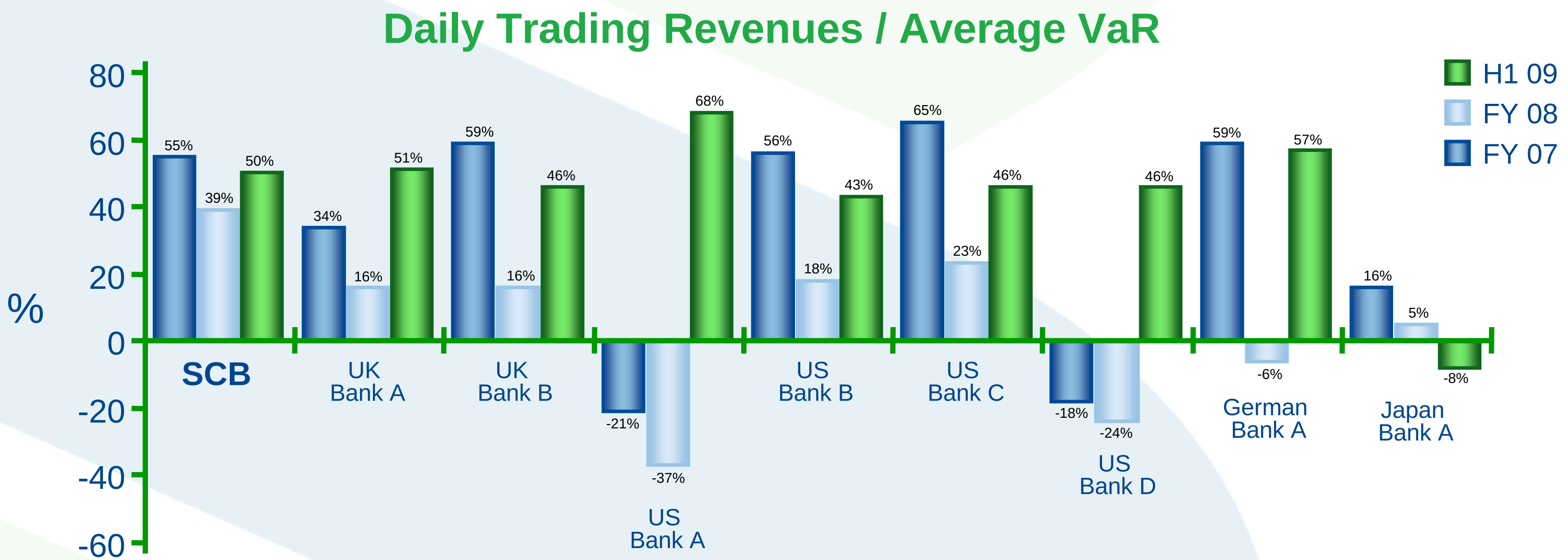


Market Risk vs. shareholder book value



Market risk

- No dedicated proprietary trading teams. Trading revenues are derived exclusively from market making activities supporting client business flows
- Quality of earnings is consistent and strong; no loss days in H1 09



- Level 3 assets are low and a small percentage of net book value

Operational risk

- Well defined operational risk and assurance process enabling anticipation, management and mitigation of events embedded at all levels

- Provides an integrated approach to loss prevention

Key messages

- Diversified portfolio with low exposure to risky asset classes and segments
- Portfolio quality indicators are stabilising and remain good by historical standards
- Robust risk governance and strong risk organisation driving continuous improvement in capabilities from a strong base
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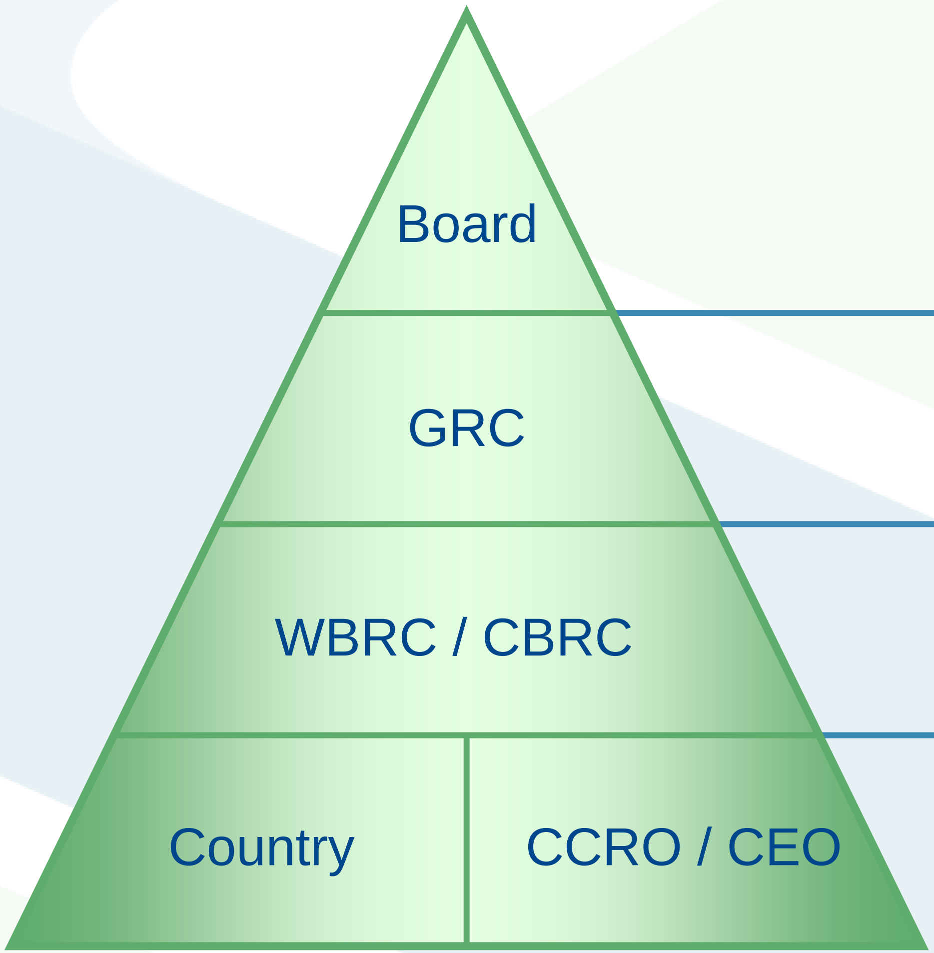
Risk in Standard Chartered Bank

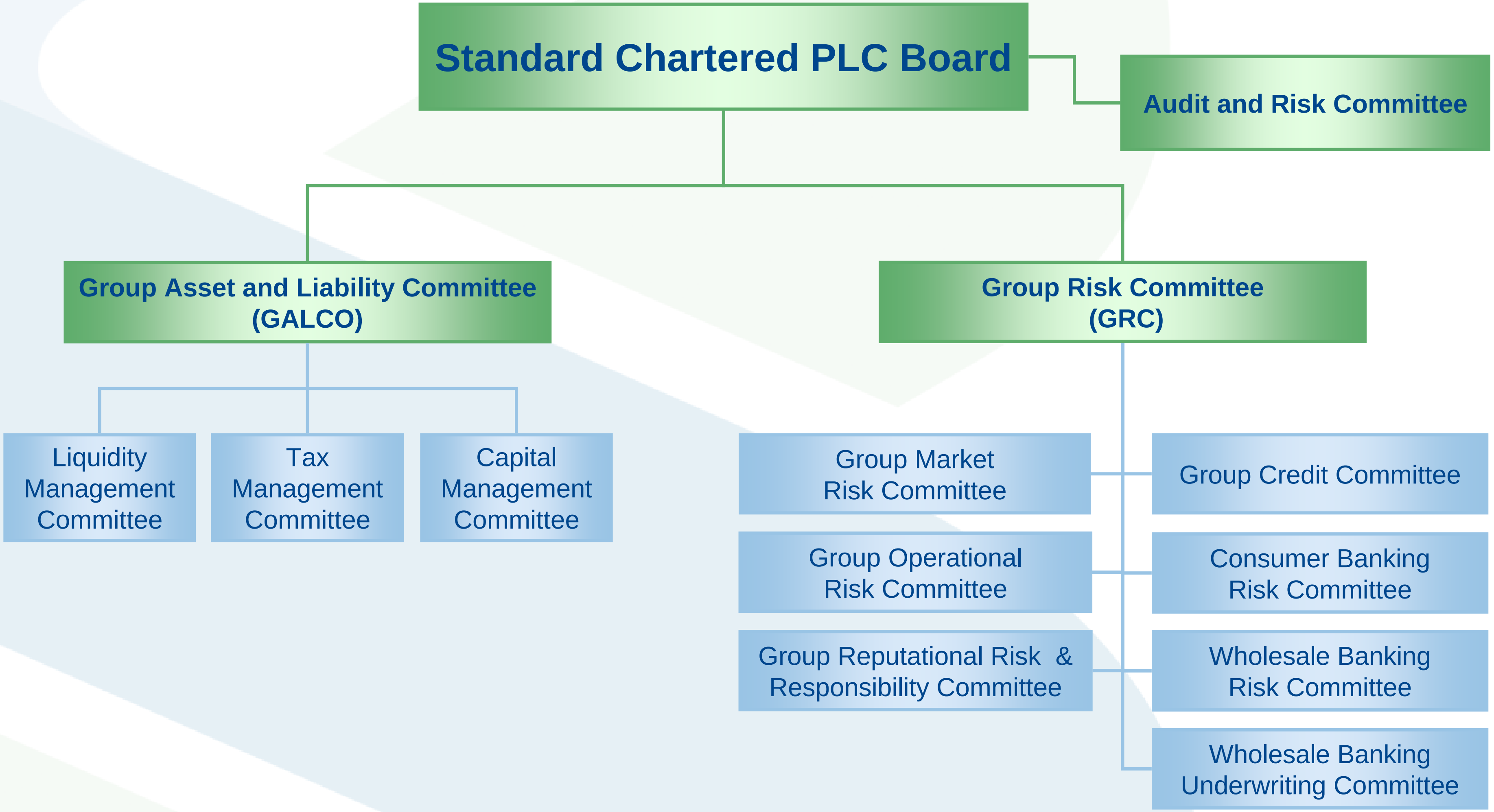
- Risk management is a shared responsibility
- The Risk function:
  - Manages enterprise wide risks through a robust and rigorous Risk Management Framework
  - Upholds the integrity of risk – return decisions
  - Ensures risk is only taken within appetite and agreed authority
  - Anticipates future risks while maximising awareness of all risks and the inter-relationship between risk types
- Risk Appetite, an expression of the amount of risk the Group is prepared to take, plays a central role in development of strategic plans and policy

Risk appetite



- Annual budget / strategy board - agreement of risk appetite statement and review of strategic plans against the risk appetite statement
- Review risk appetite assessment (RAA) of key portfolios assessed through bottom up analytical approach
- Define portfolio standards and scorecard cut-offs to manage the risk and risk / reward profiles of the portfolio
- Implementation of the agreed strategy to achieve the desired risk return profile

Robust risk governance structure



Highly experienced risk senior team

- **Richard Goulding**, Group Chief Risk Officer (GMC member) — London
  - Group Chief Credit Officer — London
  - Chief Risk Officer, Wholesale Banking — Singapore
  - Chief Risk Officer, Consumer Banking — Singapore
  - Deputy Group Chief Risk Officer — Hong Kong
  - Head, Country Risk Governance & Chief Risk Officer, China — China
  - Group Head Special Assets Management — Hong Kong
  - Chief Operating Officer — London
    - Group Head, Operational Risk — Singapore
  - Group Head, Market Risk — London

Strong analytics capabilities

Standard Chartered

- SCB approved by the FSA to use Advanced IRB and CAD II models
- AIRB approvals obtained from other regulators wherever sought
- Significant investment in analytical resources for Basel II being leveraged to drive better informed decisions

Basel II Approaches	Credit Risk Wholesale	Credit Risk Consumer	Market Risk	Operational Risk
	Standardised	Standardised	Standardised	Basic Indicator Approach
	Foundation - IRB			**The Standardised Approach**
	Advanced - IRB	**Advanced - IRB**	**Internal Models (CAD II)**	Advanced Measurement Approach

SCB's approaches shaded in green

Note: IRB is internal ratings based

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Anticipation, vigilance and discipline

- Risk Appetite clearly linked to strategy and decision making
  - Based on measurements of earnings volatility and concentration risk
  - Stress testing activity intensified across the group, with increased frequency and varying levels of severity
- Proactive approach to risk; actions taken mitigating the impact of crisis through 2009 and beyond
  - Enhancement of EAR process to better enable differentiation of levels of risk concern
  - Specific reviews (counterparties with exposure > US$100m, large refinancing requirements)
  - Tightened underwriting criteria and control processes
  - Improved collections capacity and productivity
  - Enhanced process to trigger the initiation of a specific set of mitigating actions to potential future adverse market conditions

Stress testing

- ## The stress testing process
  - Risk appetite
  - Identify key risks
  - Impact on profitability and business plans
  - Co-ordination, integration, inform senior management

- ## Stress Testing Forum
  - Led by risk function with business, treasury and finance participation
  - Senior management engagement
  - Monthly

- ## Stress testing activity has been intensified at country, business and Group levels
  - Forward looking scenarios
  - Increased granularity

Recent stress tests

2009

- Pillar 1 ICAAP stress - high inflation scenario
- Strategy board - deep recession
- Cross border conflict between India and Pakistan
- Swine flu mutation
- US dollar significant depreciation

- The Bank would remain adequately capitalised were it to experience any of the stresses analysed, including a 1 in 25 year event
- Forms an integral part of ongoing Risk Appetite analysis; informing strategy, limit setting and policy

Difference from previous economic crisis

- There have been significant positive changes in the external and internal SCB environment for consumer credit post Asian Crisis
- Overall, economic forecasts for SCB's footprint countries anticipate a less severe outcome than in 1998-9, and the data for the year to date is proving stronger than feared
- In most of our markets government have implemented speedy fiscal and monetary initiatives to mitigate the impact – they have both the financial and political ability to do this
- Lower corporate indebtedness – Asian corporates are now less leveraged
- Levels of household debt in Asia are lower than that in the US and UK

SCB - 1998 vs 2009

- Well prepared and initiated management mitigation actions:
  - Overall LGD is 31% in WB against 1998 actual LGD of 50%
  - Selective tightening of criteria
- Client centric strategy in WB against the product centric strategy in 1998
- SCB has developed advanced risk segmentation tools and scorecards to enable originations which are within risk appetite
- Unlike 1998, the biggest impact of the “Credit Crunch” is in US, UK and Europe, SCB has no consumer presence in these countries
- C. 80% of the consumer portfolio is secured versus 61% in 1998
- Mortgage book is well collateralised overall
- Proactive risk management tools to ensure growth within risk appetite

Summary

- Diversified portfolio with low exposure to risky asset classes and segments
- Portfolio quality indicators are stabilising and remain good by historical standards
- Robust risk governance and strong risk organisation driving continuous improvement in capabilities from a strong base
- Anticipation, vigilance and discipline enable us to manage well in a challenging risk environment

Q & A

Group perspectives and wrap up

Richard Meddings
Group Finance Director

Standard Chartered

Key themes

- Wholesale Banking has built a platform for sustainable growth
- Consumer Banking transformation is underway
- Well positioned in Hong Kong
- Korea poised for recovery

Standard Chartered

- Unique franchise and longevity of presence
- Culturally diverse
- Deeply embedded set of values
- Well positioned in growth markets

2010

- We are watchful on the external environment
- Challenges remain in the West
- The Group is in great shape with strong foundations
- Financial commitments are intact

Key messages

Standard Chartered

- We are confident in the growth prospects in our footprint
- Our businesses are well positioned to benefit from the economic recovery
- We have selectively taken advantage of the crisis to build our capabilities
- We have a conservative business model with robust foundations

Q & A