

Leading the way in Asia, Africa and the Middle East

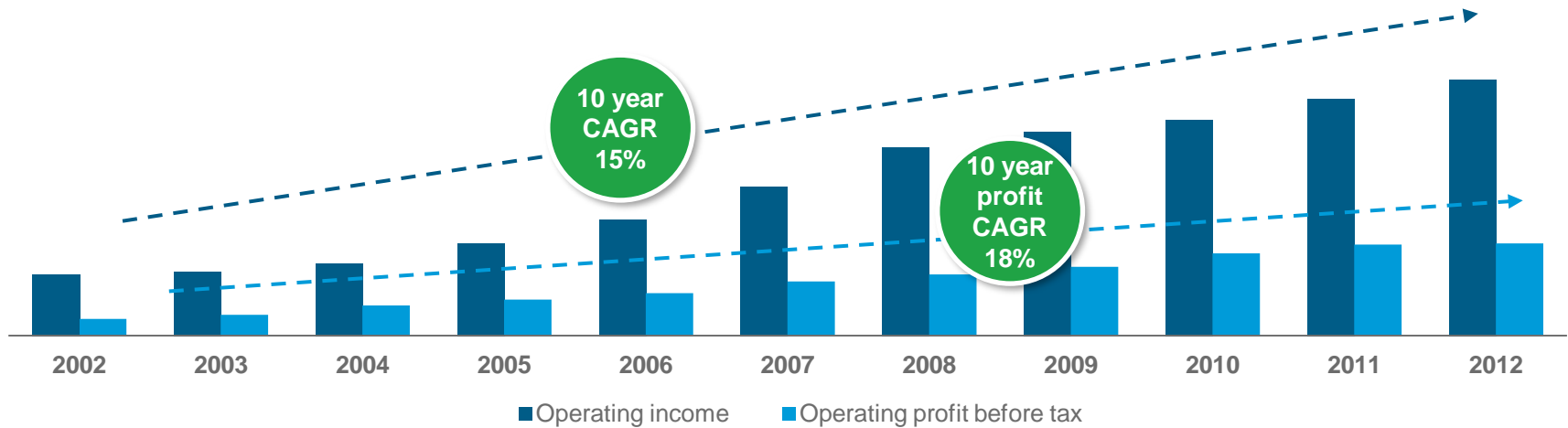
Richard Meddings
Group Finance Director

Key messages

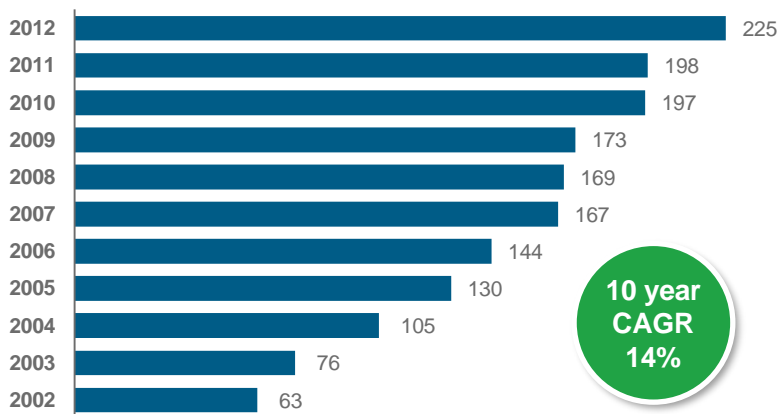
- 2013 performance has been resilient
- We are confident in our markets and our competitive strengths
- Our strategy remains consistent and we are sharpening our focus
- We aspire to strong growth while focusing on returns

10 years of financial objectives

Profit and income (US\$bn)



Earnings Per Share (EPS) cents

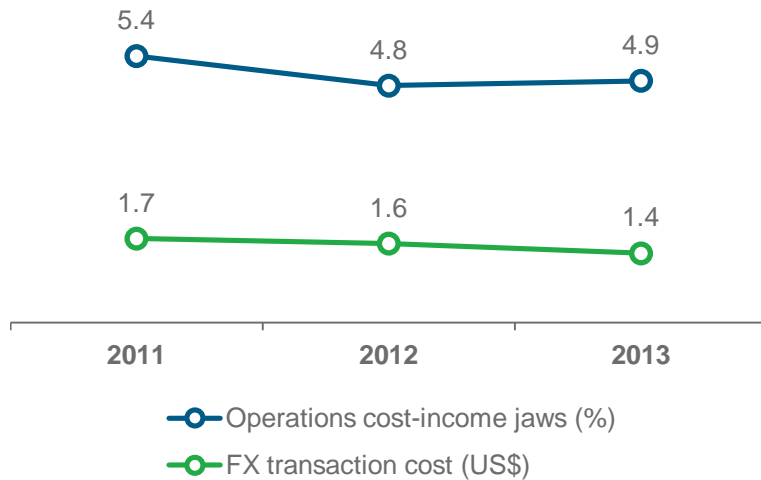


* Return on Equity

Financial framework – *next couple of years*

- *High single*
Double digit income growth
- *Positive*
Neutral cost – income jaws ~~(with positive bias)~~
- Double digit Earnings per Share (EPS) growth
- Mid-teens Return on Equity (ROE) over the medium term
- *Earnings growth ahead of Risk Weighted Asset (RWA) growth*

Operational cost

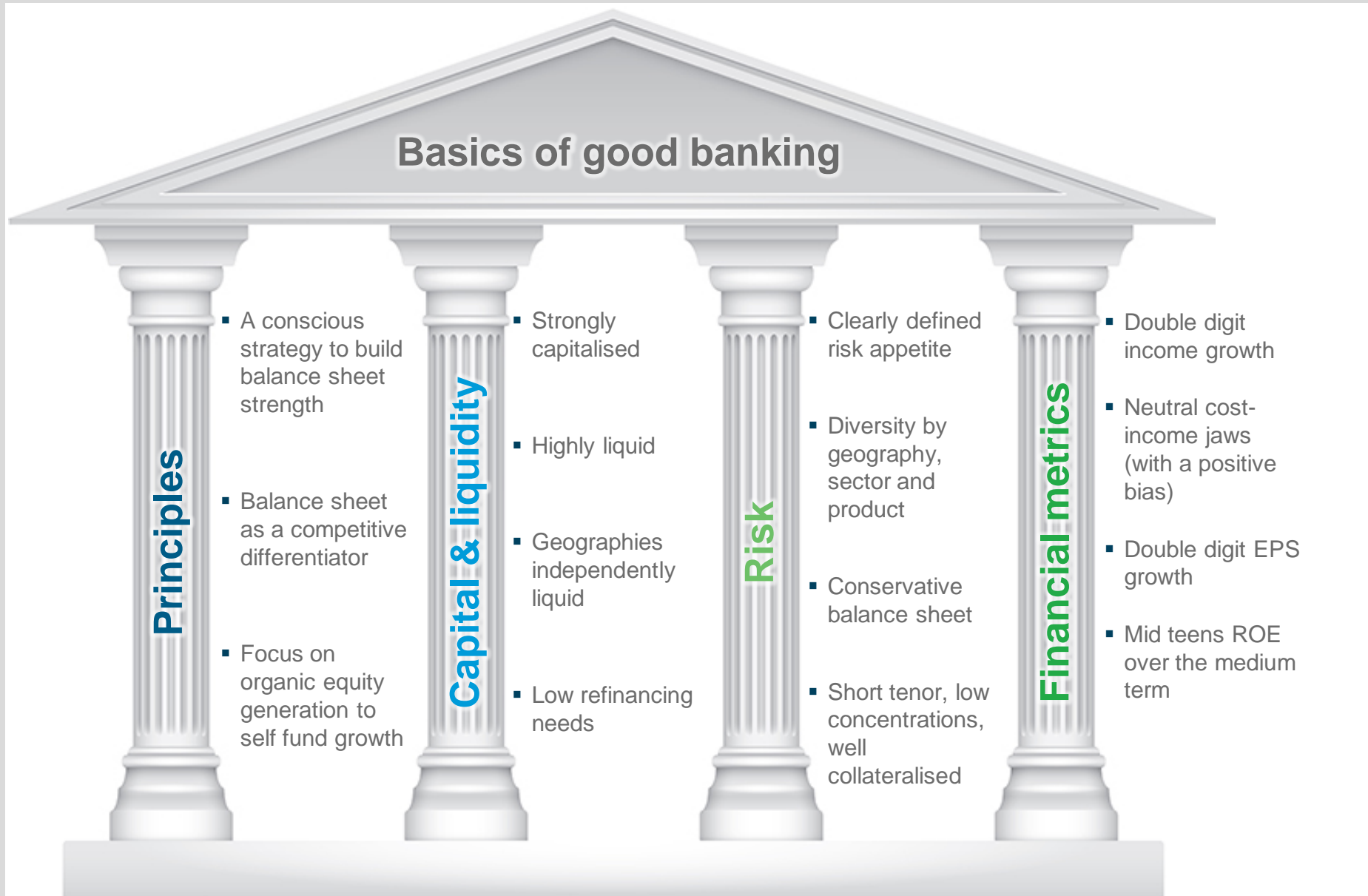


- Simplify business processes
- Adopt agile working
- Cost efficiencies through automation

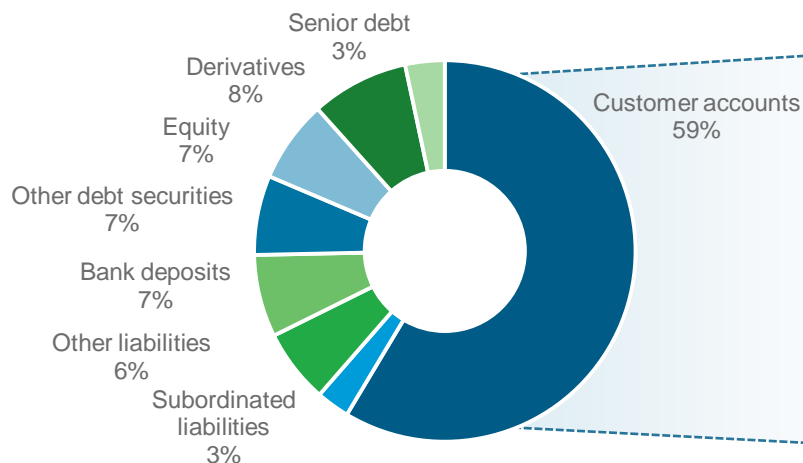
RWA management

- Investment prioritisation
- Greater returns from RWA deployed
- Driving greater cross sell into lower RWA intensive products
- Intensify our focus on sub-optimal returns
- Disciplined limit management and facility structuring including collateral management
- Continue to develop our distribution channels

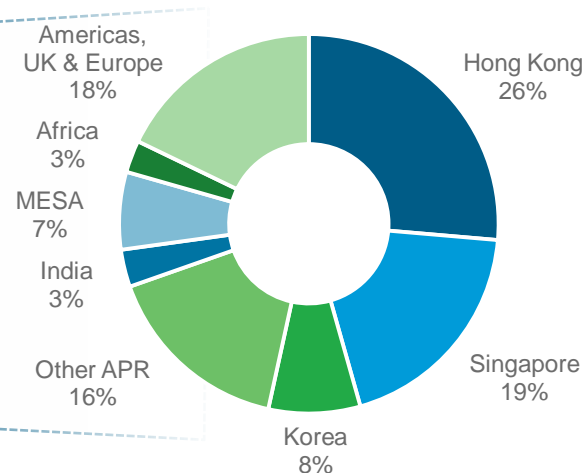
Strong foundations



Total liabilities US\$650bn*

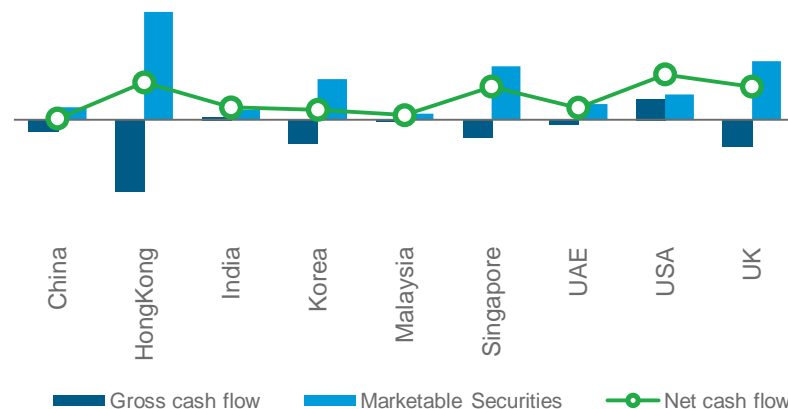


Customer deposits US\$381bn*



- Well diversified by funding source and region, with US\$184bn of liquid assets
- Customer deposit funded with a strong Assets to Deposit (A/D) ratio
- US\$5.4bn]of Tier 2 issuances and US\$1.4bn of senior unsecured in 2013

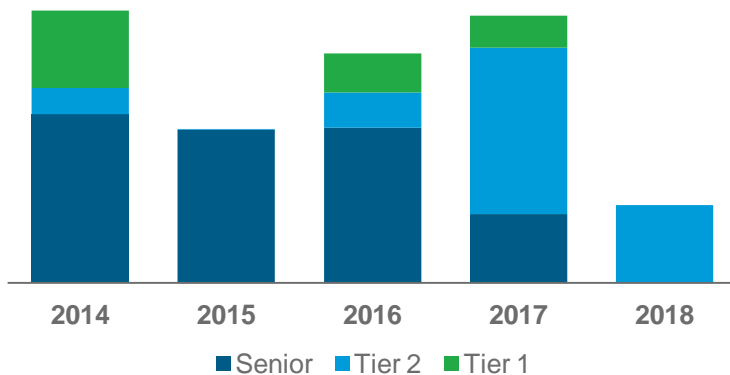
Results of daily 8 day stress testing*



* As at 30 June 2013

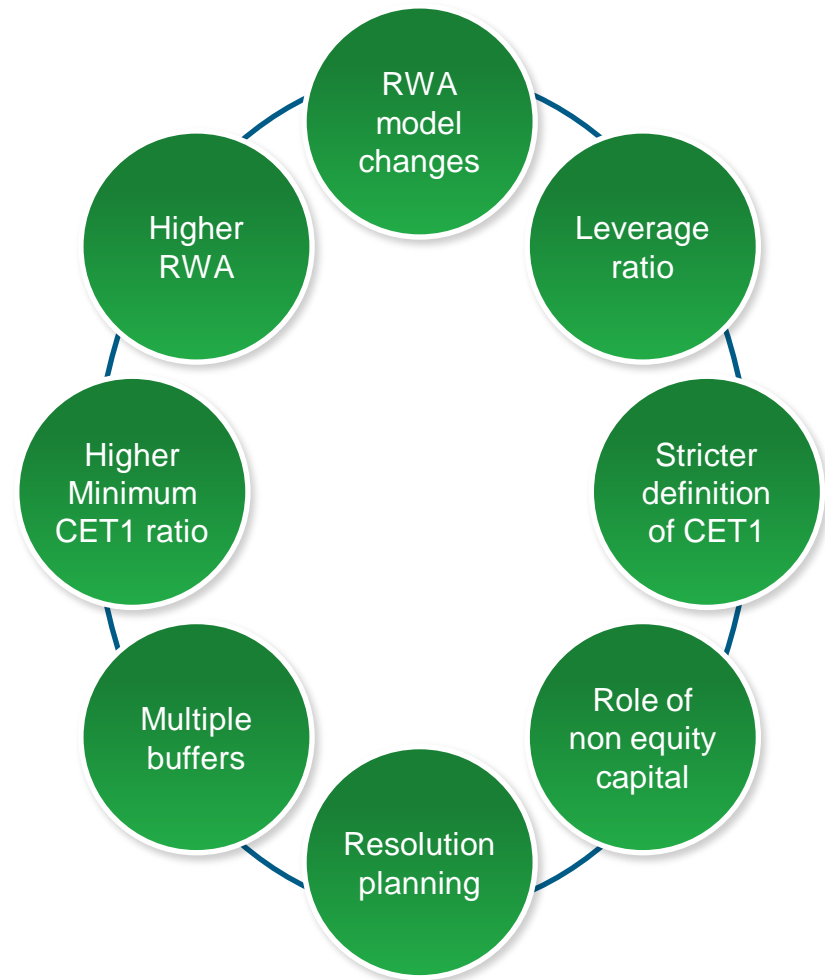
- Strongly capitalised with a focus on Common Equity Tier (CET) 1
- Pro-forma Basel III CET1 ratio impact of 80bps to 100bps
- Pro forma Basel III end point leverage ratio of 4.6%

Funding profile (US\$bn)



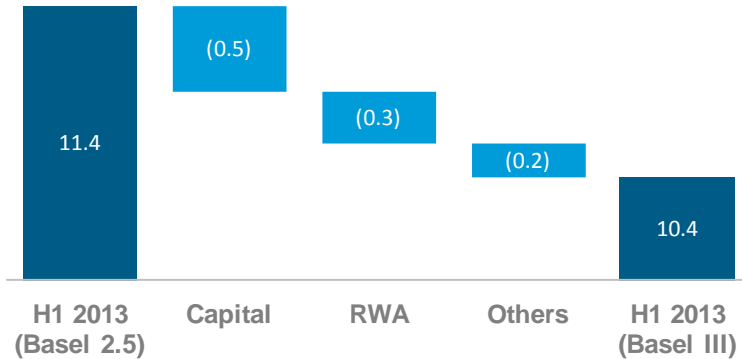
Note: Capital refinancing has been modelled based on first call date at the Group level only

Capital in the new world

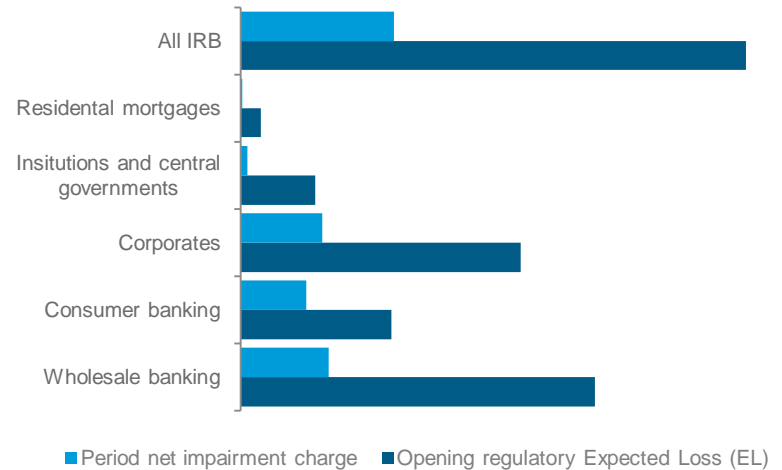


CRD IV – impact and model changes

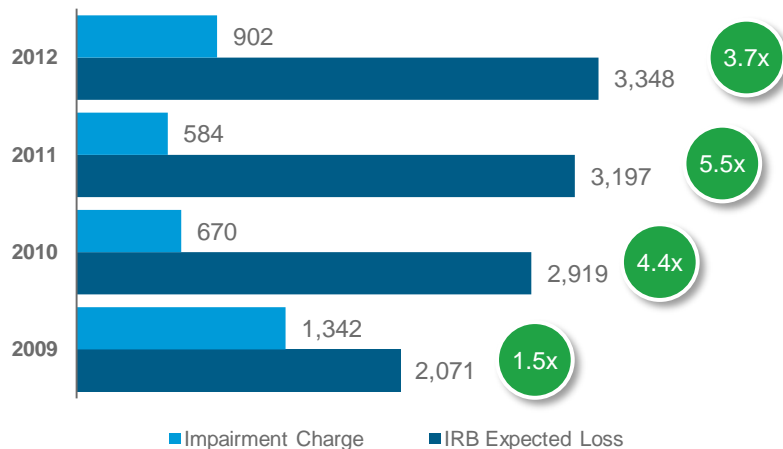
Basel III impact on capital



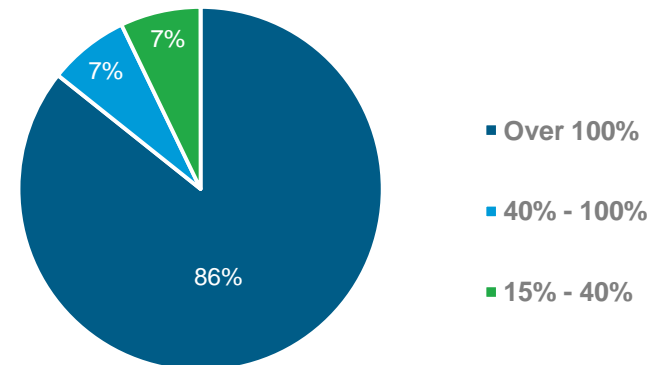
IRB* model performance



Conservative models



Wholesale Banking model over-prediction of losses (past 12 months)



Note: No Wholesale models have under-predicted losses
* Internal Ratings Based (IRB)

Resource allocation framework

Growth

- Top line - Income growth

Returns

- Return on RWA – Profit and income

Dividend

- Dividends vs. equity deployed

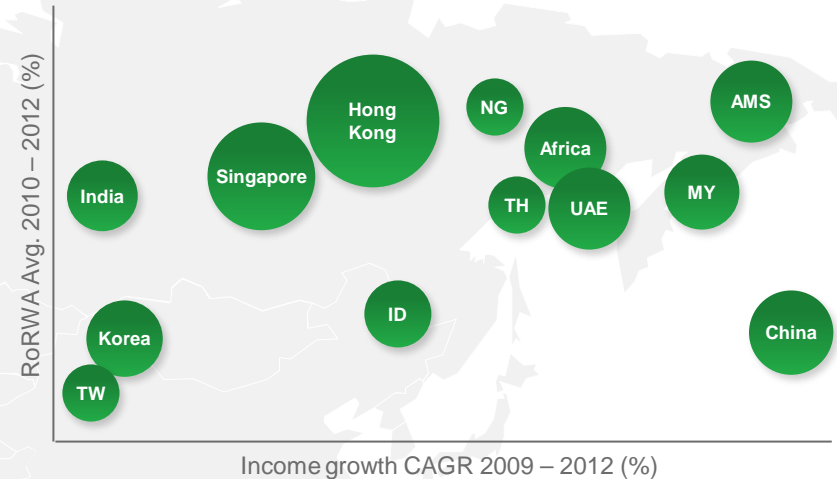
Network

- Growth and returns from domestic, inbound and network businesses

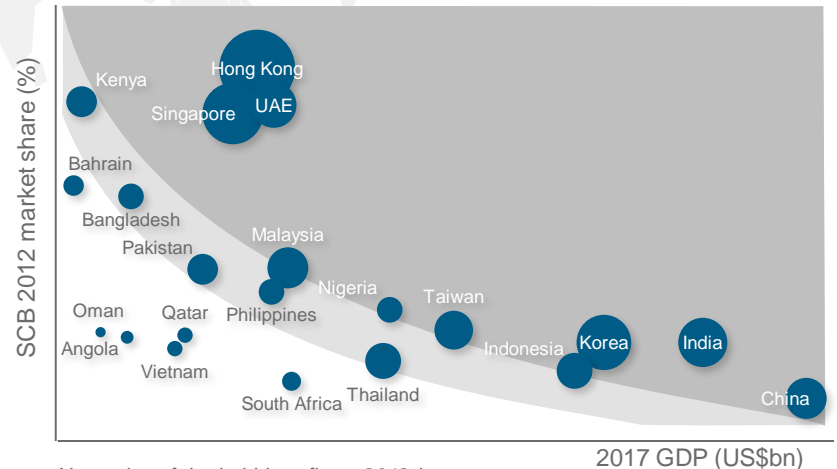
Strategic value

- GDP growth, banking sector growth and profitability, risk and liquidity

Growth vs. returns



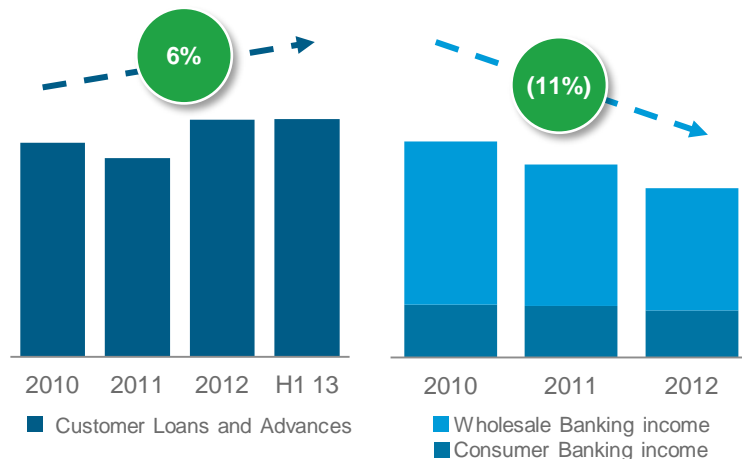
Market share



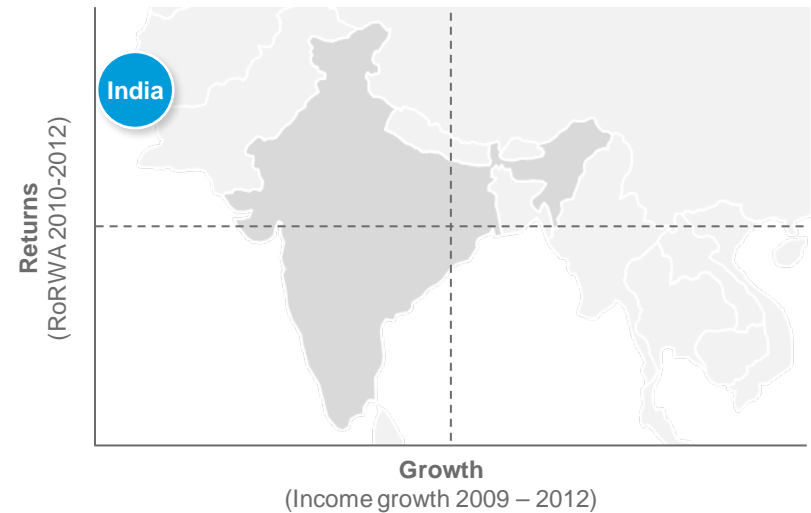
Our plan

- Selectively allocate RWA capacity to support client growth
- Improve capital efficiency and returns
- Improve productivity and reduce cost base
- Focus on local currency liability gathering
- Continue to grow network business

Financial performance



Growth vs. returns



India export
growth* CAGR
10%
2005-2012

2012
Banking
sector* ROE
18.9%

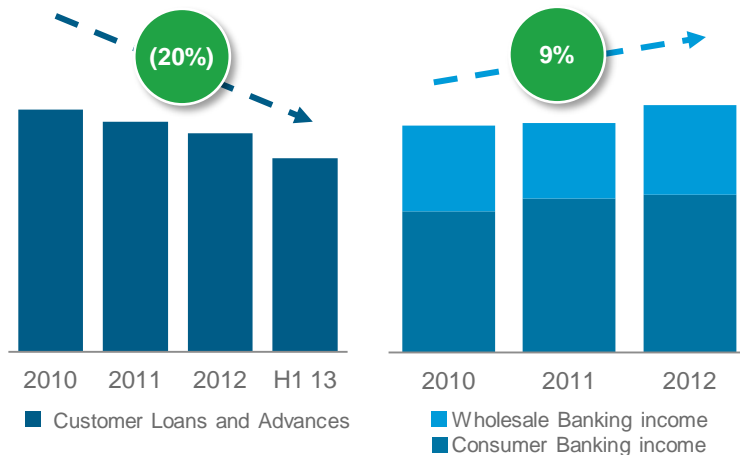
2013-2018
GDP growth
6.3%

Source: International Monetary Fund, World Economic Outlook

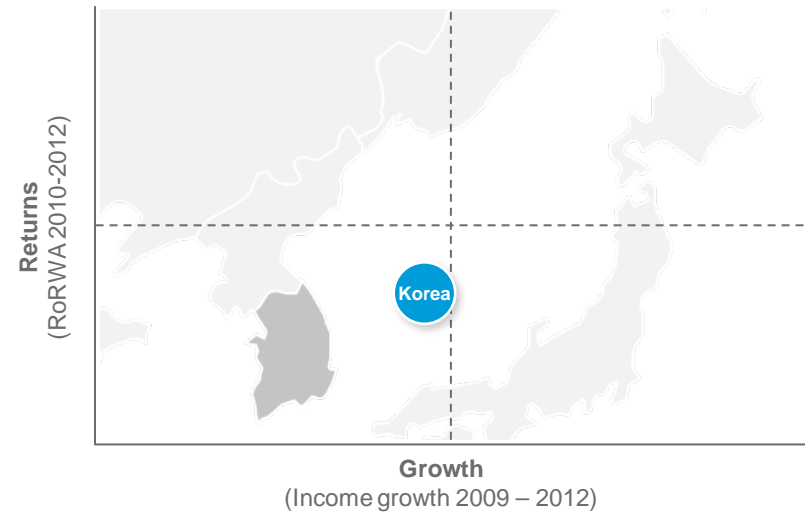
Our plan

- De-risk loan portfolios
- Reshape the balance sheet to improve capital efficiency and returns
- Focus on inbound and network income
- Align RWA to build network income
- Focus on cost productivity

Financial performance



Growth vs. returns



Korea **7th**
largest
exporter in
2012

2013 H1
Banking
sector* ROE
3.0%

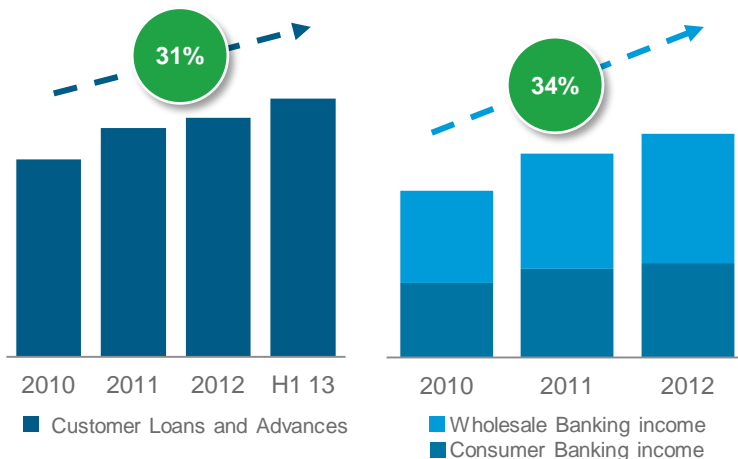
2013-2018
GDP growth*
3.9%

Source: International Monetary Fund, World Economic Outlook

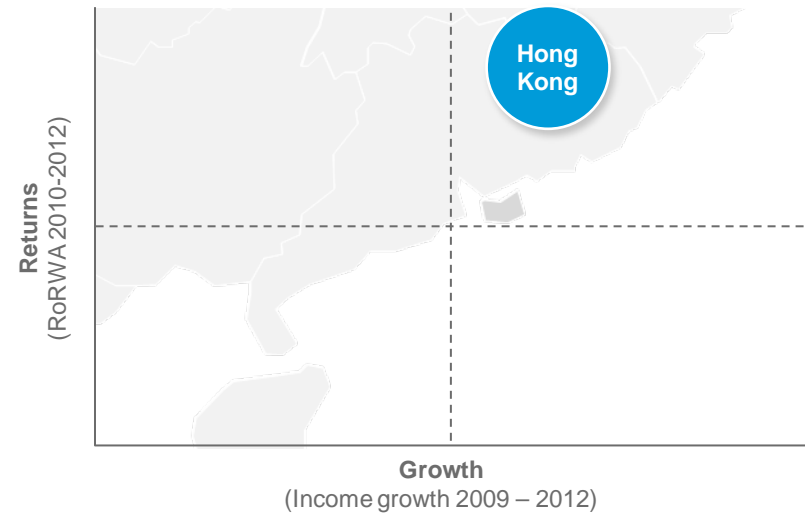
Our plan

- Continue to invest RWA and expense capacity
- Capture financial flows into and out of China
- Further integrate the Greater China strategy
- Capitalise on the RMB internationalisation opportunity

Financial performance



Growth vs. returns



China
Largest exporter in 2012

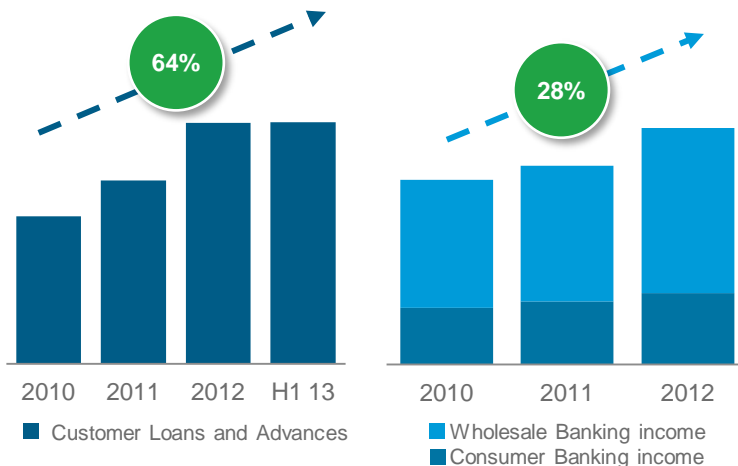
2013-2018
GDP growth*
4.5%

2012
Banking sector* ROE
15.5%

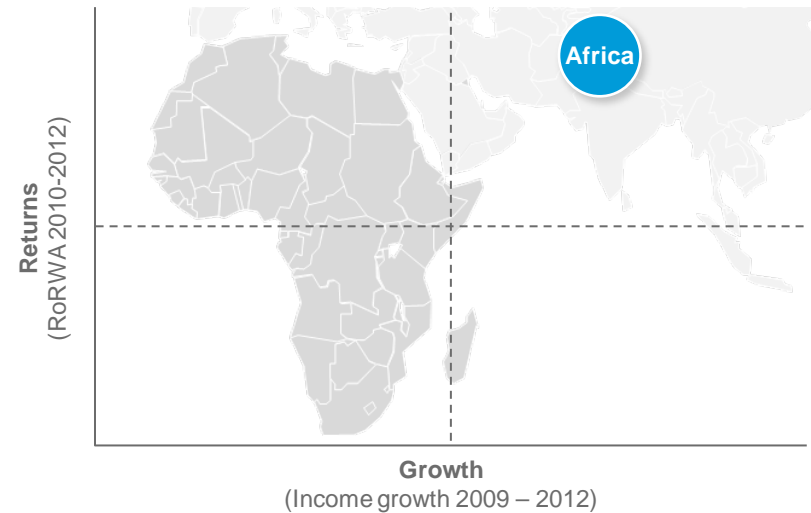
Our plan

- Continue to invest RWA and expense capacity
- Enhance distribution through “Africa 100”
- Deliver digital capabilities
- Develop local balance sheet scale in Nigeria
- Extend footprint to next generation markets

Financial performance



Growth vs. returns



Africa-China
trade CAGR
35%
2002-2012

2012
Banking
sector* ROE
17.2%

2013-2018
GDP growth*
5.4%

Source: International Monetary Fund, World Economic Outlook

Key messages

- 2013 performance has been resilient
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