



Capital and Liquidity

Rupert Mingay

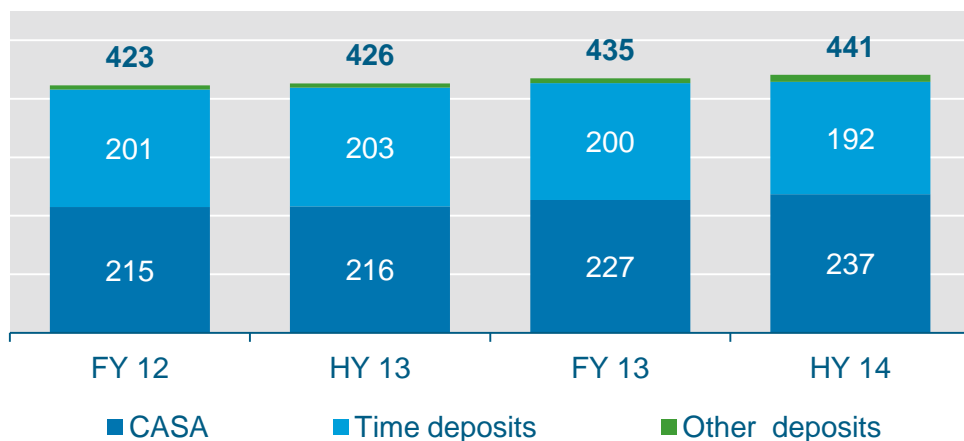
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Key messages

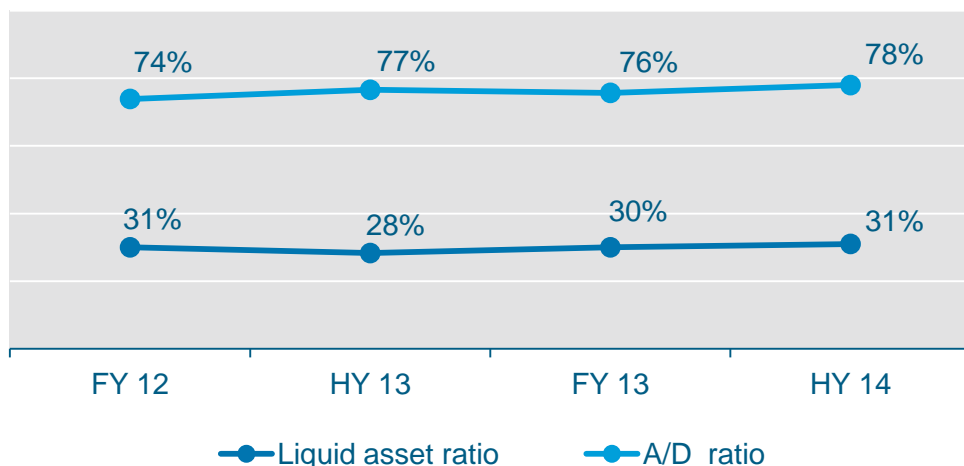
- The balance sheet is strong: highly liquid, well capitalised with an efficient funding structure and low leverage
- We have been managing the balance sheet proactively and have the levers to deliver sufficient capital accretion while funding growth and meeting regulatory requirements
- The refreshed strategy will also underpin capital accretion, with its focus on disciplined RWA management and improved returns across segments and businesses

Well-structured and liquid balance sheet

Total deposits US\$bn



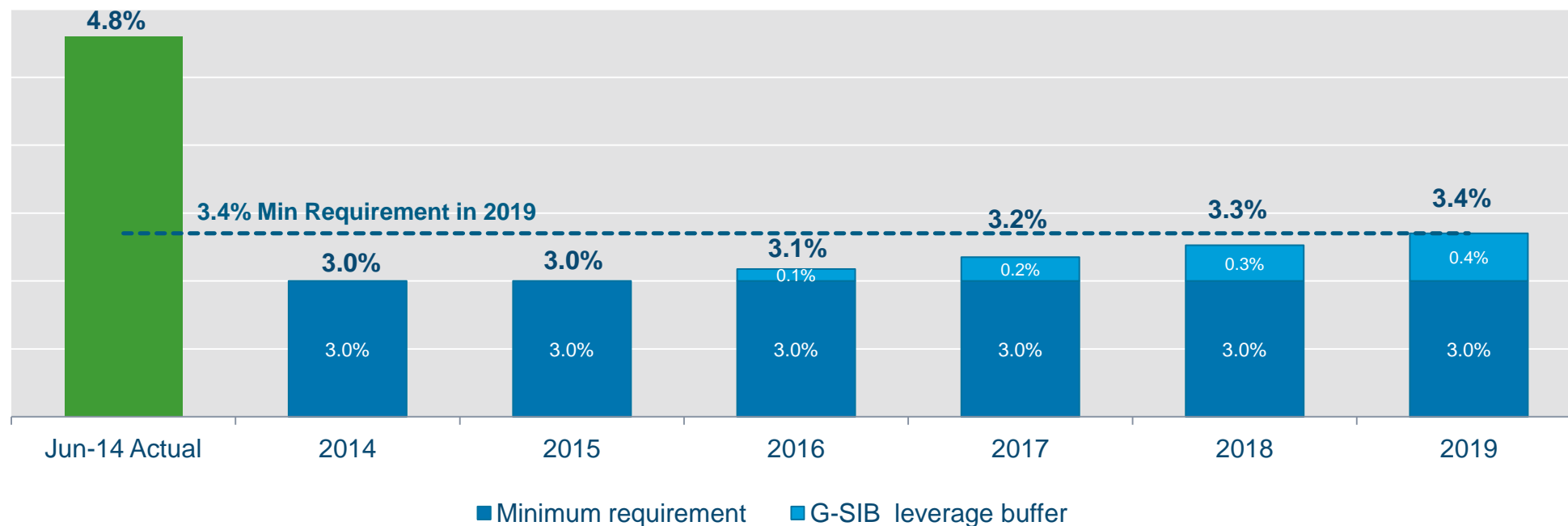
Liquidity ratios %



- Customer deposit funded franchise: A/D ratio consistently in the high 70s
- Liquid asset ratio of 30.5% - cUS\$210bn of cash or near cash on balance sheet
- Basel 3 LCR and NSFR > 100% today
- Structurally well positioned for resolution & TLAC debate
- No UK ring fence
- SPE resolution strategy fits existing structure
- Loss absorbing capacity >20% and in the right place

Strong leverage ratio well above future requirements

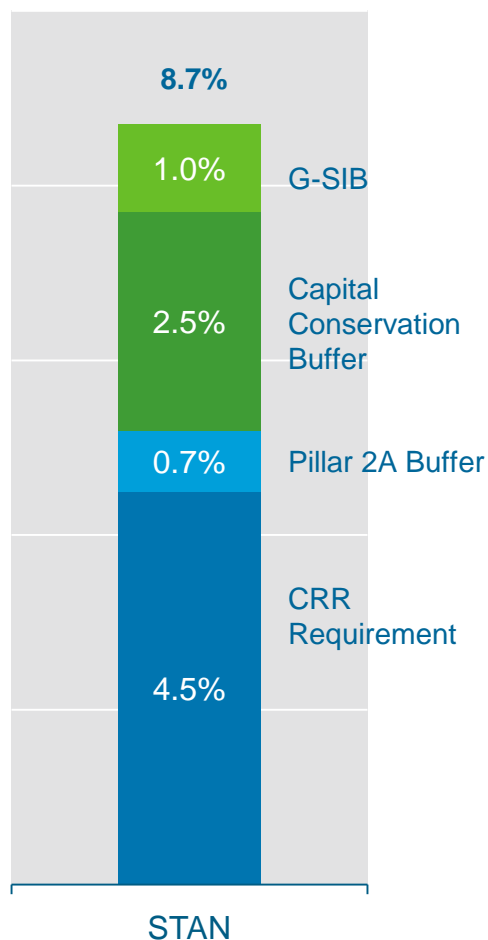
Leverage ratio and phased requirements (%)



- H1 14 leverage ratio of 4.8% vs. estimated FPC requirement of 3.35%
- Scope to increase leverage ratio further through issuance of Additional Tier 1 capital

Strongly capitalised above known CET1 requirements

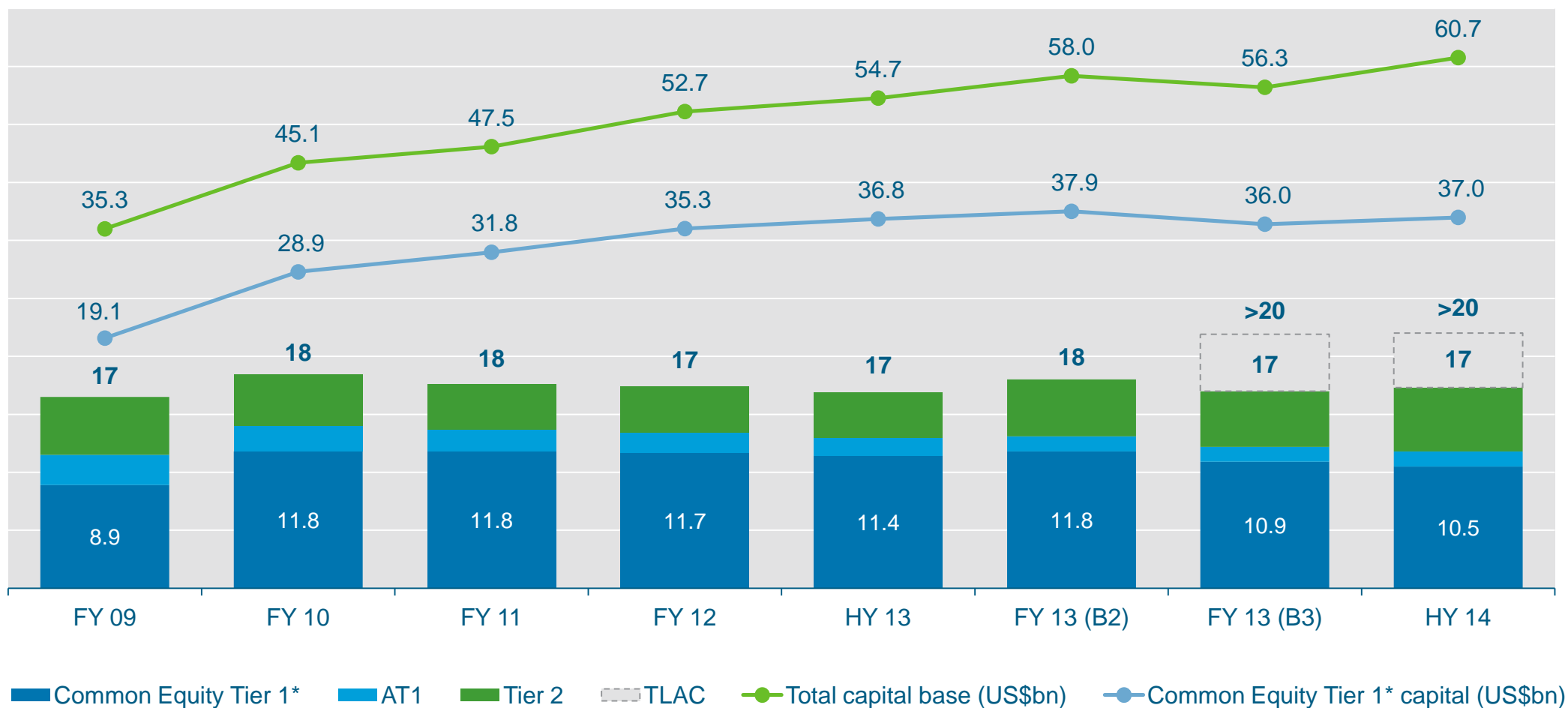
CET1 % requirements



- H1 14 ratio of 10.5% vs. known end point requirement of 8.7%
- Requirements are not yet finalised
- Intend to continue to operate with a prudent buffer over regulatory requirements

Continued growth in the quantum of equity and total capital

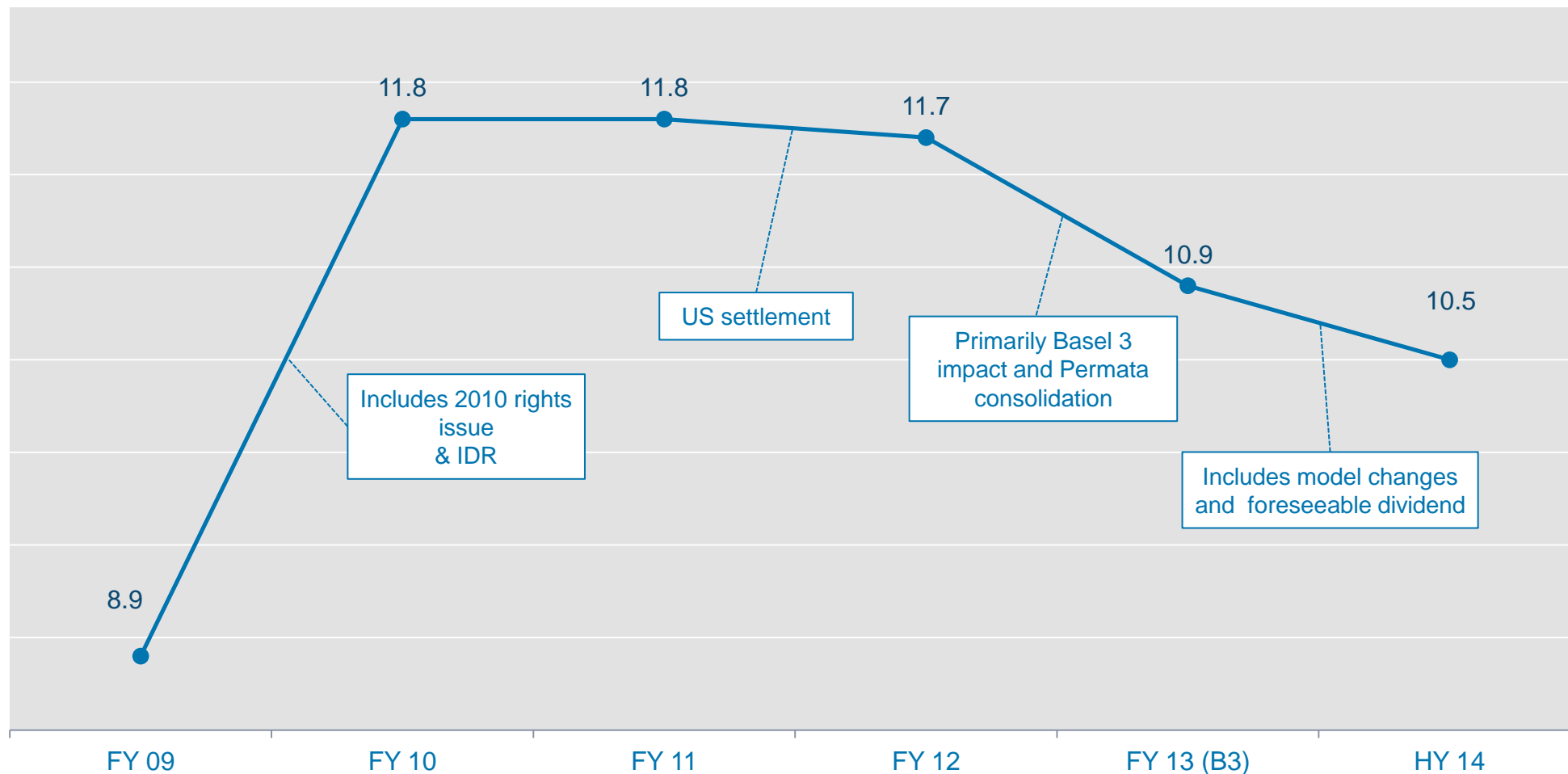
Capital ratios (%) and capital amounts (US\$bn)



* Core Tier 1 under Basel 2

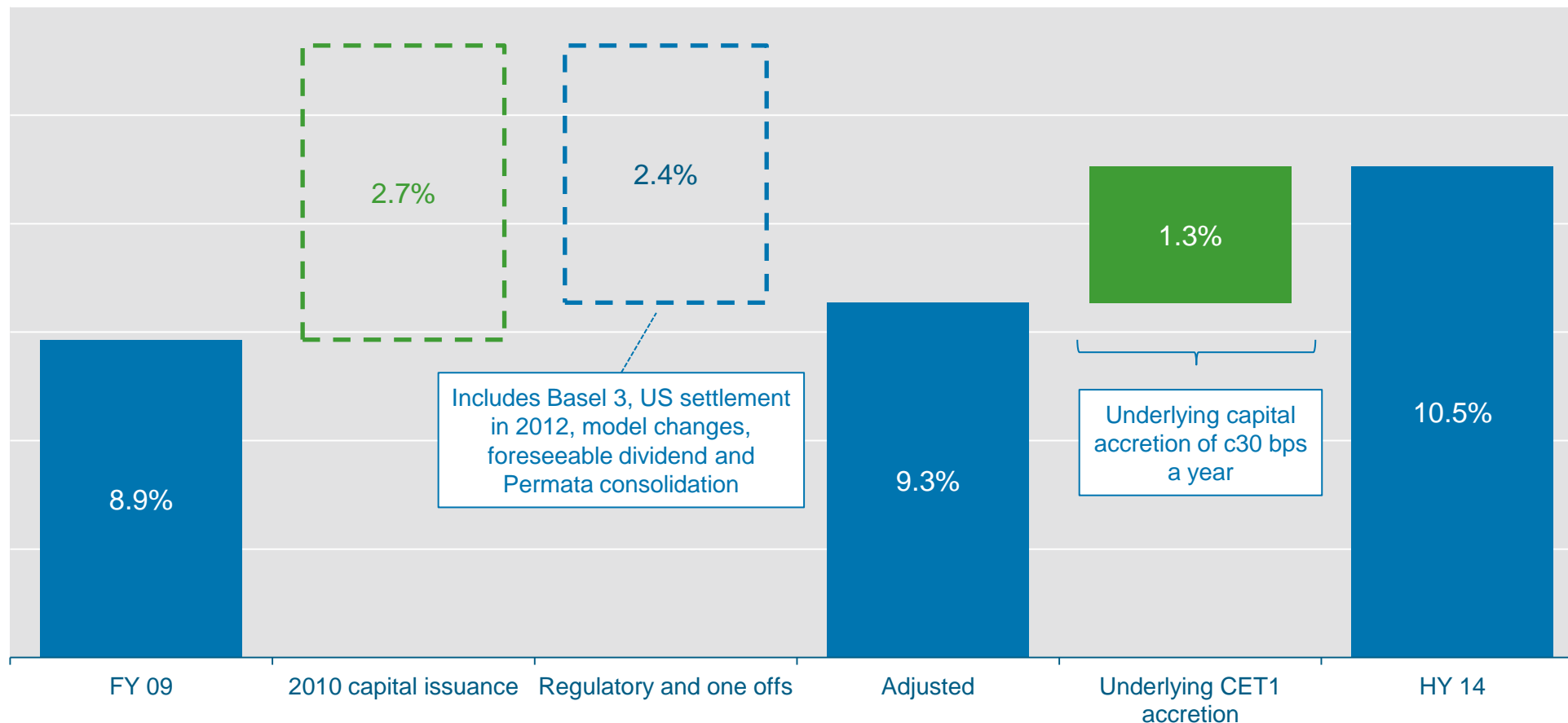
Evolution of CET1 ratio

CET1¹ ratio trajectory (%)



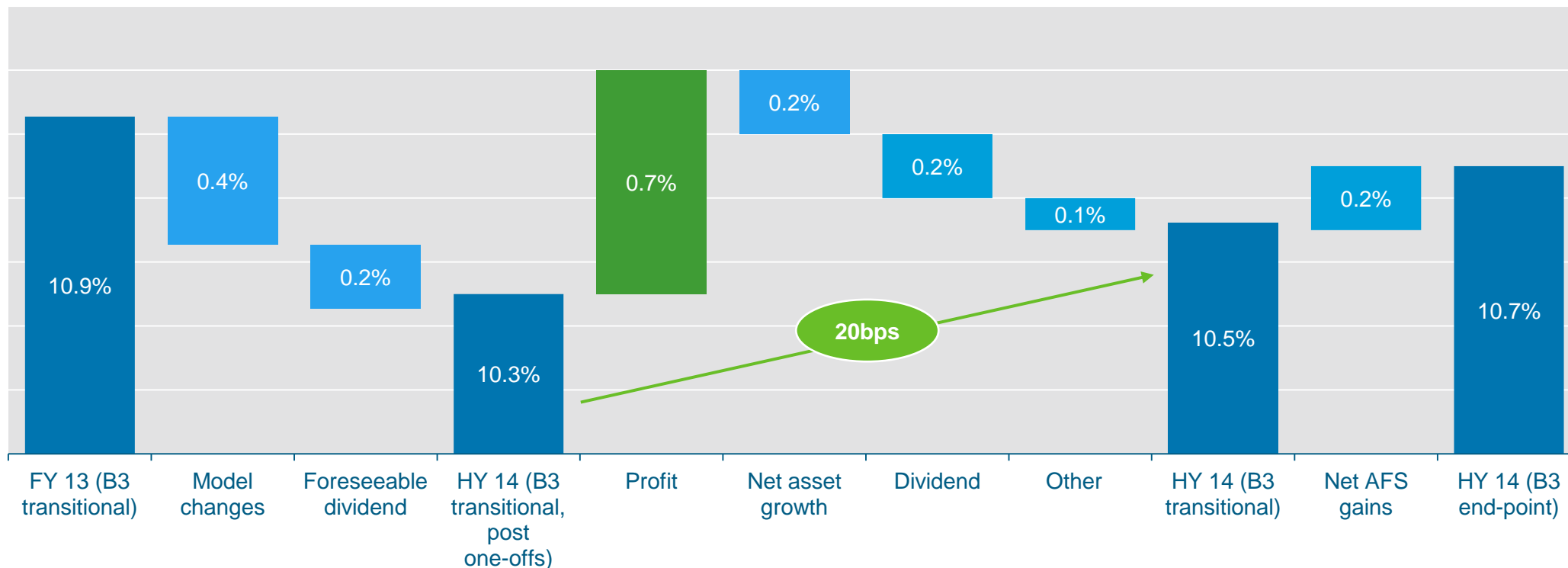
Historical underlying CET1 accretion of c30 bps a year

CET1¹ movement and underlying accretion² (%)



H1 CET1 – underlying accretion of 20 bps

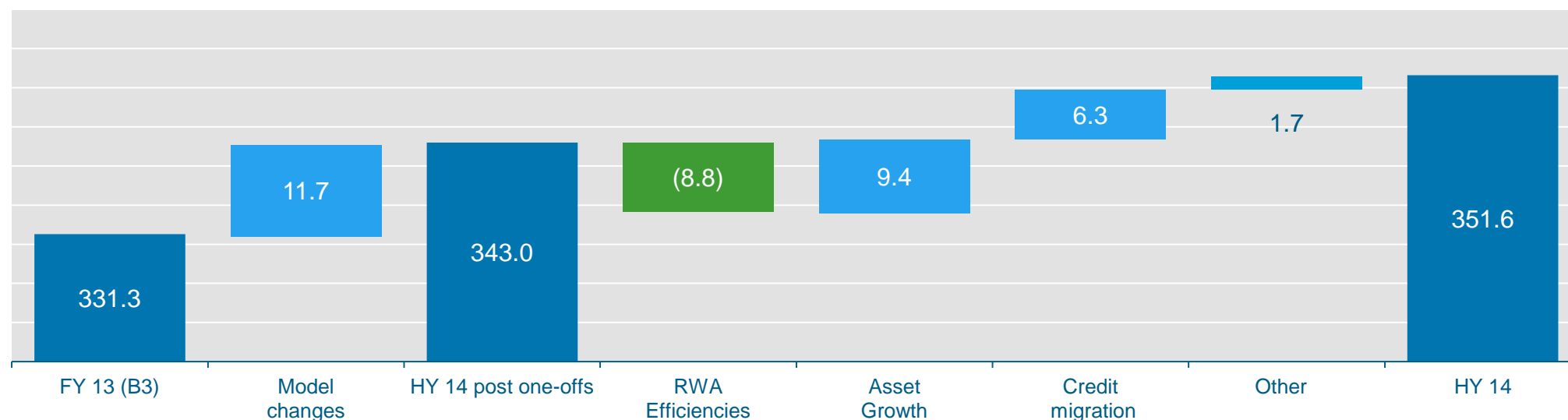
CET1 (%)



- Underlying CET1 accretion of c20bps at H1
- Consistent with a historic annual underlying CET1 accretion of c30bps after levy

H1 RWA – effective RWA management

RWA trajectory (US\$bn)



- RWA efficiencies: about US\$9bn, principally from
 - FM portfolio management: data clean up, CCP clearing, counterparty management to reduce CVA
 - BAU efficiencies: loan sales, CLOs, collateral efficiencies, lower asset tenors
- Asset growth includes US\$5bn reduction from tail end management

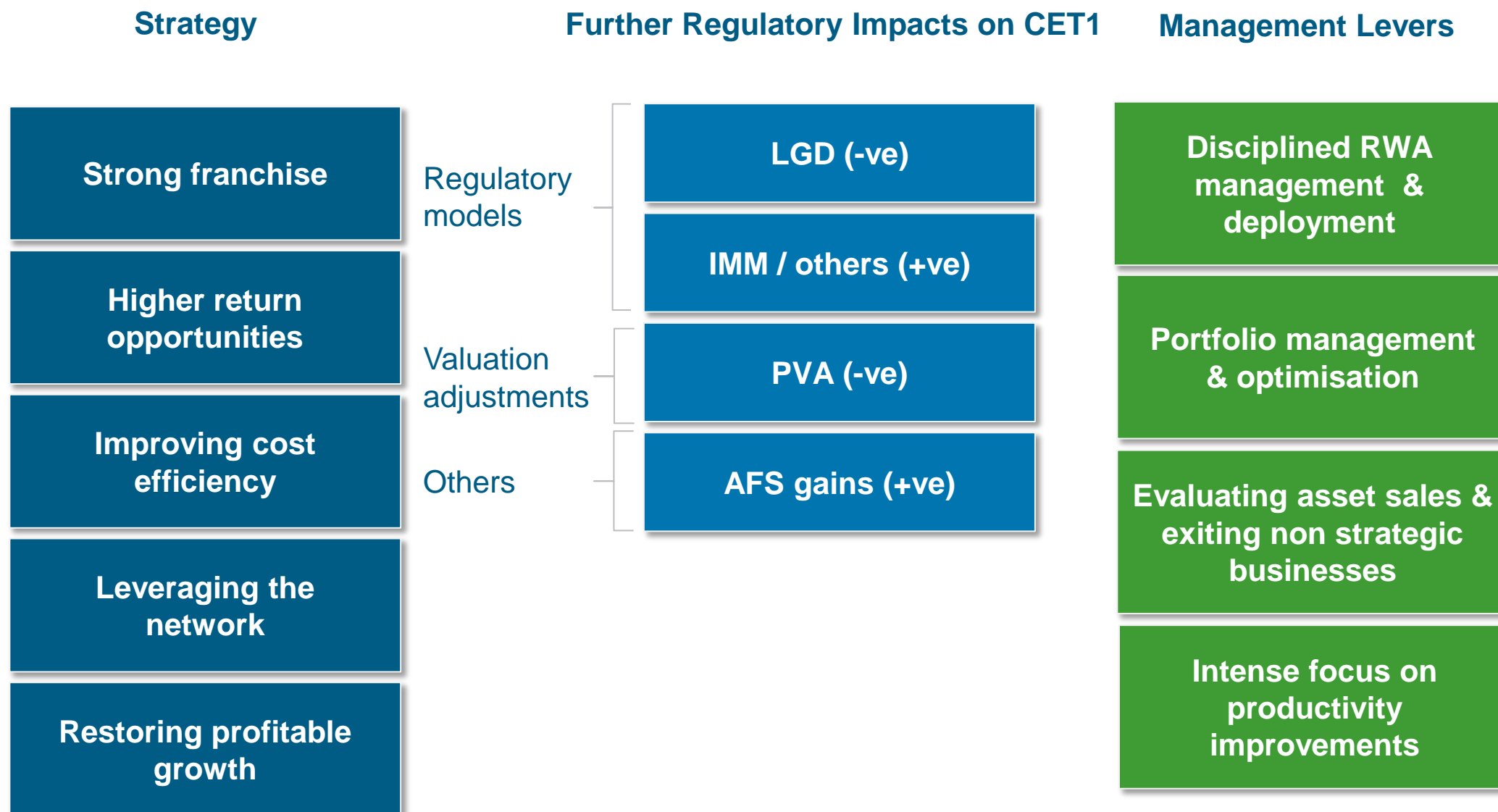
Shape of Business – H1 2014

Client segment ¹	Client Income (US\$bn)	RWA ^{2,3,4} (US\$bn)	NFR ratio ^{4,7}	Cost Income Ratio	Operating Profit RoRWA ^{2,3}
Corporate and Institutional	4.6	182	41%	48%	1.6%
Commercial	0.6	18	51%	59%	2.2%
Private Banking	0.3	5	67%	72%	2.4%
Retail	2.8	49	37%	65%	1.8%
Own Account Income	0.9				

Product ¹	Income (US\$bn)	RWA ^{3,4,5} (US\$bn)	NFR ratio ^{4,7}	Cost Income Ratio ⁴	Operating Profit RoRWA ^{3,5}
Transaction Banking	1.9	49	49%	51%	2.7%
Financial Markets	1.8	53	79%	57%	2.6%
Corporate Finance ⁶	1.4	50	4%	44%	1.6%
Wealth Management	0.8	4	90%	77%	8.5%
Retail Products	2.4	48	25%	70%	1.1%
Others ⁶	0.9				

1) Client segment client income and cost:income ratios on disclosed basis. Product income figures on disclosed basis; 2) Client segment RWA and return metrics on client basis and excludes own account income and related RWAs; 3) RWAs and return metrics include fully implemented impact of Basel 3 and model changes. Profit returns calculated using regulatory expected loss; 4) Figures on managed basis; 5) Product RWA and return metrics include own account income and related RWAs. 6) Corporate Finance figures include Principal Finance. Others consists of Asset and Liability Management and Lending and Portfolio Management. 7) Non financing revenue (NFR) ratio defined as % income generated by non financing products.

Managing for the future



IMM: = Internal Models Method, LGD = Loss Given Default, PVA = Prudent Valuation Adjustment, AFS = Available for Sale

Key messages

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Q&A



Risk

Richard Goulding

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Key messages

- **Strong foundations of Risk Management**
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date

Strong foundations of risk management

We remain disciplined on our 5 foundations of risk management

**Discipline and
Governance**

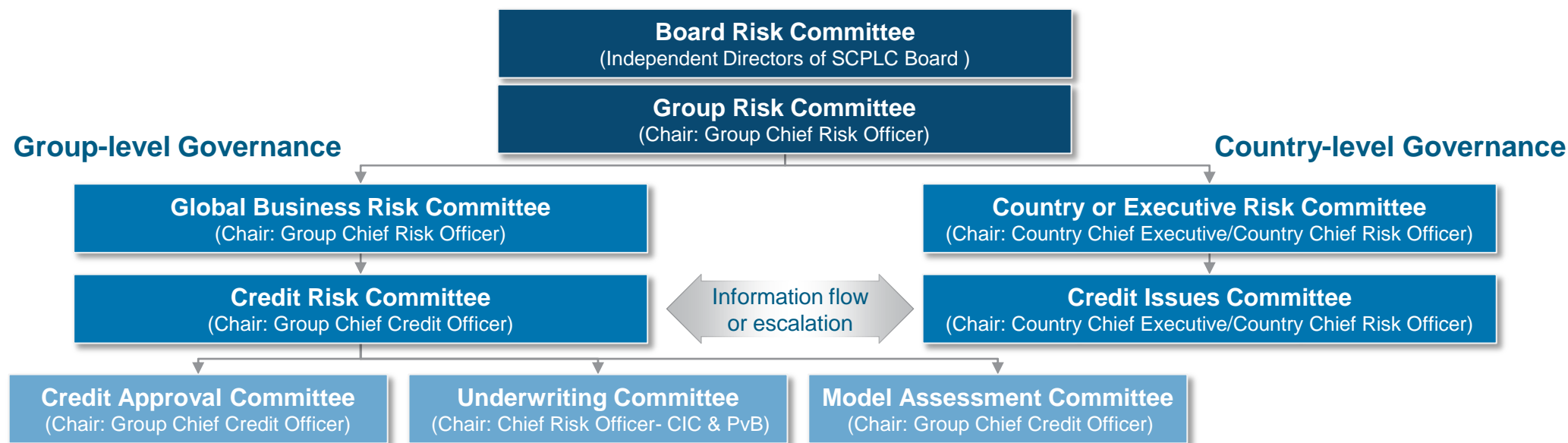
Tenor

Market risk

Diversification

Collateral

Group risk: Group and country level governance



- Credit Risk Committee provides senior management oversight on key aspect of credit risk management (risk reports, deep dives, credit policies, risk models, portfolio standards, credit issues and regulatory compliance)
- Credit Approval Committee reviews and sanctions material credit proposals; and Underwriting Committee reviews underwriting proposals
- Credit Model Assessment Committee provides technical challenge on risk models used for internal credit decisions and credit risk capital estimation
- Executive or Country Risk Committee provides country level oversight on various risk types including credit risk
- Credit Issues Committee provides country level oversight on the Retail portfolios, Early Alert accounts from CIC and Commercial Client segments and problem accounts managed through a specialised unit

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CIC and Commercial portfolio remains diversified

Energy

(20% of CIC and Commercial portfolio - 385 clients)

Sub - industry	H1 13	H1 14
Trade in fuel and lubricants	33%	36%
Extraction of oil	30%	27%
Petroleum refineries	19%	21%
Oil rig operators	6%	5%
Coal mining	5%	5%
Others	7%	6%
Tenor <1 year	68%	61%

Metals and Mining

(9% of CIC and Commercial portfolio - 636 clients)

Sub - industry	H1 13	H1 14
Iron and steel	36%	37%
Metal traders	31%	30%
Non-ferrous metals	13%	20%
Copper and zinc	11%	7%
Gold and precious metal loans	7%	5%
Diamonds	2%	1%
Tenor <1 year	67%	76%

Real Estate

(8% of CIC and Commercial portfolio - 135 clients)

Sub - industry	H1 13	H1 14
Mixed	27%	31%
Office	20%	16%
Residential	18%	29%
Retail and Shopping Mall	17%	6%
Industrial and Logistics	4%	4%
Hotel	2%	0%
Others	12%	14%
LTV%	42%	41%

Transportation

(6% of CIC and Commercial portfolio - 380 clients)

Sub - industry	H1 13	H1 14
Sea	48%	43%
Air	43%	43%
Road	2%	3%
Rail	1%	4%
Others	6%	7%

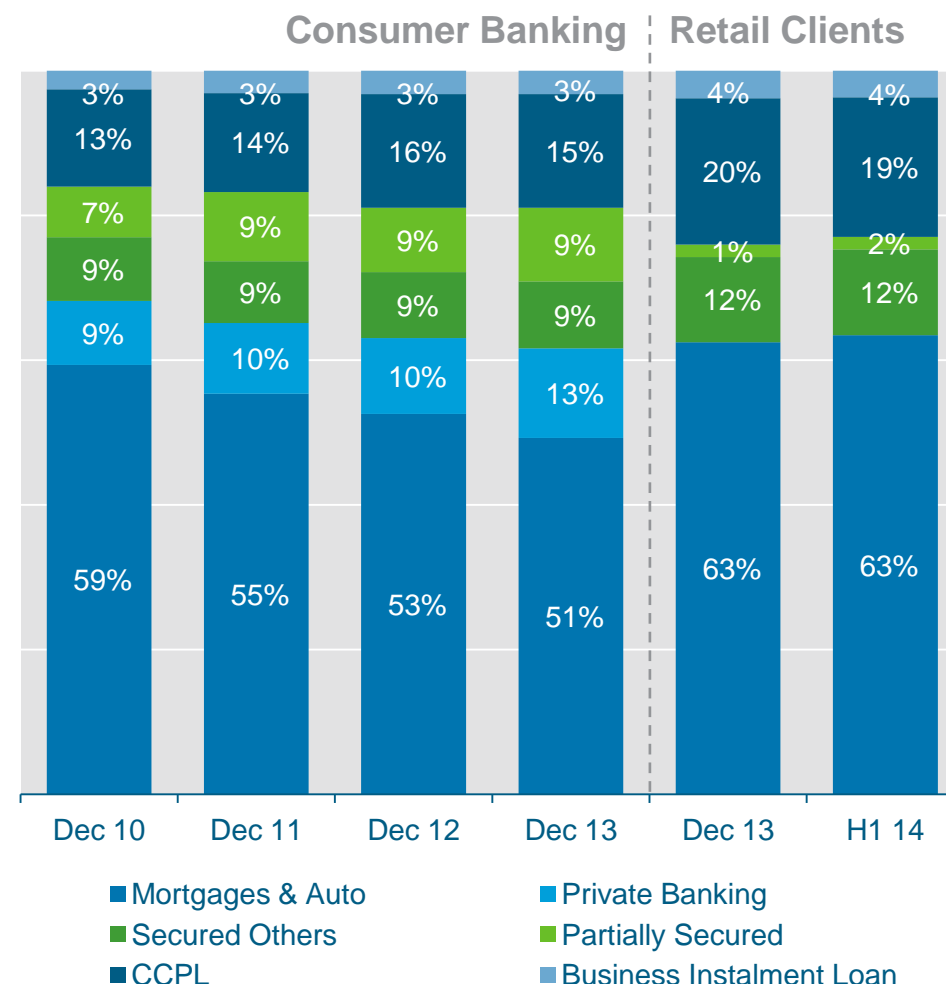
Retail Clients business also remains diversified

- Retail portfolio's geographical and product composition is unchanged over the year
- Mortgages accounted for 63% of the Retail portfolio with an average LTV of 50%

Retail Clients – L&A by geography

Regions	H1 13	H1 14
Greater China	40%	41%
ASEAN	28%	28%
North East Asia	21%	19%
South Asia	4%	4%
MENAP	4%	5%
Africa	2%	2%
Americas / Europe	1%	1%

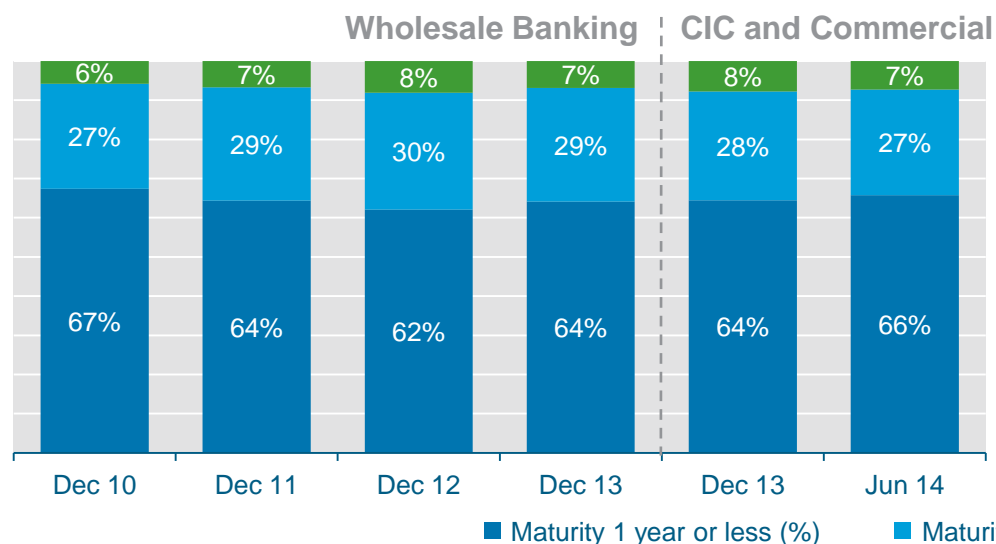
Retail Clients – L&A to customers



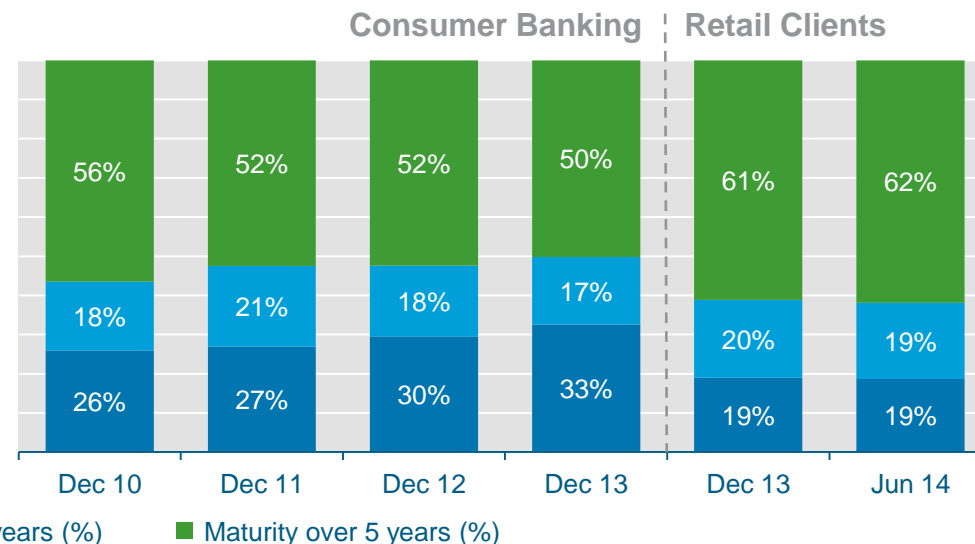
Tenor profile is broadly stable

- Since 2010, the tenor profiles of the CIC and Commercial and Retail Clients portfolios have not changed significantly
- CIC and Commercial Clients portfolio is mostly short term, with 66% of L&A to customers with maturity < 1 year
- CIC and Commercial Clients exposure in long tenor (>5 year) has remained between 6% - 8% of the portfolio
- The higher proportion of longer term maturity in Retail Clients portfolio comes from Mortgages

Tenor trend – CIC and Commercial Clients



Tenor trend – Retail Clients

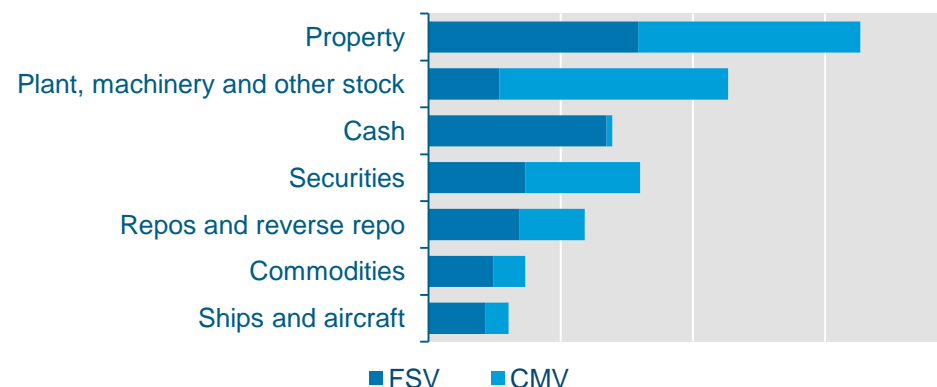


Collateral position for CIC and Commercial stays strong

- The amount of collateral is up 19% YoY to June 2014
- Level of collateral against customer L&A up from 31% to 34% YoY to June 2014
- Collateral taken for long term and non - investment grade loans at 65%
- Overall collateral composition is similar to June 2013
- FSV are conservative, calibrated to downturn and back tested

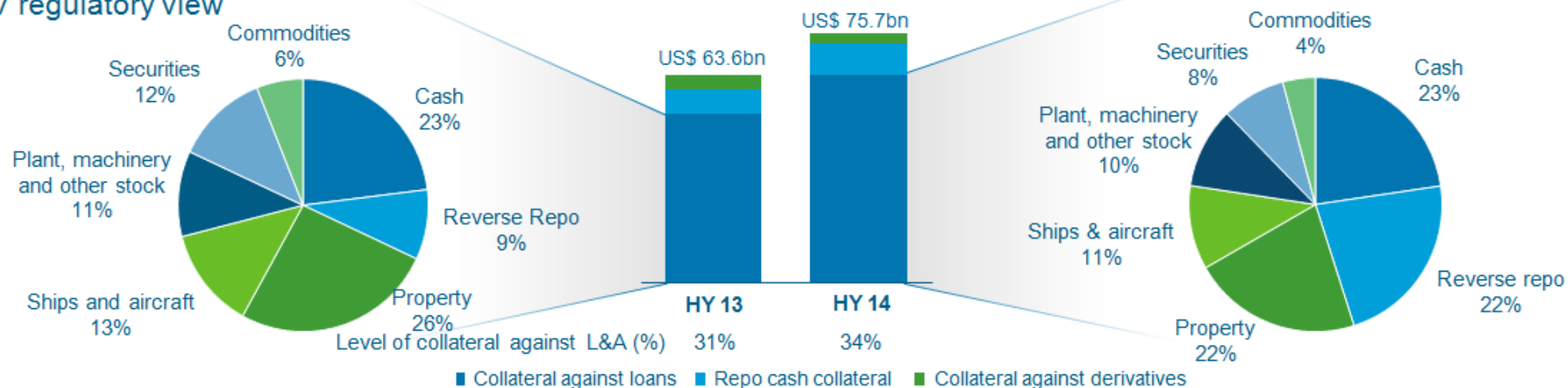
CIC and Commercial portfolio collateral

Current Market Value (CMV) and Forced Sale Value (FSV)



CIC and Commercial portfolio collateral

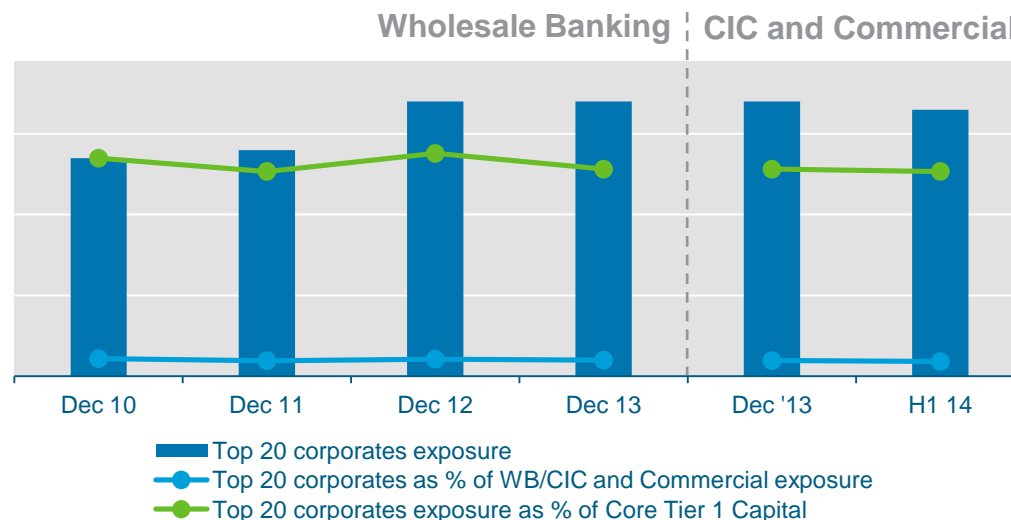
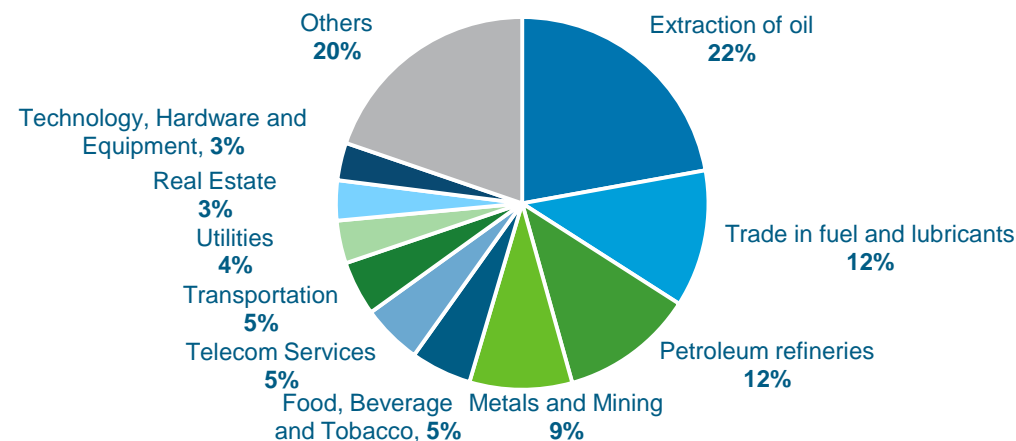
FSV regulatory view



Our top 20 corporate exposures are stable and diversified

- Most relationships are well diversified conglomerates
- The exposures in the “Extraction of oil” classification are to global oil majors or government supported entities
- Over 50% of the top 20 corporate exposures have a tenor of ≤ 1 year
- Remain broadly stable, both as a proportion of Group Capital (Tier 1) and CIC and Commercial exposures

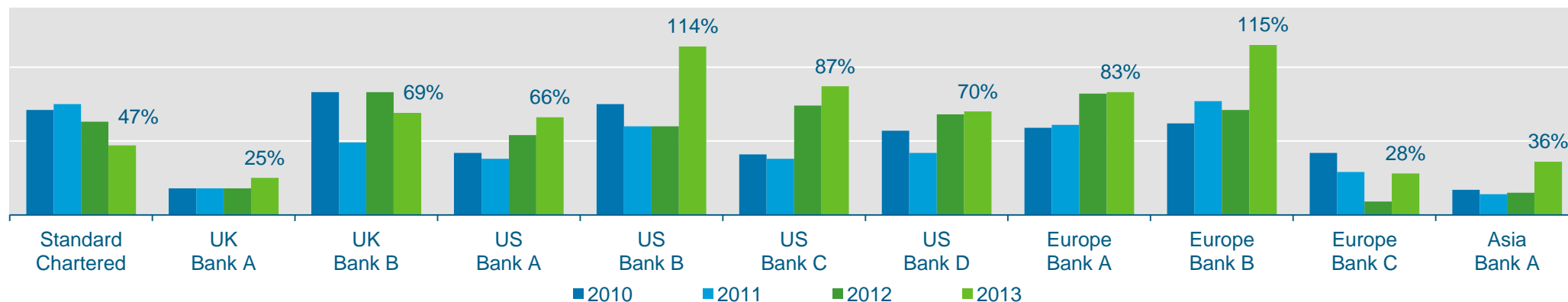
Top 20 corporate exposures by industries



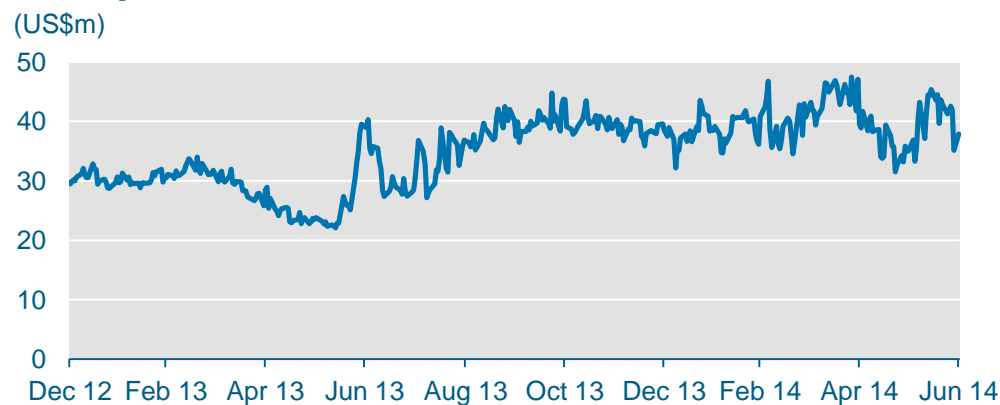
Market risks are low and client driven

Trading book VaR continues to be low reflecting our strategy to support client driven business

Daily market trading revenue/average VaR



Group VaR trend



Average VaR/CT1 capital



Strong foundations of risk management – summary

We remain disciplined on our 5 foundations of risk management

Discipline and Governance	Diversification	Tenor	Collateral	Market risk
<ul style="list-style-type: none">▪ Tightening underwriting criteria in India, China, Commodities and Korea▪ Intense ongoing program of stress testing and portfolio reviews, taking 12-18 month view of economic cycle▪ Independent Risk function works closely with front line teams to optimise exposures and returns▪ Robust Early Alert process	<ul style="list-style-type: none">▪ Low concentration in any product or geography▪ Largest industry exposure is Energy at 20%, spread across 385 client groups▪ Single name concentration stable as a proportion of Group CET1 and CIC and Commercial exposures since 2010	<ul style="list-style-type: none">▪ Tenor profile not changed significantly since 2010▪ 66% < 1 year of CIC and Commercial L&A to customers▪ CIC and Commercial long tenor L&A (>5 years) remains between 6% - 8% of the portfolio	<ul style="list-style-type: none">▪ Collateral for longer term and non-investment grade CIC and Commercial loans remains high at 65%▪ Overall collateral in CIC and Commercial as % of L&A at 34% (up from 31% June prior year)▪ FSV computed conservatively, calibrated to downturn and back tested	<ul style="list-style-type: none">▪ Trading activities for market making to facilitate client business▪ Trading book VaR continues to be low, reflecting client driven business▪ Daily trading income to average VaR remains in a very tight range

Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
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Improvement in CIC and Commercial in India will take time

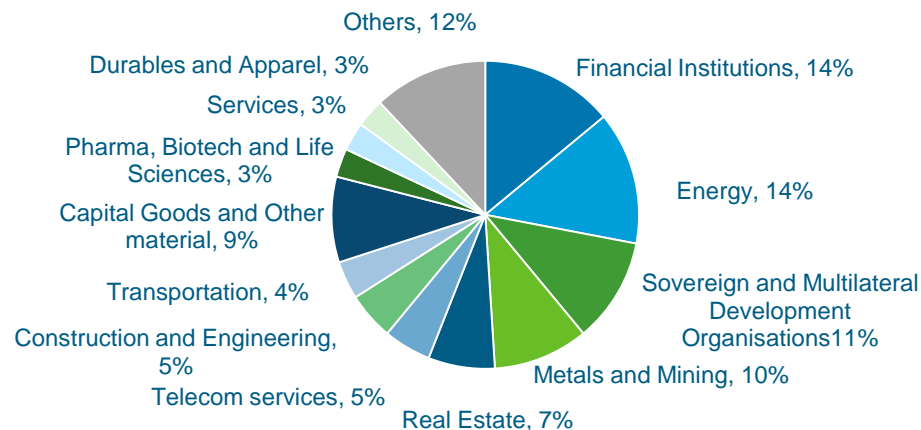
CIC and Commercial portfolio overview (as at June 2014)

- Total exposure is US\$38bn
- Decrease of 11% in total exposures YTD 2014
- 41 group exposures > US\$100m
- 2802 client groups

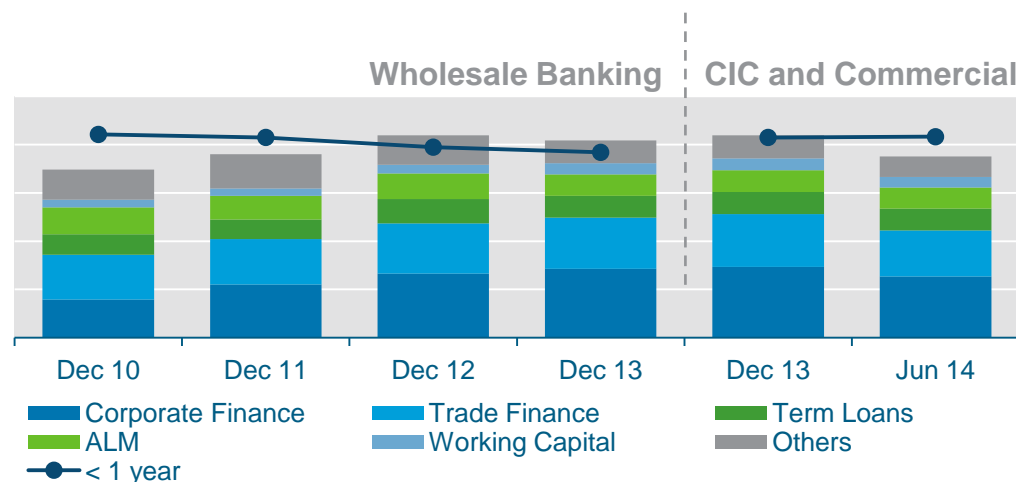
Actions taken

- Portfolio review led to reduction of exposure to more leveraged clients
- In 2014 corporate exposures reduced by US\$3.1bn and bank exposures by US\$1.3bn
- Stress tested banks – no concerns and exposure is 91% < 1 year
- Derivative book stressed for 20% INR depreciation and 250bp interest rates spike – no significant impact

CIC and Commercial exposure by industry



CIC and Commercial exposure trend by product



China CIC and Commercial portfolio is mostly short dated bank exposure

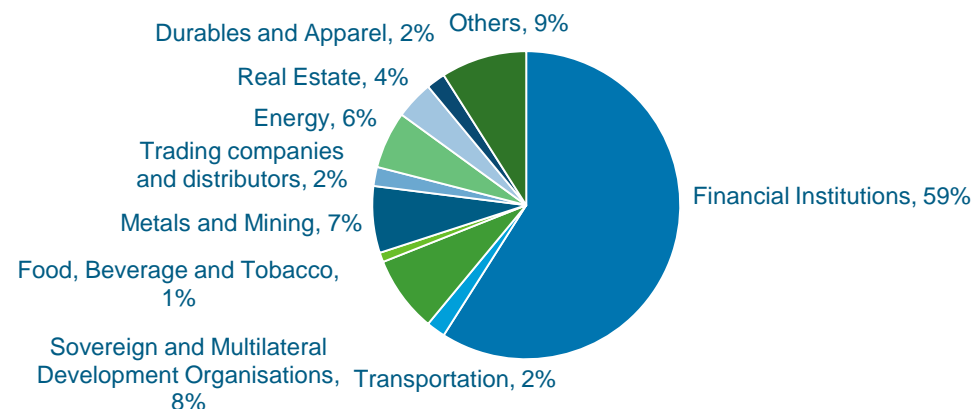
CIC and Commercial portfolio overview (as at June 2014)

- Total exposure is US\$83bn
- 87% of bank exposures < 6 months (46% of total exposure)
- Increase of 7% in exposures YTD 2014, made up of:
 - Financial Institutions 8% increase
 - Corporates 5% increase
- 681 client groups
- 61 group exposures >US\$100m
- 96% of Financial Institutions exposure is investment grade

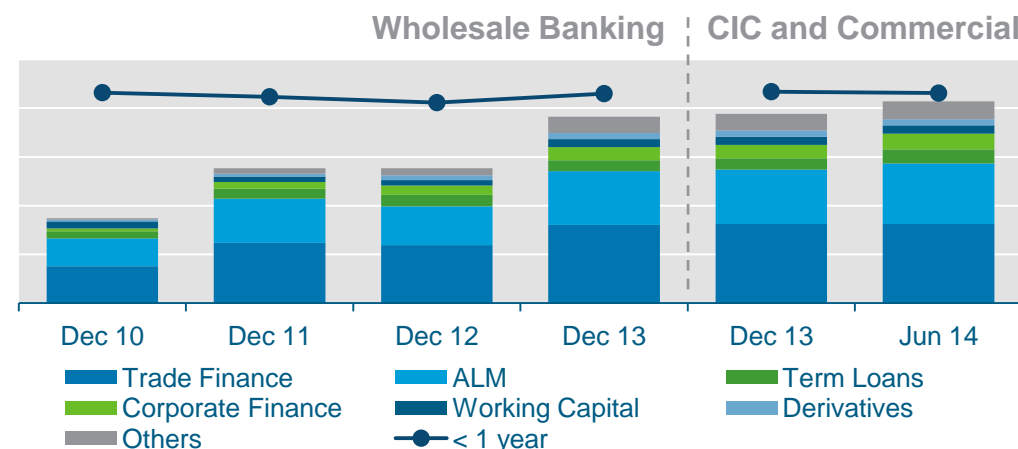
Actions taken

- Stress and liquidity test on Chinese Real Estate
- Refinancing risk review on Chinese private owned enterprise in Q3 2014 - 13 clients with limits reduced or exited

CIC and Commercial exposure by industry



CIC and Commercial exposure trend by product



We are actively managing our commodity credit exposure

Portfolio overview (as at June 2014)

- Total exposure US\$61bn
- Total exposure down by 2% YTD 2014
- 46% Producers - 54% Traders
- 107 group exposures >US\$100m
- 76% of the portfolio <1 year

Actions taken

Metals and Mining and Energy Producers

- Q1 2013 stress test for 20-50% price drop – only small proportion of exposure identified as vulnerable; these exposures reduced by 17% by June 2014
- Refreshed stress tests have identified no additional vulnerabilities

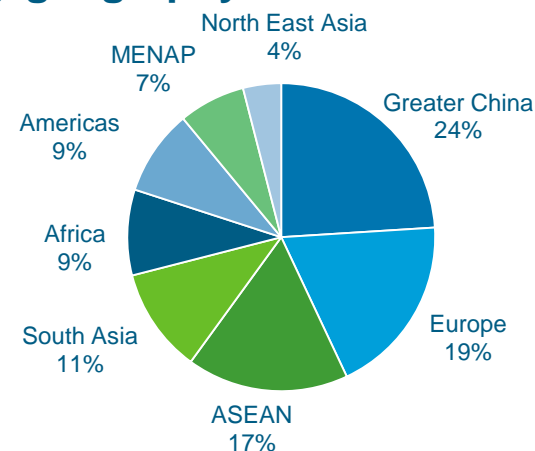
Commodity Traders

- >150 clients with aggregate US\$1bn exposure exited since 2013

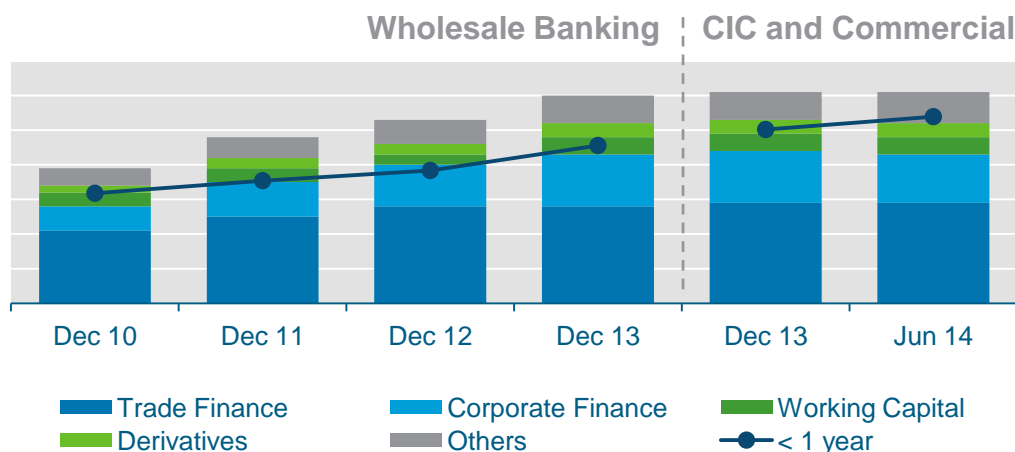
Agriculture Producers and Traders

- Increased collateral, improved security and shortened tenor for US\$1.1bn of exposure

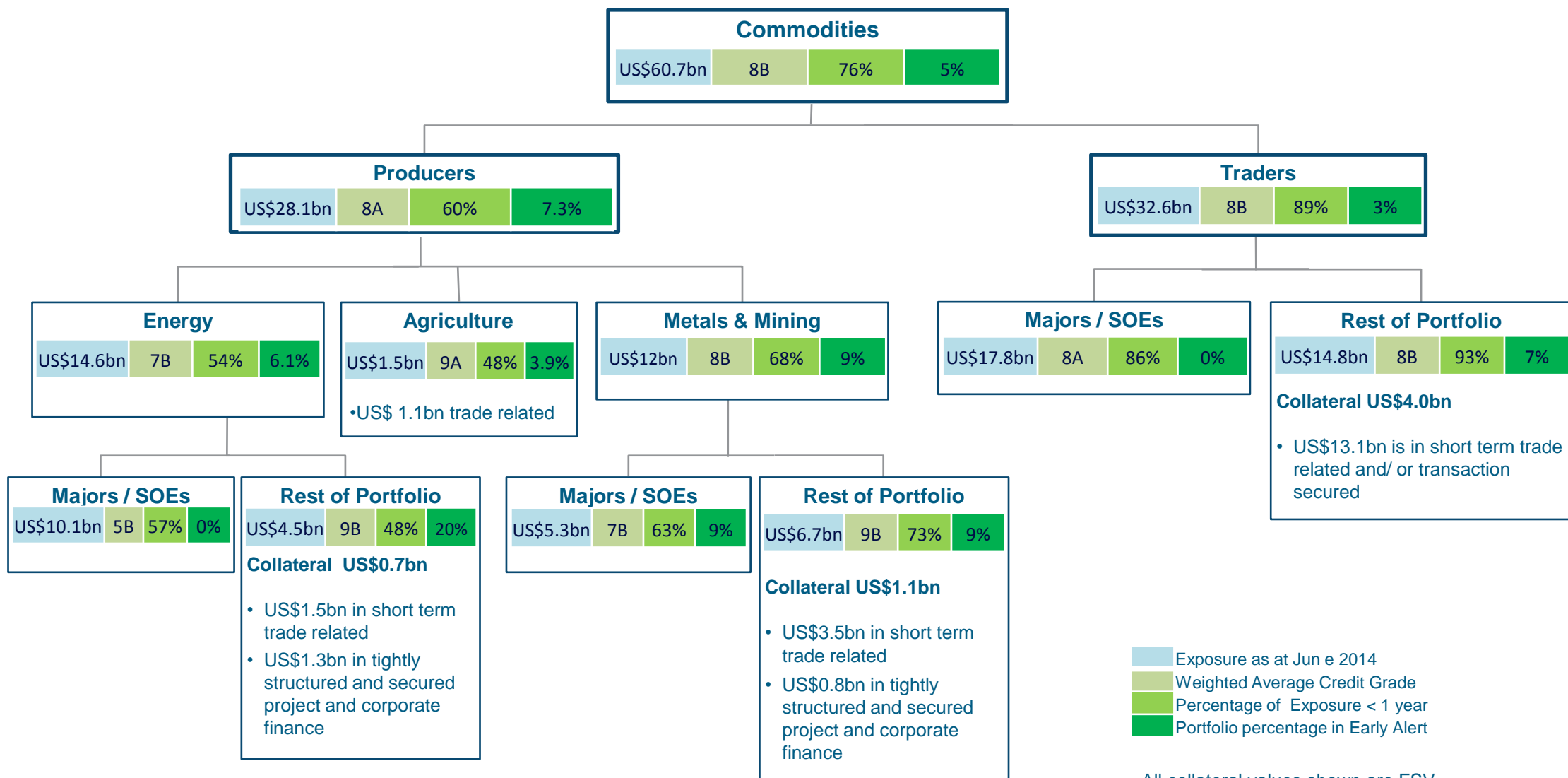
Exposure by geography



Exposure trend by product



Commodity credit exposure profile as at June 2014



Structured inventory products (SIP)

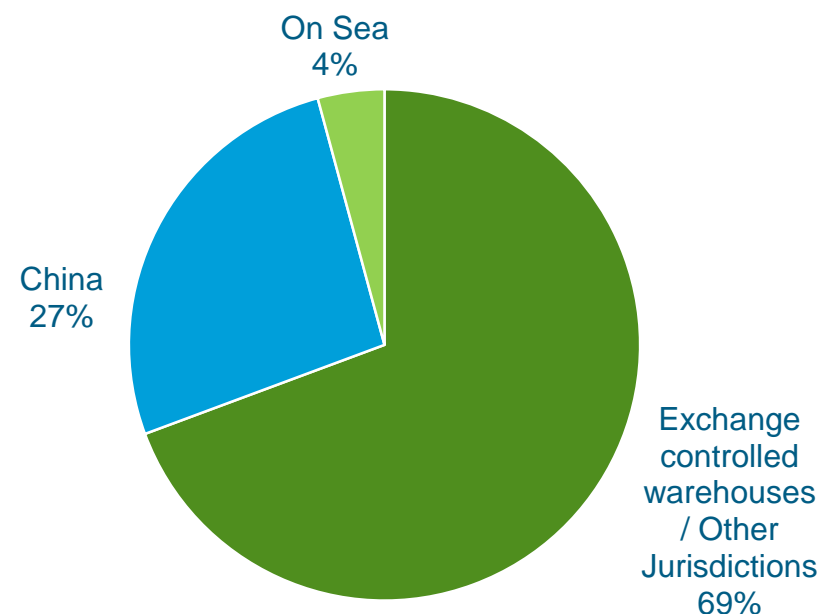
Portfolio Overview (as at June 2014)

- Total SIP exposure US\$3.9bn
- US\$113m of Qingdao-related impairment was taken YTD 2014 against this portfolio
- Offered for liquid, exchange traded commodities to existing CTA clients
- 69% of SIP exposure is in exchange controlled locations like London Metals Exchange warehouses and/or in low risk jurisdictions like US, W. Europe, Singapore and Hong Kong with robust collateral management arrangements
- US\$1bn of exposure is in China

Actions taken

- All warehouses in China (other than in Qingdao) inspected since June 2014 and no issues have surfaced
- Commodities moved to acceptable self managed warehouses or to locations outside China
- Tightening of warehouse on-boarding procedures, inspections and legal documentation

SIP exposure by collateral location

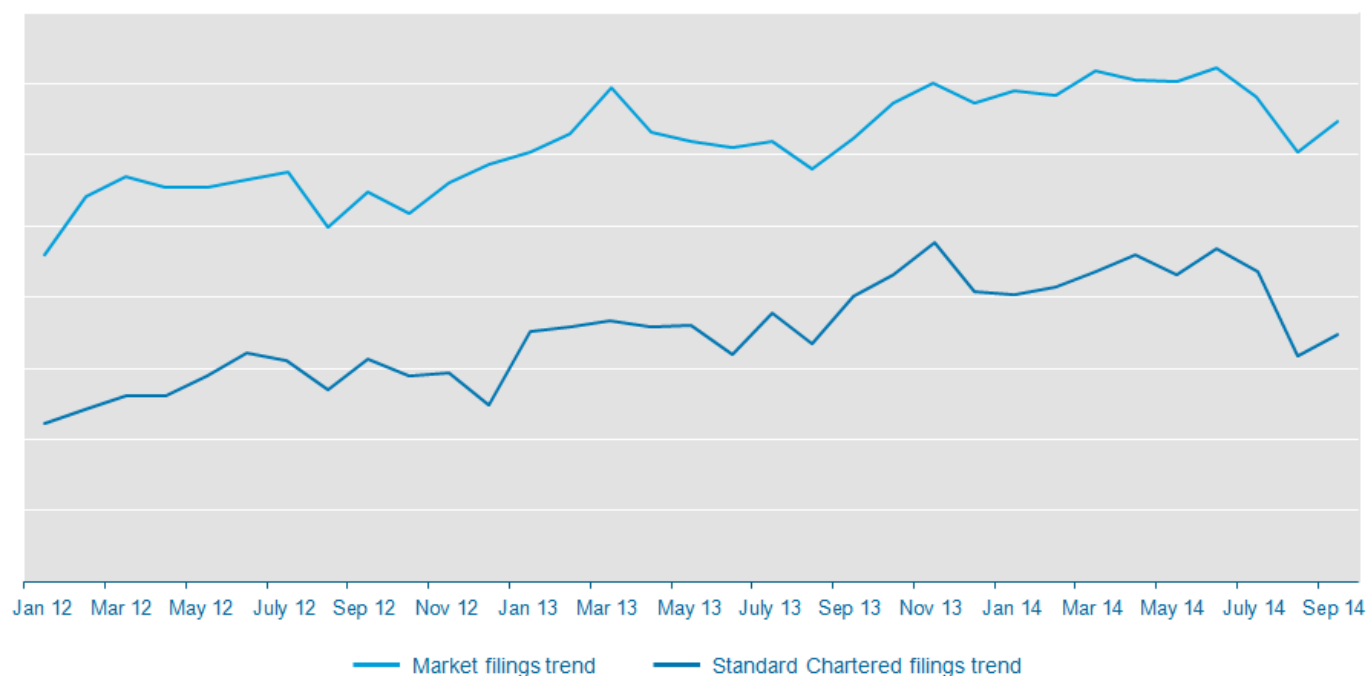


Key messages

- Strong foundations of Risk Management
- Diversified, short tenor and well collateralised portfolio
- We have been active and early in managing the risks in the hotspots of India, China and Commodities
- In Korea, the various risk-reduction actions taken since 2012 appear to have taken effect, with PDRS filings and match rates declining
- CIC and Commercial impairment is currently elevated
- Retail loan impairment is flat year-to-date

Actions taken on Korea retail unsecured are taking effect

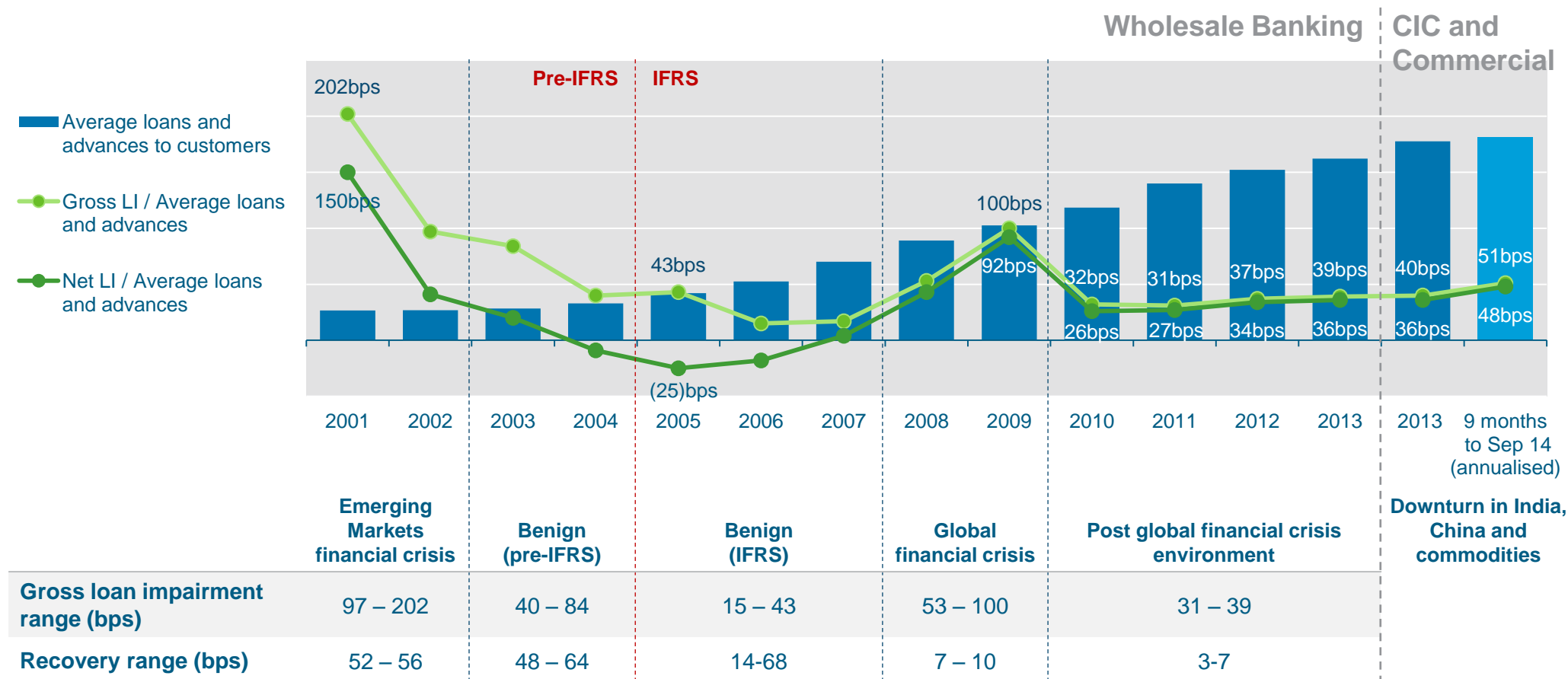
- Of the US\$185m Korea total retail loan impairment in H1 2014, 54% was PDRS
- Korea retail unsecured impairment accounts for 27% of group total retail loan impairment in H1 2014
- Levels of PDRS applications in the market remained elevated compared to 2012
- Stopped new acquisition of Select Loan
- Further tightened underwriting standards
- Tighter client selection criteria for DRIM Loans
- Focus on affluent and employee banking segments
- The positive effects of the de-risking actions are evidenced in
 - Lower delinquencies in the new bookings since H213
 - Lower match rate in new bookings since Dec 13
 - Delinquency rate in older bookings however remain elevated



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Impairment for CIC and Commercial has increased

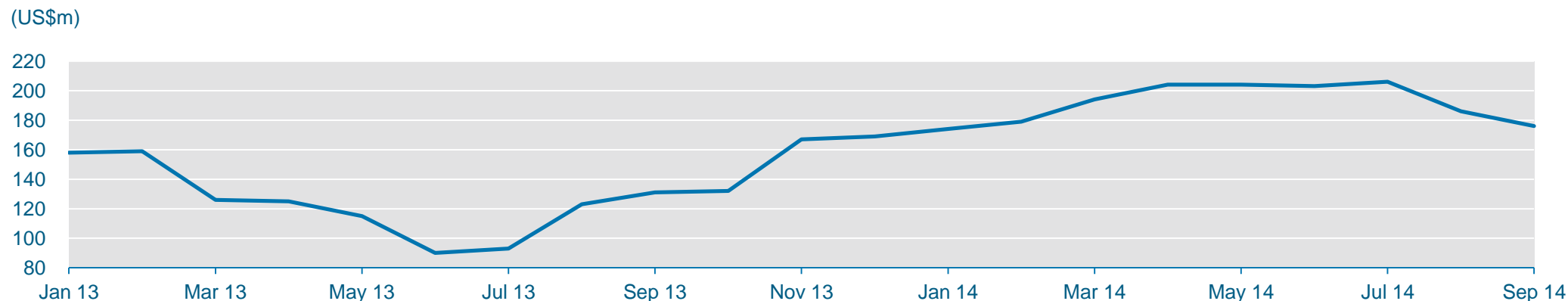


- 51bps figure for 9 months to September 2014 annualised includes Qingdao related credit loss of US\$62m
- Loss of US\$113m reported under 'Other Impairment' at half year 2014 relates to the operational loss of Structured Inventory Product in Qingdao

Forward looking risk indicators (1/2)

(NPL inflow recently stabilised; WACG¹ flat)

CIC and Commercial NPL inflow – 12 month moving average



Weighted Average Credit Grade (WACG) trend

	Wholesale Banking		CIC and Commercial	
	Dec 12	Dec 13	Dec 13	Sep 14
CIC and Commercial	7A	7A	7A	7A
Of which Corporates	8B	8A	8B	8B
China	7B	8A	8A	8A
India	9B	9A	9B	10A

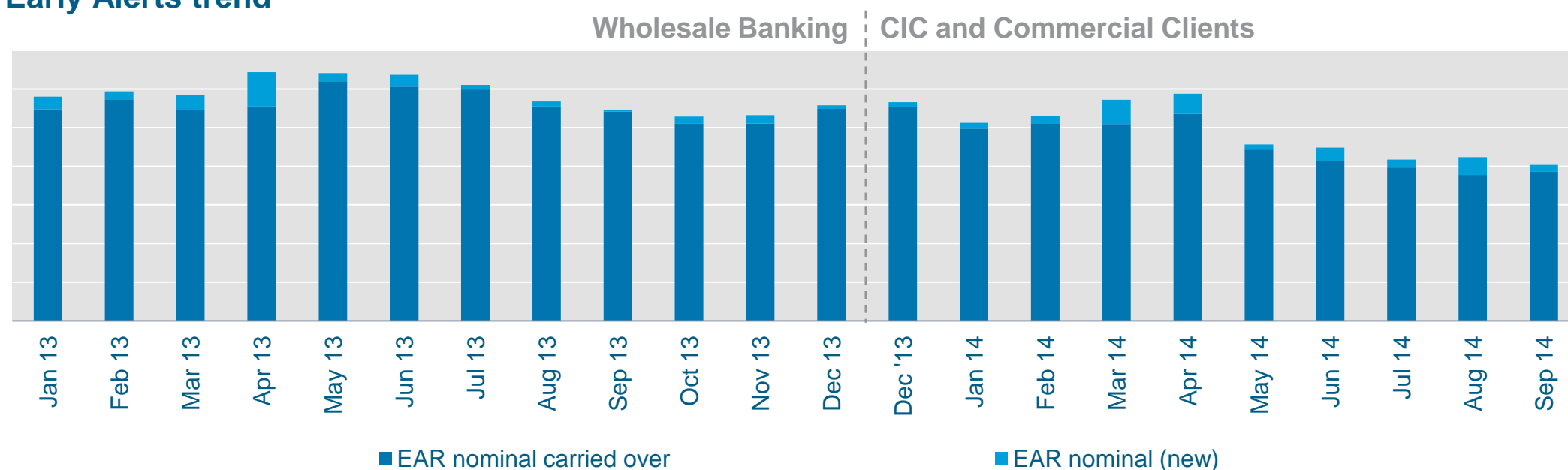
Forward looking risk indicators (2/2)

(CG12 elevated but stable; Early Alerts improving)

CG 12 trend

	Wholesale Banking				CIC and Commercial		
	Dec 10	Dec 11	Dec 12	Dec 13	Dec 13	Jun 14	Sep 14
CG 12 (US\$m)	1,564	1,674	1,400	1,738	1,956	5,347	5,244
% of L&A to customers	1.2%	1.1%	0.9%	1.0%	1.1%	2.9%	2.9%

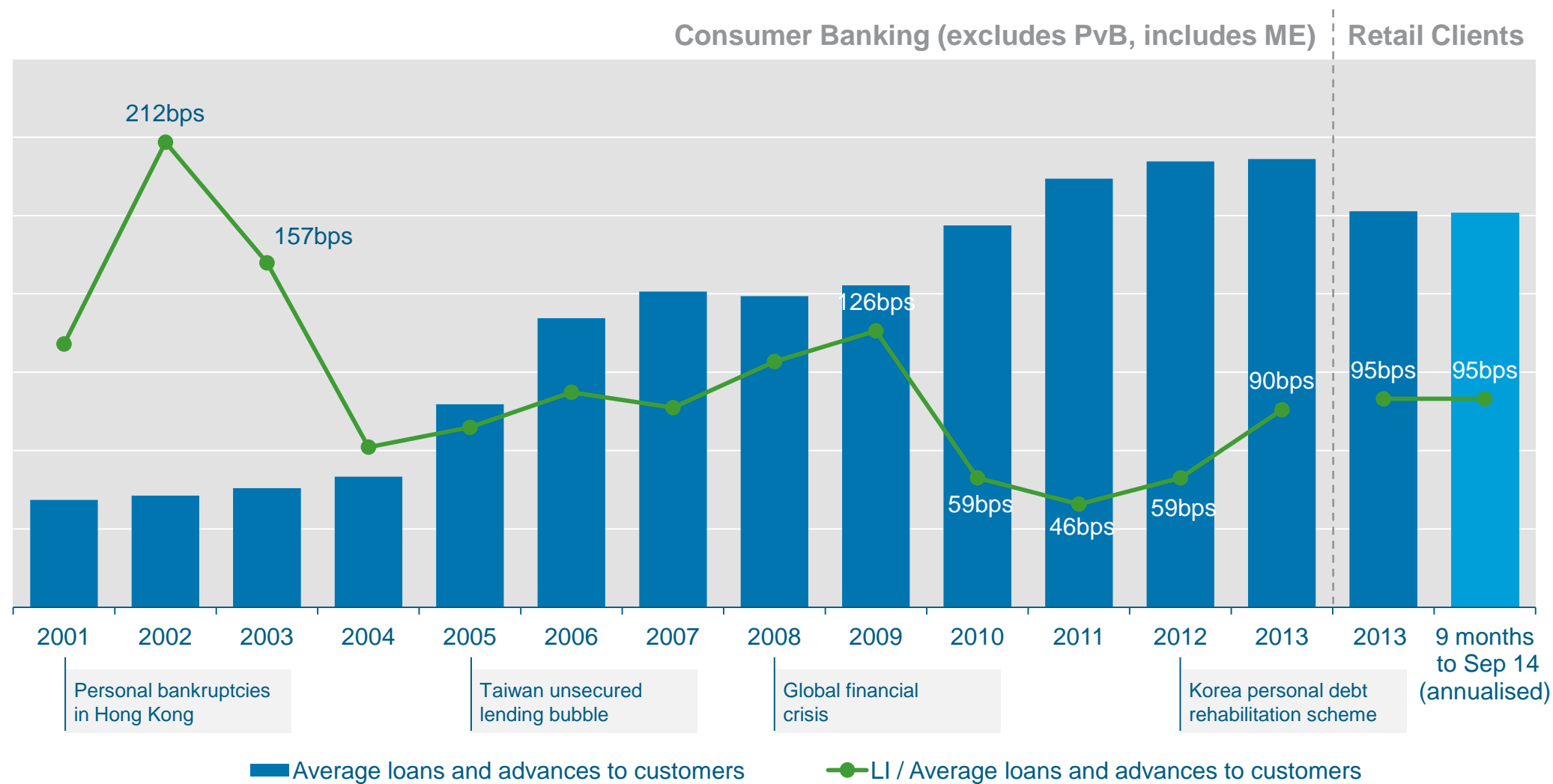
Early Alerts trend



Key messages

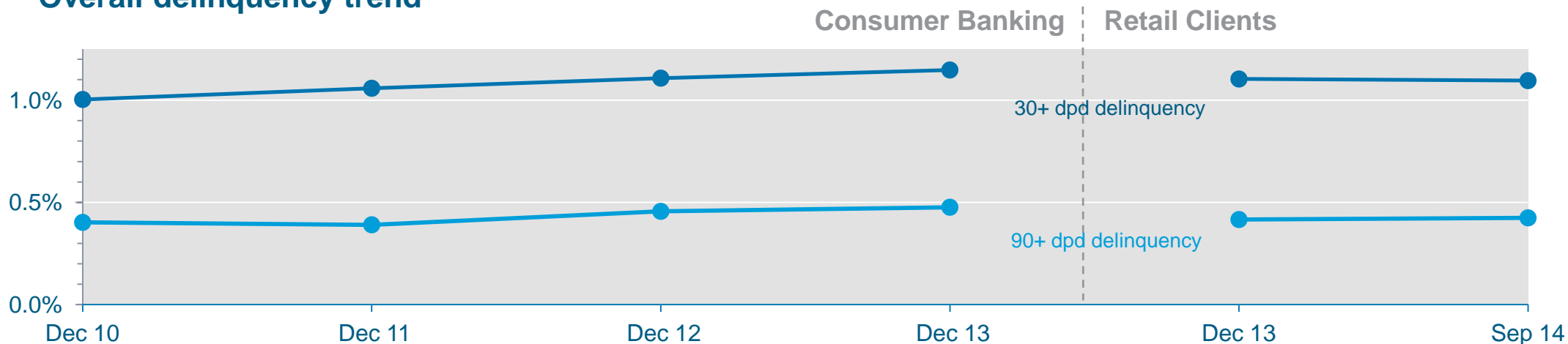
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Retail Clients loan impairment is flat year-to-date

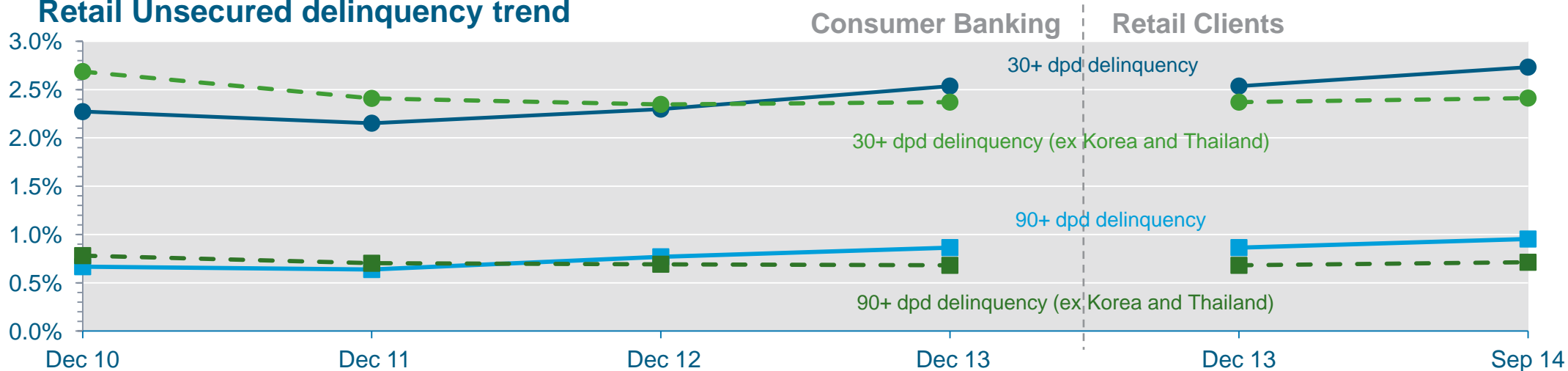


Retail Clients delinquency trend has stabilised in 2014

Overall delinquency trend



Retail Unsecured delinquency trend



Key messages - conclusions

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Q&A



Technology and Operations

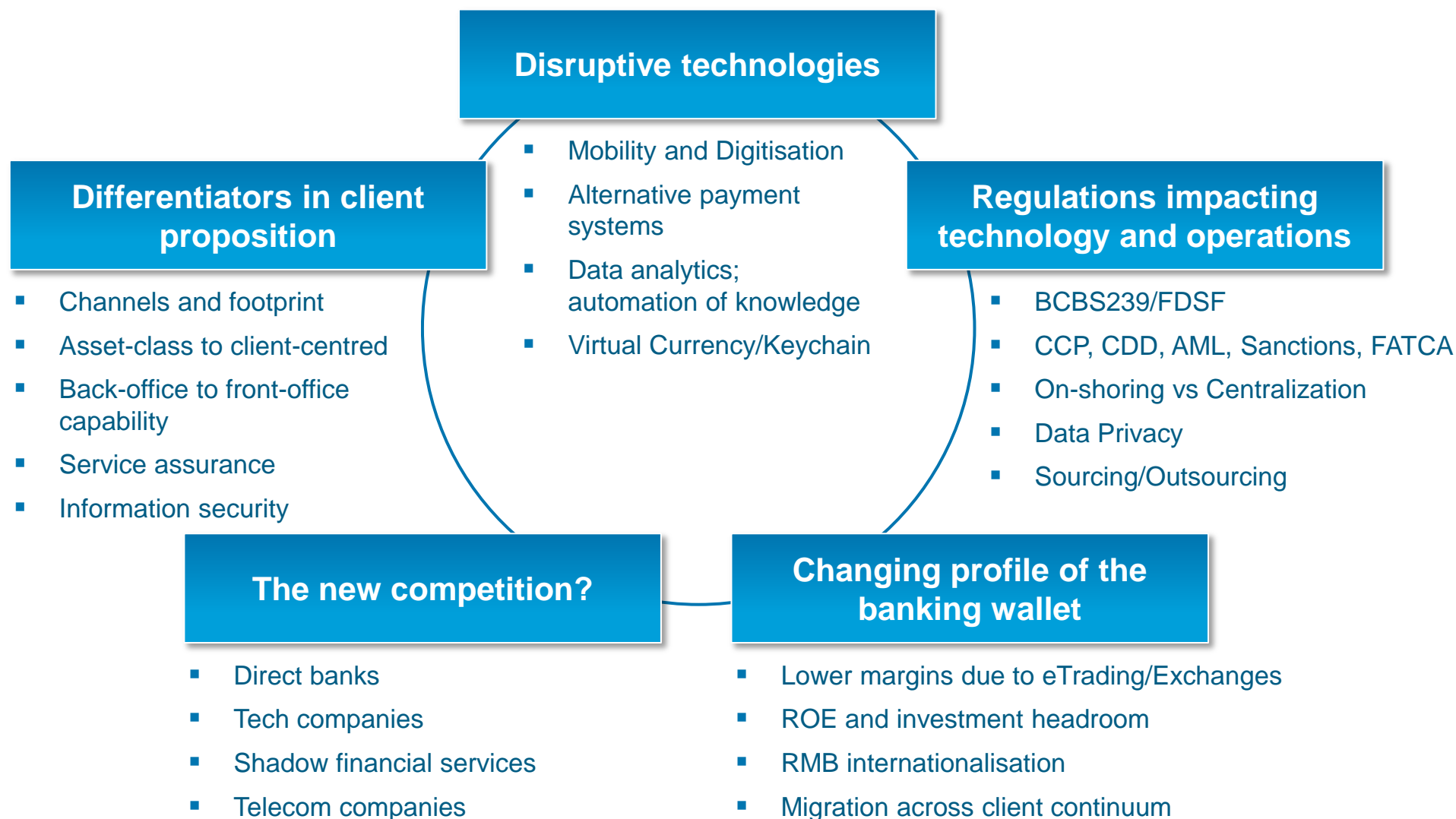
Jan Verplancke

Here for good

Key messages

- Growth in the past years was led by significant investments in product capabilities, channels and services
- Investments helped us deepen our client franchise and diversify our revenue streams
- We are now entering a phase of integration and convergence, driven by key regulatory and internal programmes
- We are extending our successes in scalability, efficiency and industrialisation from the back-office to the front-office
- Our emphasis on Operational Risk Management, Stability, Security and Service remains strong

The evolving external environment



Internal agenda in context

Integration and convergence

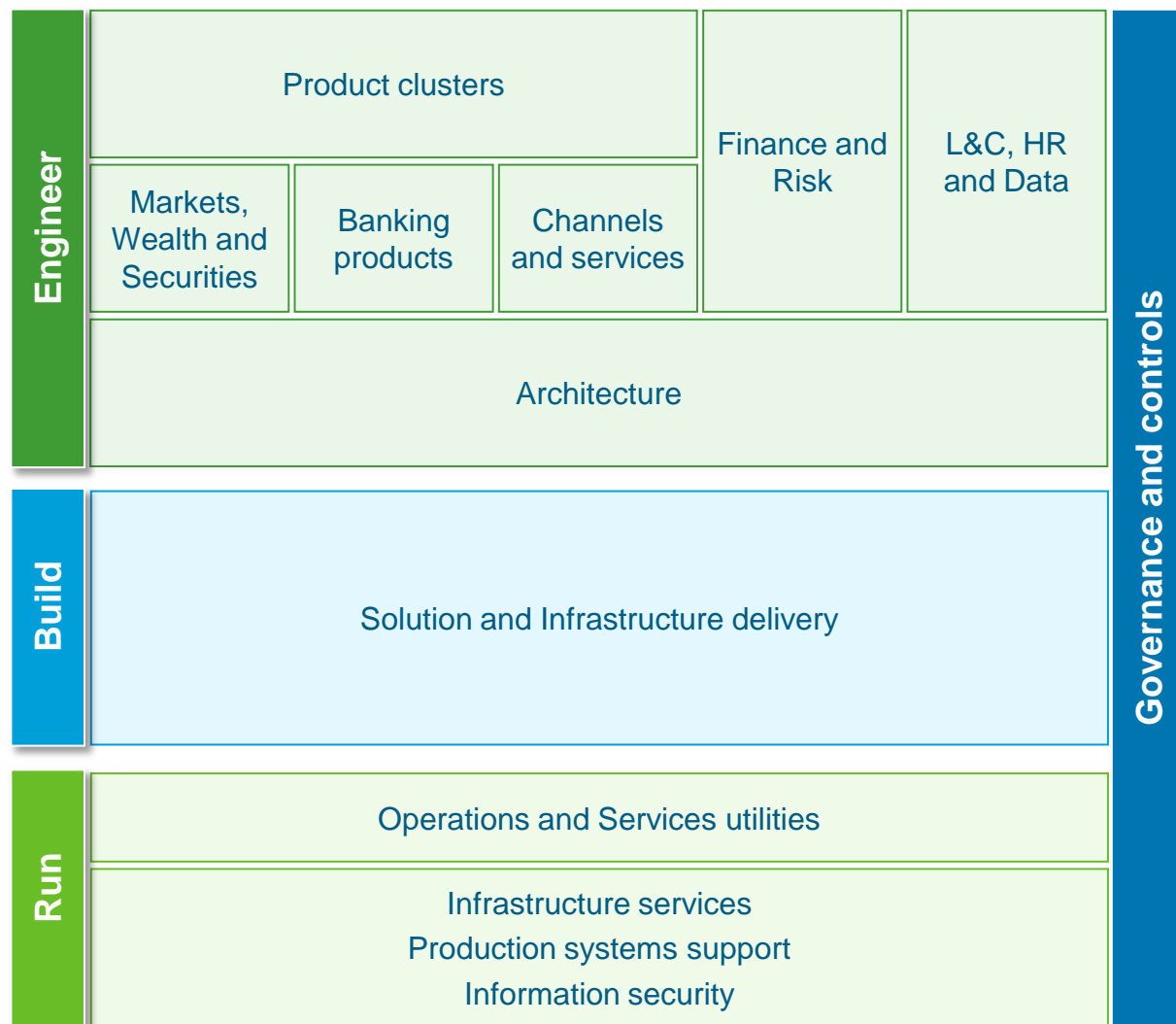
Product capabilities

Innovation

Scalability and efficiency

Stability and security

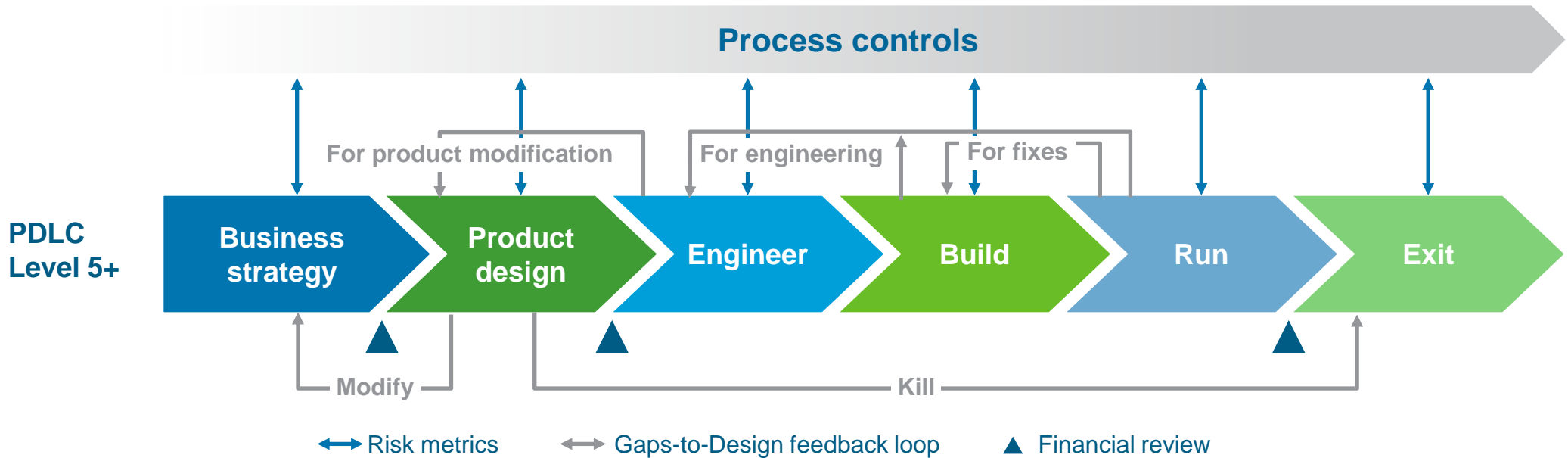
Restructuring technology and operations for “One Bank”



- Unified “Engineer, Build, Run” model across the client continuum
- Adjacencies between product classes – cluster synergies
- Single architecture roadmap
- Promote standardisation
- Further scaling up of utilities
- Sharper focus on data governance and regulatory programmes

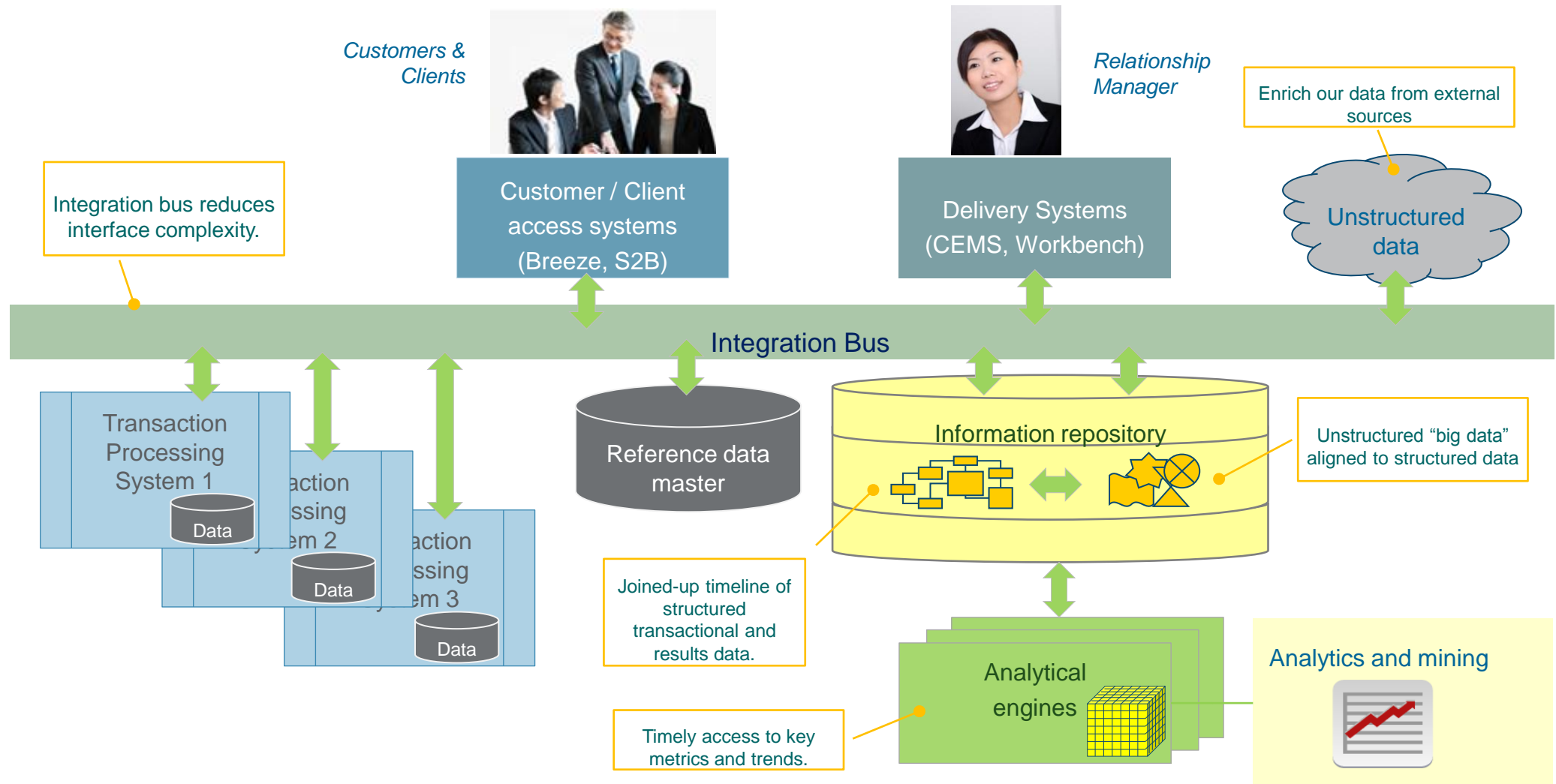
The product development life-cycle

Process governance



- One Bank investment strategy for better trade-off decisions
- Active management of change-velocity
- Effective gaps-to-design feedback loop
- Structurally embedded with process governance

Integration and convergence



Integration and convergence – the Razor example

Current state

“Legacy risk is hindering growth”

- 14 FEDS
- 6 OPICS
- 3 FX SUITE
- 507 point-to-point interfaces
- FEDS and OPICS end-of-life
- FEDS hardware difficult to extend
- Very limited support for volume growth & new products
- Hard to integrate with other systems

Enabling the business

“Incremental benefits”

- Significant F2B productivity improvements
- Ability to grow business volumes
- Resilience to deal with volume surges in volatile markets
- 24x7 availability to trading, sales and clients (eCommerce)
- Global risk management on a single platform
- Global, consolidated view of risk
- Global, consolidated view of funding and liquidity

Target architecture

“Sustainable and scalable”

- 1 Murex for FX and 1 Murex for ALM
- 1 upstream channel (S2BX)
- 1 downstream GL feed (GLEL)
- 87% reduction in interfaces to 66
- Supportable technology
- Scalable and high throughput (1000 FX trades per second)
- 24X7 availability

Sharpening the focus on digital

One Bank Digital Solutions to increase sales, drive cost-saves and grow customer base



Internet and mobile as one

A single, unified responsive web user experience that will allow for multi-market product launch, increased speed to market and lower repetitive costs



Statements consolidation

Standardised eStatements, eLetters and eAdvices for all Retail and Corporate clients which will be more cost-effective, secure and environmentally-friendly



Mobility, sales and services

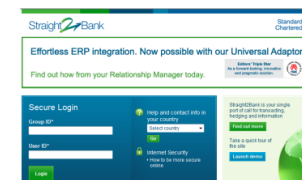
A single mobile sales solution for both staff-assisted and self-service digital channels that will simplify front-end sales for our frontline



CREATED BY
SINGTEL AND STANDARD CHARTERED

More partnerships

Following the successful launch Dash SG, plans are in place for similar tie-ups in major markets globally to grow our customer base and offer new value-added services



Enhanced Straight2Bank

A rationalised and client centric user experience with key focus on aggregated analytics and reporting, personalisation, intuitive initiations and enhanced security

Sharpening the focus on digital



- **31 markets** with online banking presence
- **73% customer growth** since 2010¹
- **13 markets** with Breeze Mobile Banking
- **1.3+ million** Breeze downloads and counting
- **US\$14.7 million** in annual cost avoidance² from switching to eStatements

1) As of June 2014; 2) FY2013

Wealth

- **Online Equities** (HK, SG) – access over 10,000 shares listed on 13 stock exchanges in 10 global markets
- **Online Mutual Funds** (HK, SG) – pick from over 300 funds offerings
- **CPOS** (CN, IN) – gives clients a graphical consolidated view of their investment portfolio and more

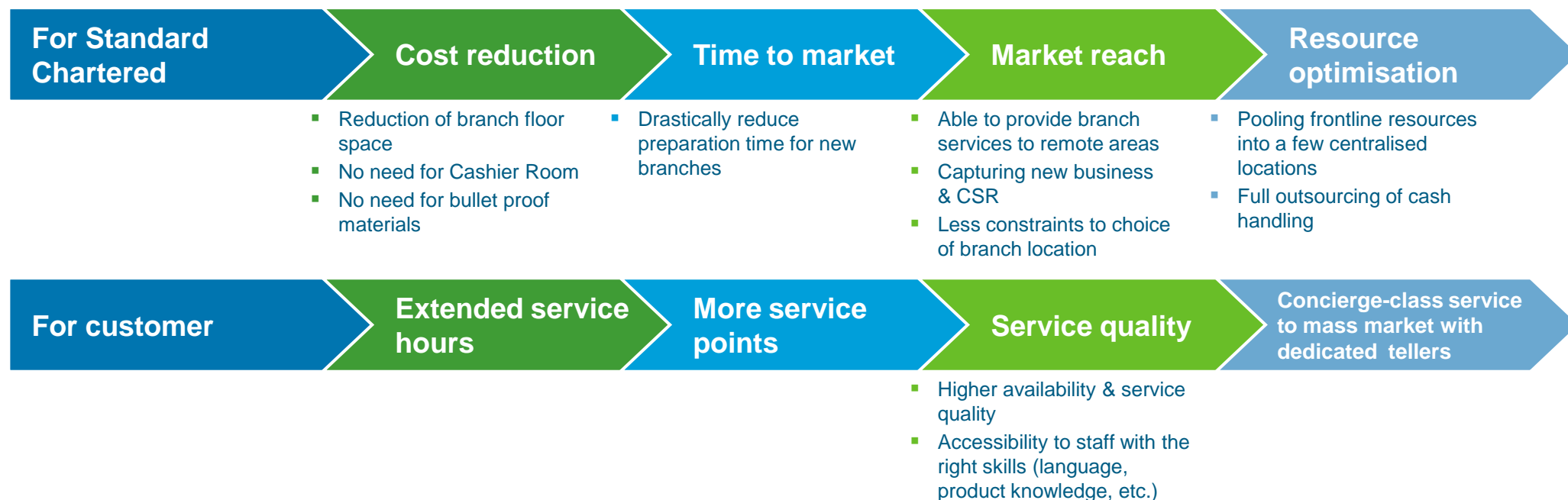


- **Instant registration** for clients to access Portfolio View and Messaging
- **Online signups up 14%** since last release

Innovating new channels



- Teller driven service model via video conferencing
- Adding doc scanning, e-signature and instant ATM card issuance capabilities to teller counter



Innovation – “bank in a box”



- Pre-built and certified standard set of Transaction Banking and Financial Markets applications, processes and infrastructure
- Quick and cost-efficient entry into new markets
- Has halved deployment costs and timelines

Cash Applications	GAI ID
CBDR (Centralized Bank Data Repository)	28966
DOTOPAL	14161
GPBS-GLOBAL PRICING&BILL	19849
RCMS	14733
STPE	28965
STS	14820

Financial Markets Applications	GAI ID
BLOOMBERG	14217
CESTUS/SENTRY	14297
COMMISSION MANAGER	18709
FMBI (aka MSTR)	29200
FM-BPMS-FMSRE	29225
FMETAL	GII00324
MOPC (aka Clive)	23146
OPICS-REG	28765
PCDB (SalesDB)	EUUser
REUTERS 3000XTRA (to be replaced by EIKON)	14741
STRAIGHT2BANK EXCHANGE	29014

Trade Applications	GAI ID
DTP IMEX MF	14560
DTP IMEXRG	14563
MAGELLAN LTP	19009
MAGELLAN OTP	17028
MAGELLAN RTP	24608
TRADE SAM	29055
TradePort COCOA	29180

Transaction Banking Applications	GAI ID
CADM	33670
INFO-MANAGER CASH	16428
STRAIGHT2BANK ACCESS	14531
STRAIGHT2BANK CASH	14859
Trade TI-NG	23966

Lending Applications	GAI ID
ACBS-O&S	23149

Core Banking Applications	GAI ID
EBBS	14147
EBRANCH	15064

Operations Applications	GAI ID
eSIGCAP	39570

OCC Applications	GAI ID
CDMS	18269
iCDMS	37070
ONEWB	33470
WM CDD (eCDD+)	34350

Credit Risk Applications	GAI ID
Adaptiv Credit (ACR)	29094
CMS-COLLATERAL MGMT SYS	14328
CREDITMATE	16848
SCI	14768
OPTIAL	14683
PHOENIX	14705

Enterprise Applications	GAI ID
EFLOW	31913
EOPS	29032
FNWBAPPS (interface with eops)	34990
CMOD-MESA (pair with SDMS)	14325
SDMS-SINGLE DOC MGMT SYS	14782

Shared Services Applications	GAI ID
CERSTA	28846
SCSTAR	14766
TLM RECON	20649

Finance Applications	GAI ID
B&CPR (ODS)	16007
BCRS	16027
CDW (Basel)	14856
ESSBASE PIPELINE/GBS	14457
ESSBASE PSF	14458
ESSBASE WBIC	19929
FINANCIAL CONTROL SYSTEM (FCS)	14487
FINETL	22946
GDAM	38250
GLEL	34530
IDS/VW	14555
PEOPLESFT EPROCUREMENT (AM)	37831
PEOPLESFT EPROCUREMENT (PM)	37830
PEOPLESFT FINANCIALS (PSGL)	14700
PEOPLESFT FUNDS TRANSFER PRICING (PSFTP)	16149
PeopleSoft GOLF	38050
PEOPLESFT T&E	15284
PMI-WB-OBIEE	21968
RAPM	33490
RISK MI (RMI)	21967
TLM-FINRECON	28246

Compliance Applications	GAI ID
DETICA-AOC	16773
DETICA-CMR	33330
DETICA-TS	14171
TRADE SURVEILLANCE	22707

IM & IS Applications	GAI ID
HELIOS-NMI	14533
ISIS	14909
ISIS MONITORING	15389
ISIS-GATEWAY	16389
MDIS	28509

Dash – in partnership with Singtel

DASH EASY

A savings account linked seamlessly to a mobile cash (mCash) account

SAVE



Top-up without
queuing at an ATM



Deposit without
visiting a branch

PAY



Earn a **higher interest rate** simply by hashtagging

🔒 No **minimum balance** or **lock-in period**

👤 Pay your friends **with a swipe**

🏪 Pay at more than **20,000 acceptance points** progressively rolled out in 2014

DASH ADVANCE

A personal loan on your mobile phone

Get approval
in principle in under



Get an advance of up to
4x monthly salary
(or max amount of S\$200,000)

Get interest rates
as low as
4.98%
(EIR of 9.21%)



**flexibility to
pick-and-choose**
coverage options to
meet your needs

Apply for

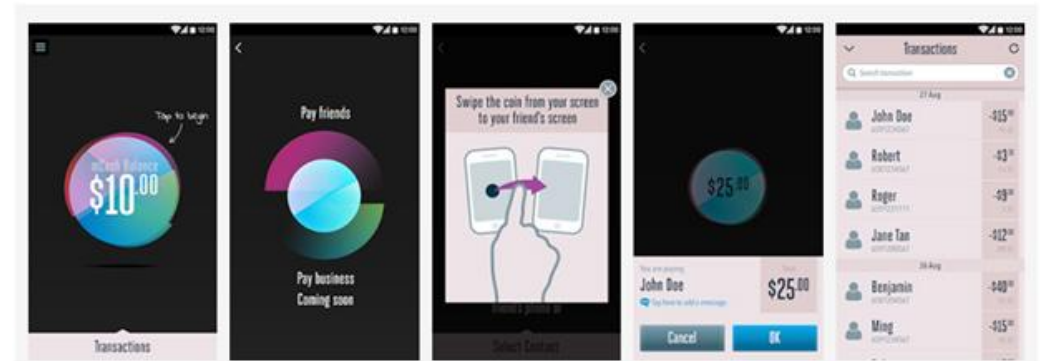


entirely on
the mobile

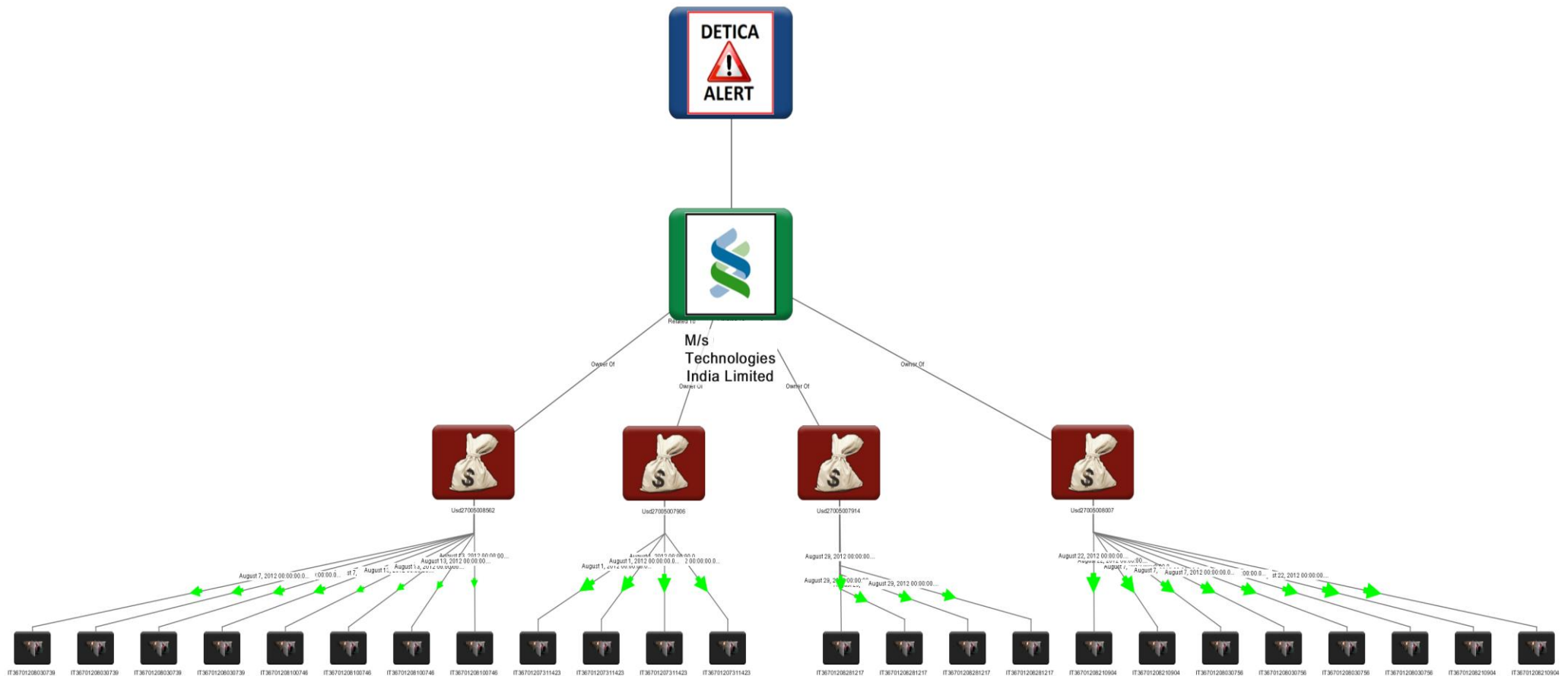
Basic plan
starts from
as low as
S\$20

DASH ABROAD

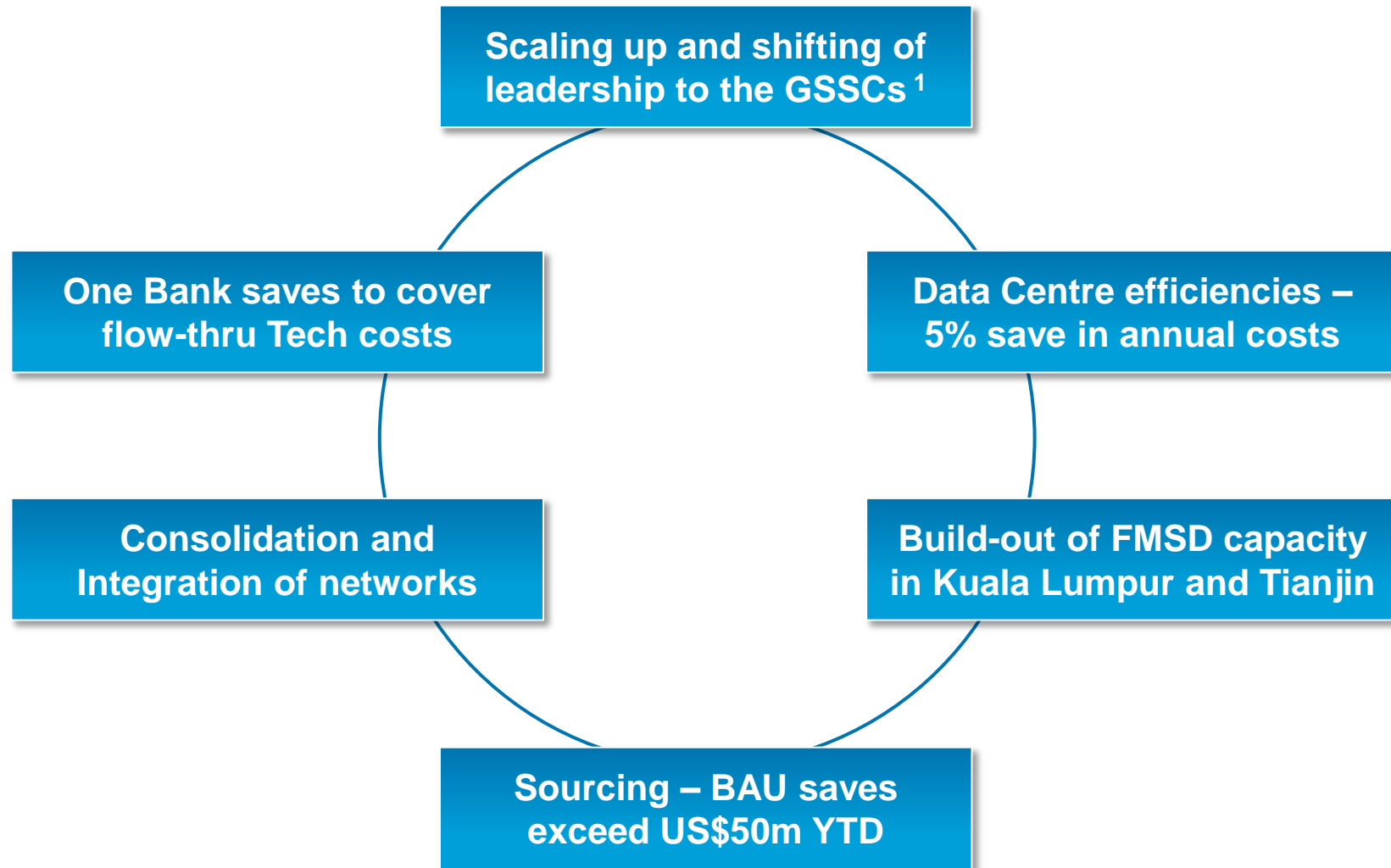
A unique customisable travel insurance plan



Data analytics – in partnership with Palantir

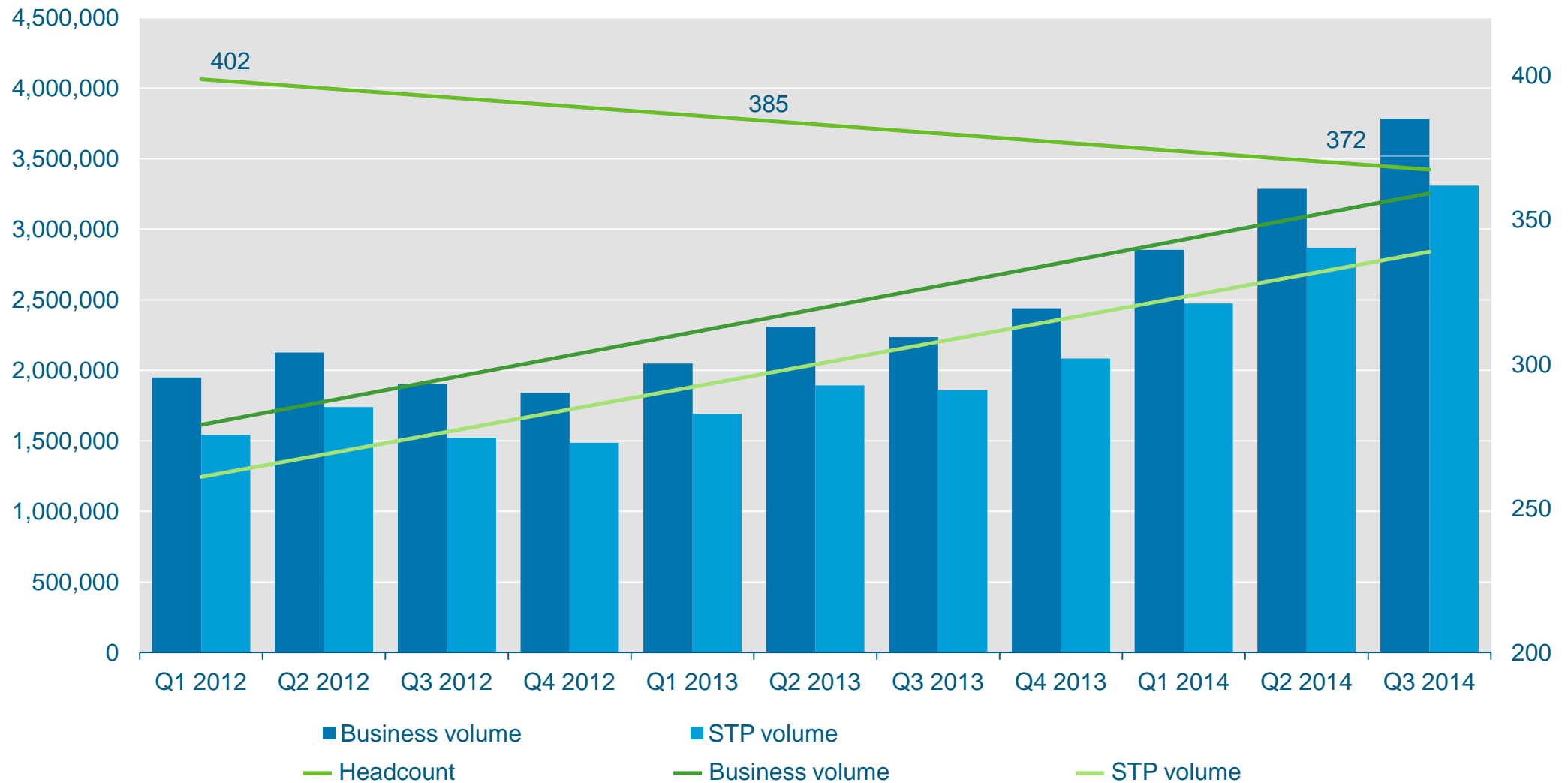


Operating efficiencies – the journey never ends



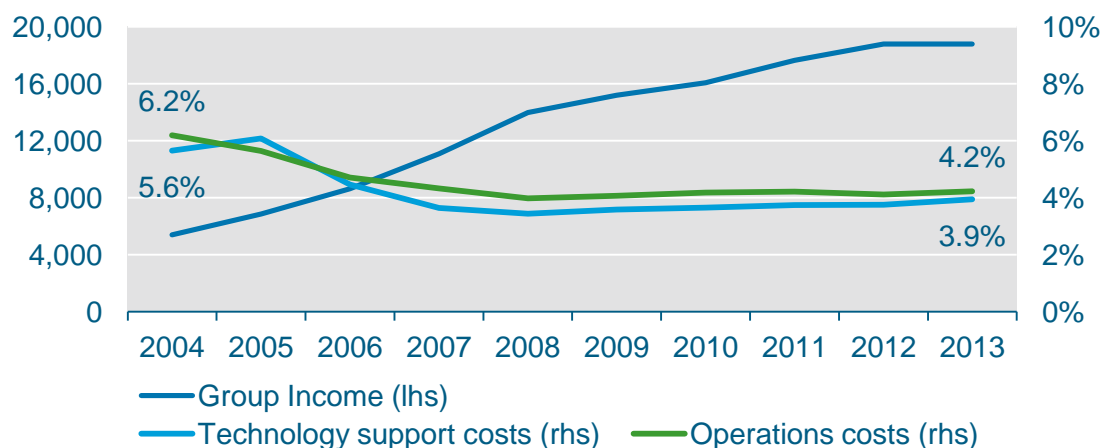
1) Group Shared Service Centers

FX – efficiency and scalability

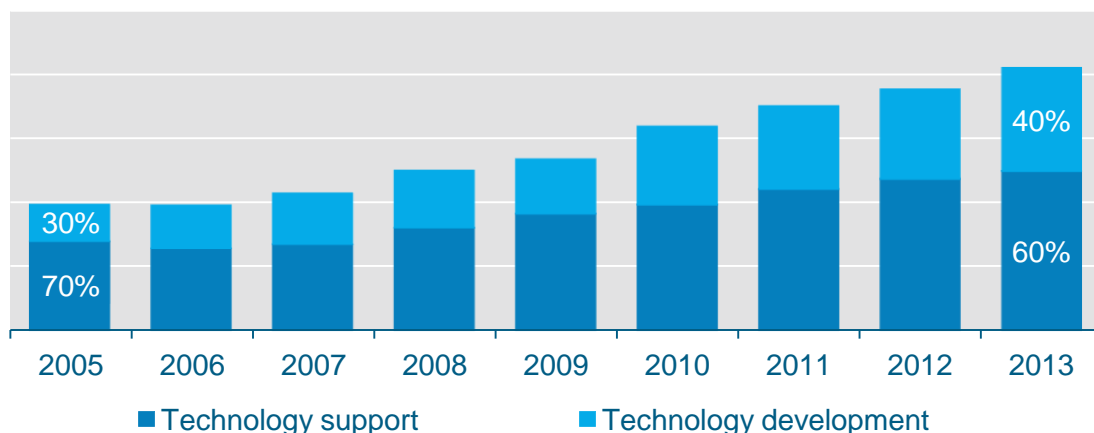


Efficiency creating headroom for investments

Group income (US\$m)



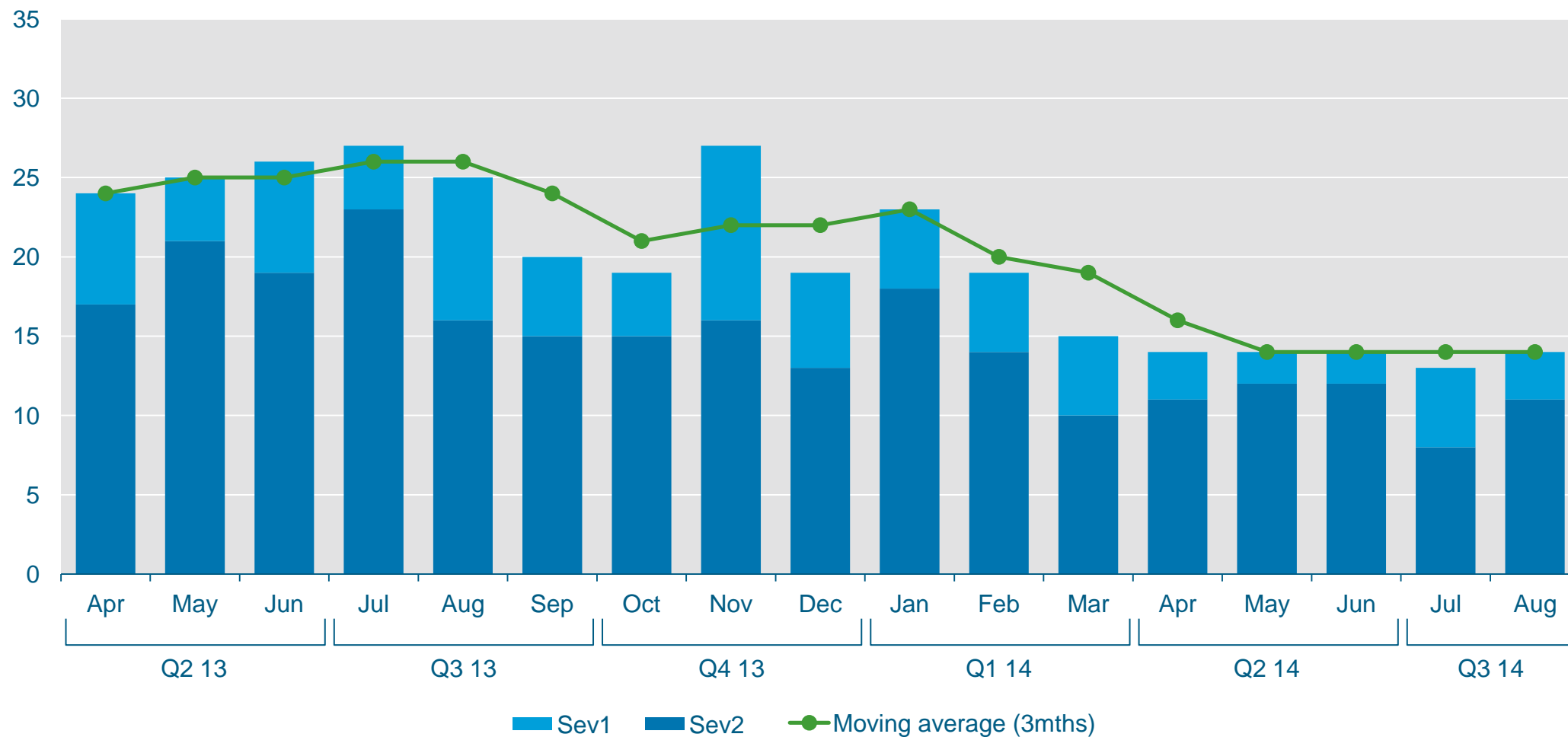
Cash spend



- Technology and Operations efficiency has helped shave three percentage points off cost/income
- This has made headroom for a bigger share of investments, climbing from 30% to 40% of technology spend
- Our annual efficiency initiatives target to absorb the higher flow-through support costs implied by a bigger investment agenda. This is a sustainable virtuous cycle
- “Defects-to-design” will sharpen our digitization focus further

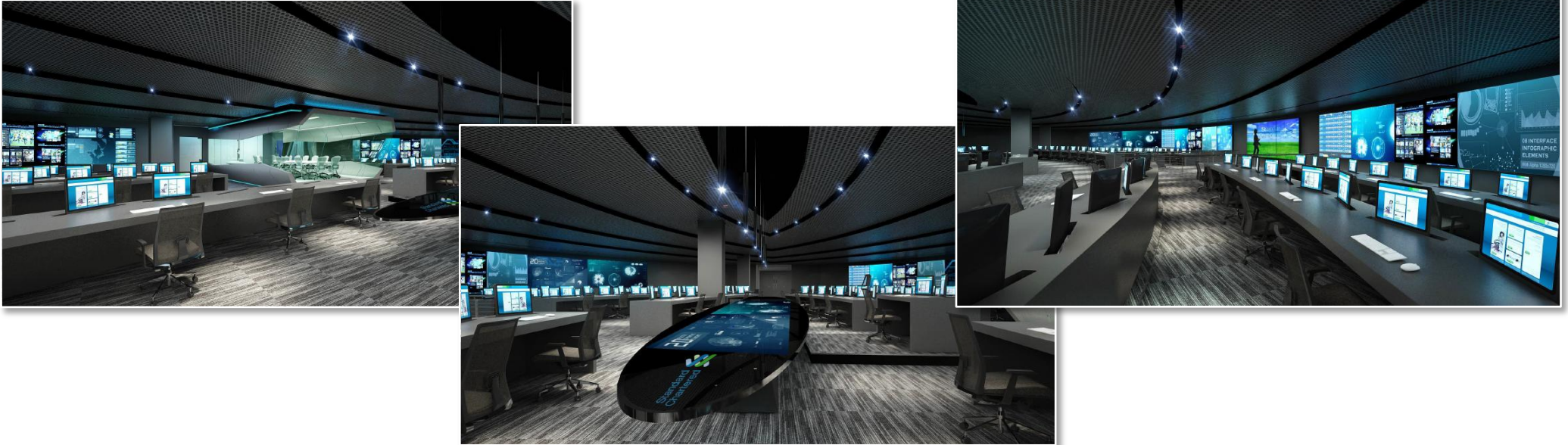
Improving stability

Severity incident trending



Collective Intelligence Centre (CNC), Kuala Lumpur

Artist impression



- State-of-the-art command and control centre
- Equipped with the latest technologies to improve service and stability
- Pre-emptive approach to incident management with predictive technologies
- Fully enabled to respond to and resolve all significant service events

Key messages

- Growth in the past years was led by significant investments in product capabilities, channels and services
- They have helped us deepen our client franchise and diversify our revenue streams
- We are now entering a phase of integration and convergence, driven by key regulatory and internal programmes
- We are extending our successes in scalability, efficiency and industrialisation from the back-office to the front-office
- Our emphasis on operational risk management, stability, security and service remains strong

Q&A



CEO/CFO Summary

Peter Sands and Andy Halford

Here for good

Our priorities

Priorities

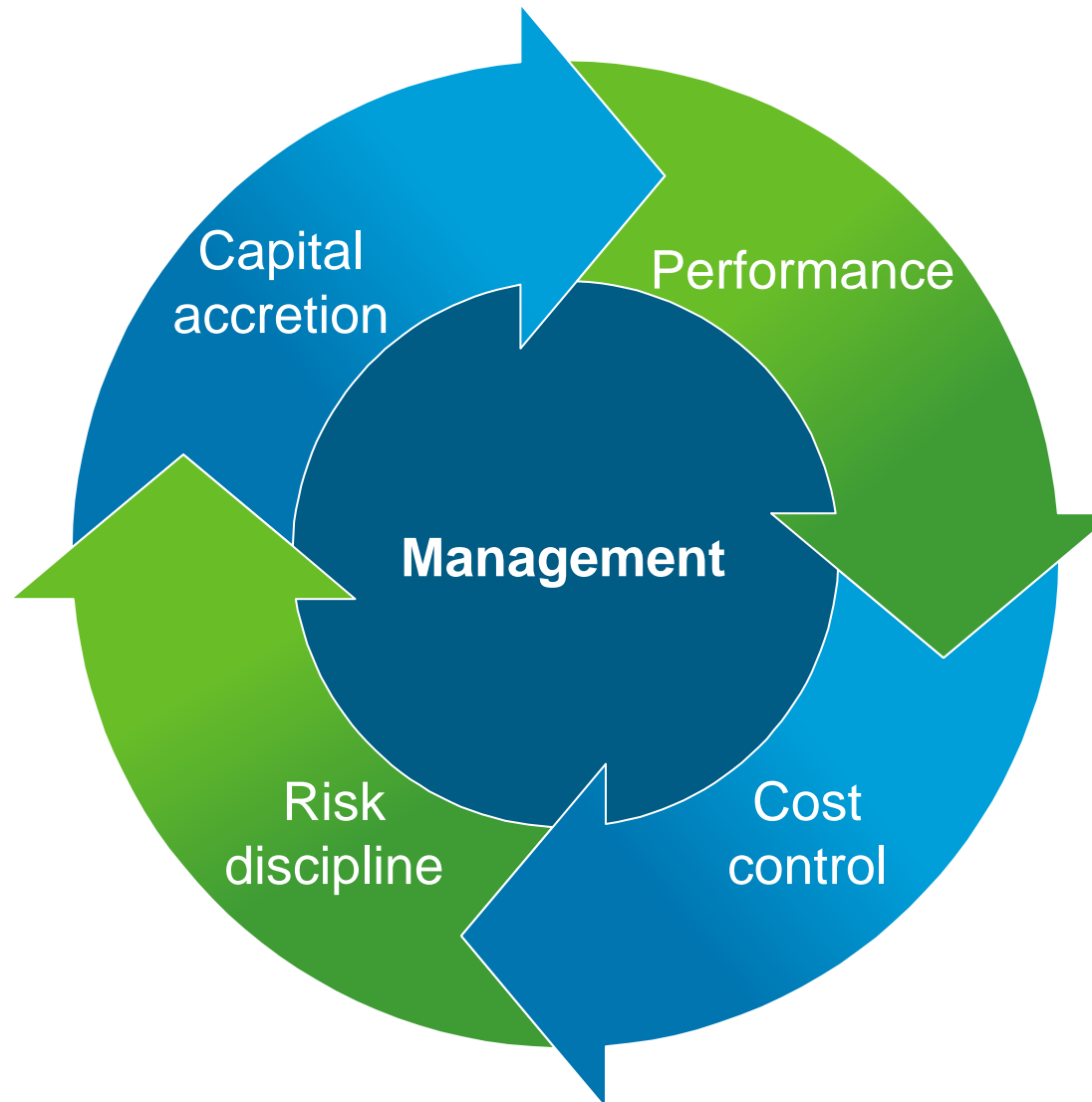
Taking action to respond to a tough environment

Executing on our refreshed strategy

Goals



Understanding investor concerns



Shape of Business – H1 2014

Client segment ¹	Client Income (US\$bn)	RWA ^{2,3,4} (US\$bn)	NFR ratio ^{4,7}	Cost Income Ratio	Operating Profit RoRWA ^{2,3}
Corporate and Institutional	4.6	182	41%	48%	1.6%
Commercial	0.6	18	51%	59%	2.2%
Private Banking	0.3	5	67%	72%	2.4%
Retail	2.8	49	37%	65%	1.8%
Own Account Income	0.9				

Product ¹	Income (US\$bn)	RWA ^{3,4,5} (US\$bn)	NFR ratio ^{4,7}	Cost Income Ratio ⁴	Operating Profit RoRWA ^{3,5}
Transaction Banking	1.9	49	49%	51%	2.7%
Financial Markets	1.8	53	79%	57%	2.6%
Corporate Finance ⁶	1.4	50	4%	44%	1.6%
Wealth Management	0.8	4	90%	77%	8.5%
Retail Products	2.4	48	25%	70%	1.1%
Others ⁶	0.9				

1) Client segment client income and cost:income ratios on disclosed basis. Product income figures on disclosed basis; 2) Client segment RWA and return metrics on client basis and excludes own account income and related RWAs; 3) RWAs and return metrics include fully implemented impact of Basel 3 and model changes. Profit returns calculated using regulatory expected loss; 4) Figures on managed basis; 5) Product RWA and return metrics include own account income and related RWAs. 6) Corporate Finance figures include Principal Finance. Others consists of Asset and Liability Management and Lending and Portfolio Management. 7) Non financing revenue (NFR) ratio defined as % income generated by non financing products.

What we hope you heard – Day 1

Corporate and Institutional Clients

- Strong franchise with superb client base
- Leverage our network and cross sell to deepen client relationships
- Focus on higher return segments and sell higher return products

Retail Clients

- Significant franchise with distinct positions across markets
- Tackle high cost income ratio by rationalising branch network, digitisation and centralisation
- Accelerate shift towards more high value segments

Commercial Clients

- New segment with access to unique network proposition
- Remediate, then build scale through the “ecosystem”
- Enhance the platform and invest in the frontline

Private Banking Clients

- Opportunity to be “the private bank of entrepreneurs”
- Focus on building scale by investing in RMs and our platform
- Drive new client acquisitions and deepen existing client relationships
- Enhance operations and productivity

What we hope you heard – Day 2

Korea

- Reshape franchise by exiting off-strategy businesses, de-risking the unsecured book, driving productivity initiatives, reshaping balance sheet
- Play to our strengths by driving network income, pivoting to wealth management and high value segments and re-energizing financial markets

Hong Kong

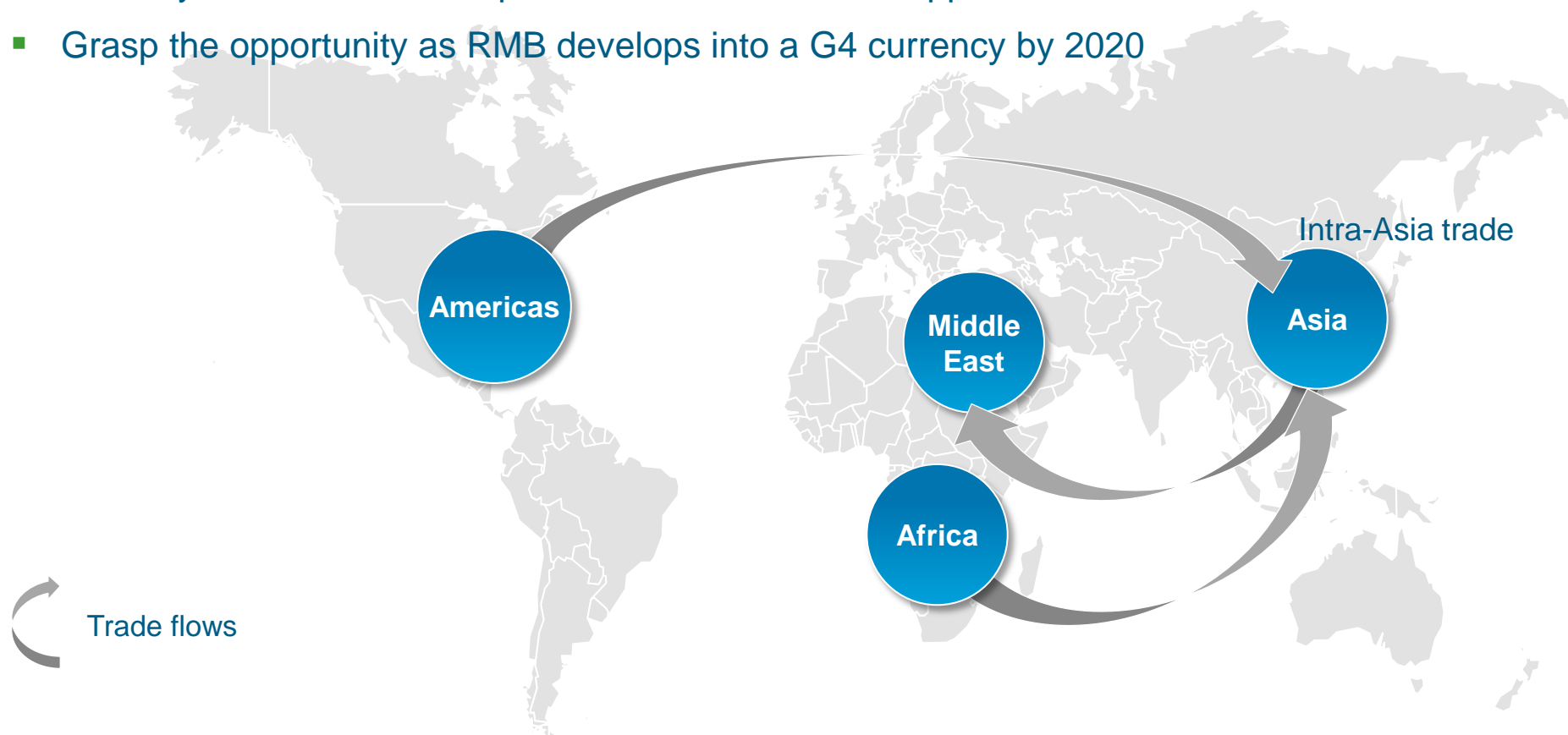
- Strengthen resilience of franchise, intensifying network collaboration to capture Greater China opportunities
- Drive market leadership in RMB
- Drive balance sheet and capital efficiency and disciplined risk management

China

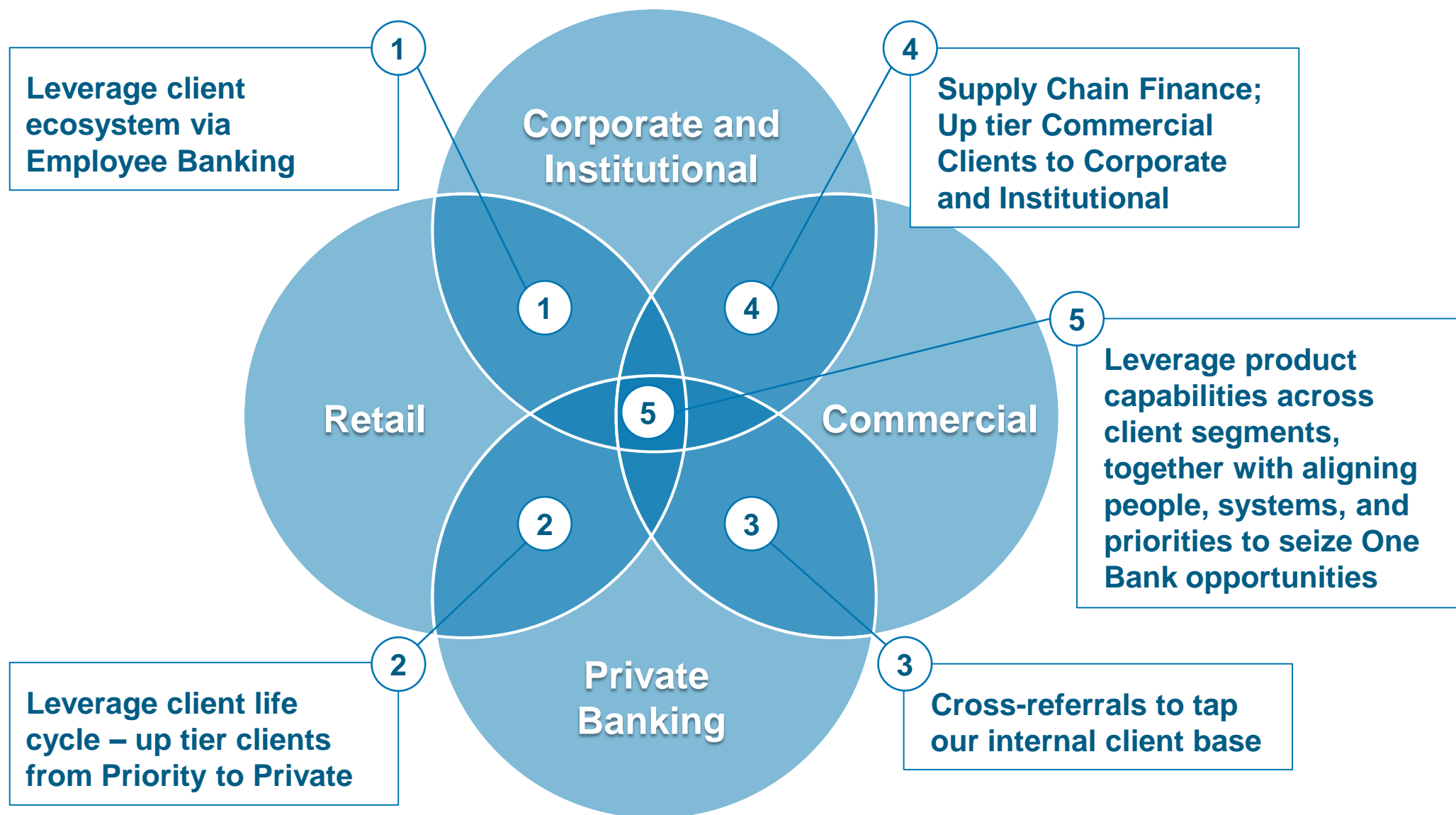
- Broaden portfolio exposure in growth industries
- Grow high net worth clients via enhancing wealth and digital capabilities
- Connect China to our network with enhanced product capabilities
- Stay alert and focused on asset quality

Intensifying network collaboration

- Leverage our unique cross border network across our Client segments
- Focus on tapping international opportunities from our client ecosystems to deepen our relationships
- Offer more cross border products in Retail, Wealth Management and Corporate Finance
- Intensify collaboration to capitalise on Greater China opportunities
- Grasp the opportunity as RMB develops into a G4 currency by 2020



Realising One Bank synergies



Increased focus on returns

Client segment	Client Income (US\$bn)	OP RoRWA ¹
Financial Institutions	1.4	3.1%
Priority Retail	1.0	2.9%
Private Banking	0.3	2.4%
Commercial	0.6	2.2%
Business Retail	0.3	2.1%
Personal Retail	1.5	1.4%
Local Corporates	1.5	1.4%
Global Corporates	1.7	1.0%

1) Return metrics on managed basis. RWA figures include fully implemented impact of Basel 3 and model changes. Profit figures calculated using regulatory expected loss. Client segment return metrics on client basis and excludes own account income and related RWAs.

Financial impact of exiting sub-scale, non-strategic businesses

- Consumer Finance and Savings Bank businesses in Korea
- Consumer Finance in Hong Kong and China
- SME business run down in UAE
- Retail and Private businesses in Germany, Lebanon, Geneva
- Retail securities business in Taiwan
- Leasing companies in Pakistan

Financial impact¹

Income
~US\$350m

Profits
~US\$120m

1) Annualized based on Q3 14 YTD impact

Delivering US\$400m in productivity improvements in 2015

Retail clients
~US\$200m

- Re-design of sales force
- Branch rationalisations
- Reduction in marketing spend
- Standardisation and automation

Corporate and Institutional
Clients and supporting
product groups
~US\$100m

- Headcount reductions
- Rationalisation of sales forces
- Centralisation of client due diligence teams
- Standardisation and automation

Support functions
~US\$100m

- Headcount relocation and reduction
- Hubbing and automation
- Vendor re-negotiation

Raising the bar on conduct

“ We’ve told the world that we’re Here for good... we need to prove it in every interaction we have and every decision we make. ”

“ لقد قلنا للعالم أجمع
”هنا دائماً للأفضل“
جوهر ما نحن عليه
بحاجة إلى إثبات ذلك
تعاملاتنا وفي كل قرار نتخذه.

“ 우리는 전 세계에서
Here for good을 표방해
왔습니다. 이것은 우리의
본질입니다. 하지만
우리는 모든 거래를 하고
모든 결정을 내릴 때
이를 증명해야 할 필요가
있습니다. ”

“ 我們已向全世界承諾，
守「一心做好，
」的承諾。這是
足之本，每一次
和每一種決策都
這個原則。 ”

“ ”

“ 我們已向世界宣
“一心做好，始
早我們的立足之

“ Kita telah menyatakan
kepada dunia bahwa kita
Here for good. Ini adalah
esensi keberadaan
kita. Namun kita harus
membuktikannya dalam
setiap interaksi yang kita
lakukan dan keputusan
yang kita buat. ”

“ เรามอกกับทุกคนว่าเรา Here
for good นี่คืหัวใจหลัก
ที่แสดงว่าเราคือใคร ไม่ใช่
เพียงเท่านั้น แต่เราต้องการ
พิสูจน์ให้เห็นว่าสิ่งนี้รวมอยู่
ในทุกสิ่งที่เราทำและทุก
การตัดสินใจของเรา ”

“ 当行は「Here for good」
を標榜しています。「Here
for good」は当行のビジネ
スの本質であり、当行は、
あらゆる活動や決断におい
て、これを実践しなければ
なりません。 ”

You will see further progress in 2015

1

Deepening and broadening client relationships

2

Enhancing capabilities

3

Improving efficiencies

Key Metrics - examples

- **Corporate and Institutional:** Increase multi-product and multi-market ratio
 - **Wealth Management:** Grow total AUM by >10%
 - **Commercial and Private Banking :** Increase number of clients
-

- **FM:** Grow client FX notional volumes by >20%, increase eFX
 - **Commercial and Private Banking:** Increase number of RMs
 - **TB:** Continue Cash Management capabilities roll out
-

- **Deliver productivity improvements of ~US\$400m**
 - Retail clients:~US\$200m
 - Corporate and Institutional (incl. products):~US\$100m
 - Support functions: ~US\$100m
- **Corporate and Institutional:** Increase share of non-financing revenues

Key financial takeaways

- We are committed to capturing the growth opportunity in our markets
- We are committed to delivering improved returns
- We are intensely focused on sustainable improvements in productivity
- We are optimising capital deployment to drive underlying capital accretion
- We are enhancing the transparency of our reporting and our metrics
- We are now focused on execution

Key messages

- We recognise our recent performance has been disappointing and are determined to get back on to a trajectory of sustainable, profitable growth, delivering returns above our cost of capital
- We understand and are responding to the challenges we are facing
- We still have enormous advantages – a distinctive business model, superb client franchise, markets that present enormous opportunities and a Here for good culture
- We have refreshed and sharpened our strategy to adapt to external changes and to focus on our biggest opportunities
- We are taking action to execute this refreshed strategy
- You will see further progress in 2015

Q&A