

# Investor trip 2012

Consumer and Wholesale  
Banking Day

**Leading the way**  
in Asia, Africa and the Middle East



# Investor trip 2012

## Consumer Banking Strategy

**Leading the way**  
in Asia, Africa and the Middle East



# **Leading the way**

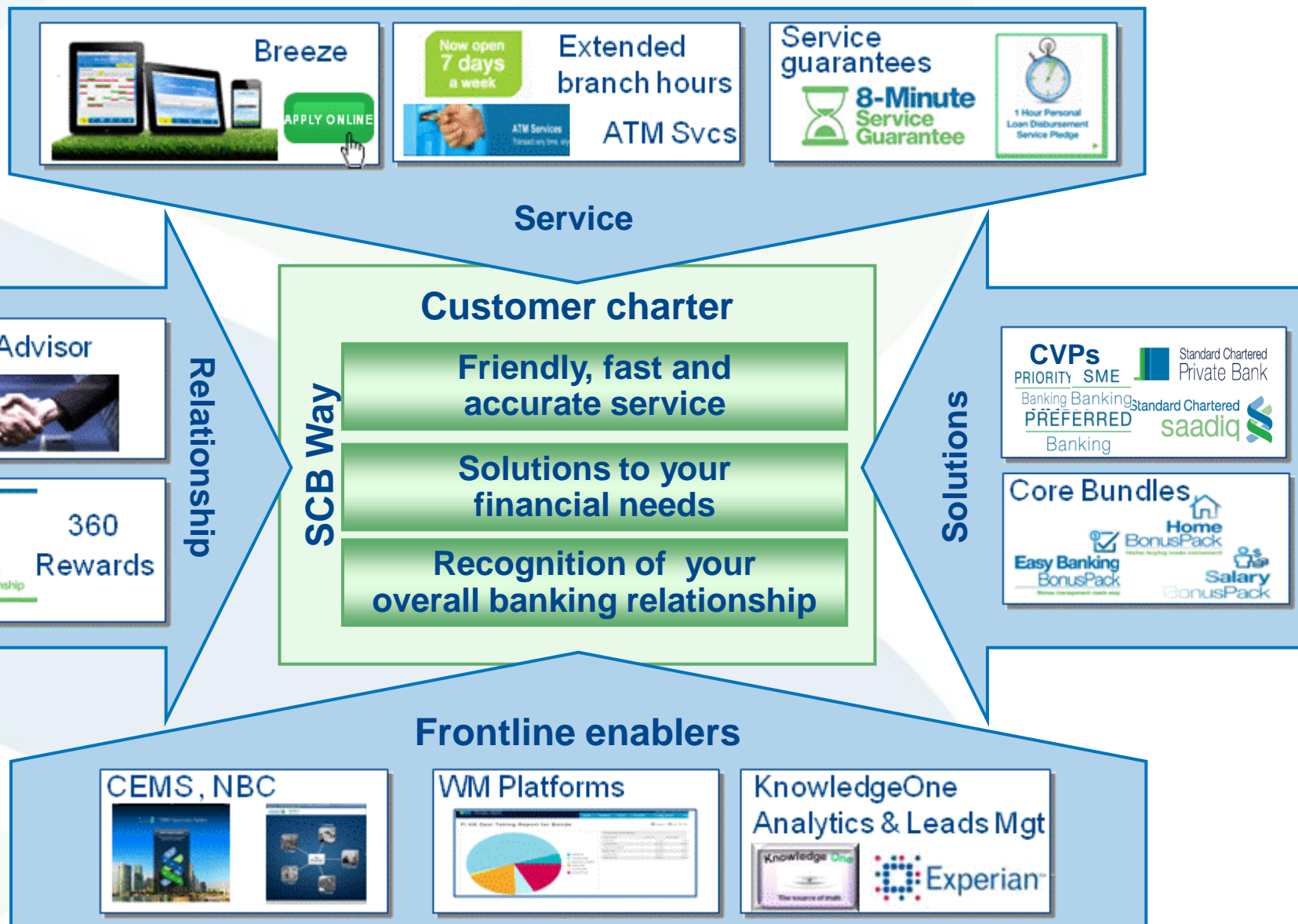
in Asia, Africa and the Middle East

**Steve Bertamini**

Chief Executive Officer, Consumer Banking

- Consumer Banking transformation on track
- Strong balance sheet and diversified growth
- Macro trends support long term opportunities
- Continuing to invest for long term growth

# New capabilities in place or being deployed to deliver the Customer charter



Note: CEMS – Customer experience management system, NBC – Needs based conversation

## PARTICIPATION MODEL

- Grow HVS and active customers
- Increase CASA<sup>1</sup> and unsecured mix
- Drive product per customer income via SCB<sup>2</sup> Way, bundles and analytics
- Expand and integrate distribution network

## CUSTOMER FOCUS

- Build digital main bank capabilities
- Leverage brand and service guarantees to dial up NPS<sup>3</sup>
- Deepen and broaden Wealth Management solutions via trusted advisor proposition

## ‘BACK TO BASICS’

- Deliver balance sheet and AUM growth
- Become employer of choice
- Improve productivity and the control environment
- Maintain tight cost and risk discipline

<sup>1</sup>CASA - Current and saving accounts; <sup>2</sup>SCB - Standard Chartered Bank; <sup>3</sup>NPS – Net promoter score

# Investor trip 2012

Consumer Banking  
Financial Performance

**Leading the way  
in Asia, Africa and the Middle East**



# **Leading the way**

in Asia, Africa and the Middle East

**Vishu Ramachandran**

Chief Operating Officer, Consumer Banking



- Balanced growth, greater resilience and attractive opportunities
- Increased focus on risk-return, liquidity and the control environment
- Continuing to invest for long term growth

# Financial performance - 5 years

US\$m	2006	2009	06 - 09 CAGR %	2011	09 - 11 CAGR %
Income	4,684	5,629	6	6,791	10
Expenses	(2,641)	(3,709)	12	(4,605)	11
<b>Operating profit before impairment</b>	<b>2,043</b>	<b>1,920</b>	<b>(2)</b>	<b>2,186</b>	<b>7</b>
Loan impairment	(721)	(1,052)	13	(524)	(29)
Other impairment	0	(1)	nm	(12)	nm
<b>Operating profit</b>	<b>1,322</b>	<b>867</b>	<b>(13)</b>	<b>1,650</b>	<b>38</b>

# Financial performance - HoH

	H1 12 vs H2 11					H1 12 vs H1 11	
US\$m	H1 11	H2 11	H1 12	%	Constant FX %	%	Constant FX %
Income	3,337	3,454	3,515	2	3	5	8
Expenses	(2,109)	(2,496)	(2,307)	(8)	(6)	9	12
<b>Operating profit before impairment</b>	<b>1,228</b>	<b>958</b>	<b>1,208</b>	<b>26</b>	<b>27</b>	<b>(2)</b>	<b>1</b>
Impairment	(215)	(321)	(309)	(4)	(2)	44	50
<b>Operating profit</b>	<b>1,013</b>	<b>637</b>	<b>899</b>	<b>41</b>	<b>41</b>	<b>(11)</b>	<b>(9)</b>
<b><i>Excluding one-offs*</i></b>							
Income	3,337	3,454	3,476	1	2	4	7
Expenses	(2,195)	(2,317)	(2,307)	0	1	5	8
<b>Operating profit before impairment</b>	<b>1,142</b>	<b>1,137</b>	<b>1,169</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>5</b>
Impairment	(266)	(354)	(352)	(1)	1	32	37
<b>Operating profit</b>	<b>876</b>	<b>783</b>	<b>817</b>	<b>4</b>	<b>4</b>	<b>(7)</b>	<b>(4)</b>

\*One-offs include sales of loan portfolios, recoveries on structured notes in Taiwan, Early Retirement Programme and property sale in Korea

## By region

	H1 12 US\$m	H1 12 vs H1 11	
		%	Constant FX* %
Hong Kong	674	5	5
Singapore	479	8	8
Korea	588	1	4
Other APR	846	6	8
India	223	(6)	8
MESA	371	3	7
Africa	235	16	24
Americas, UK & Europe	99	39	42
<b>Total</b>	<b>3,515</b>	<b>5</b>	<b>8</b>

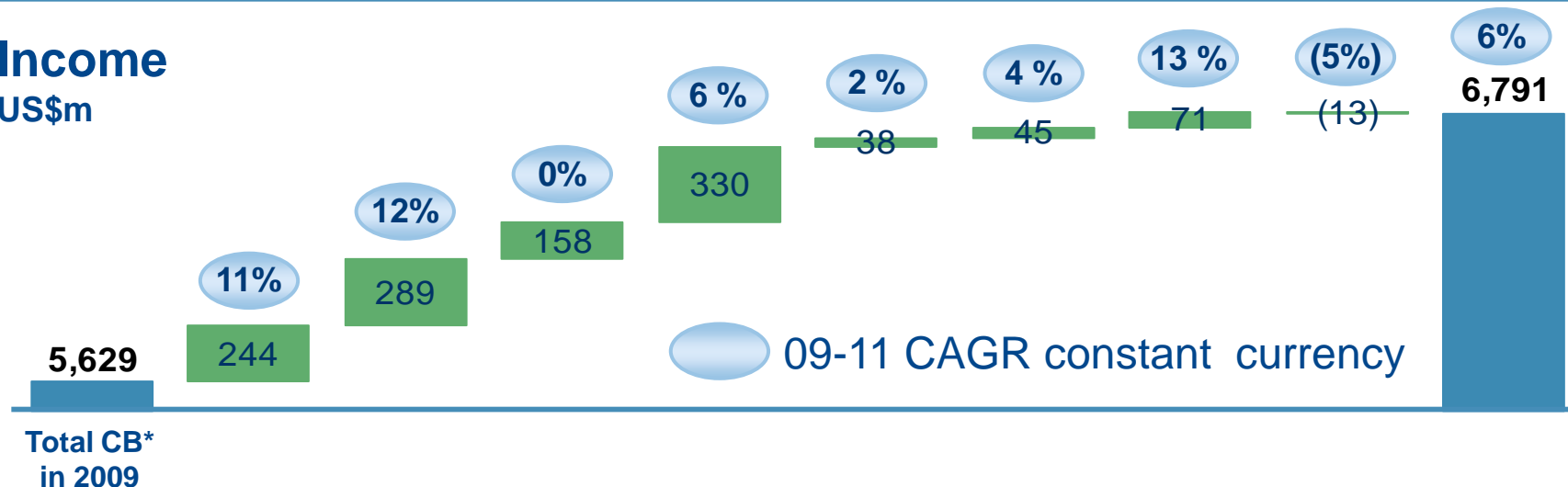
## By product

	H1 12 US \$m	H1 12 vs H1 11	
		%	Constant FX* %
Deposits	786	14	18
Mortgages			
Auto Finance	656	(13)	(10)
Cards, Personal Loans & Unsecured	1,297	13	16
Wealth Management	639	(3)	(1)
Others	137	54	57
<b>Total</b>	<b>3,515</b>	<b>5</b>	<b>8</b>

\*FX - Foreign Exchange

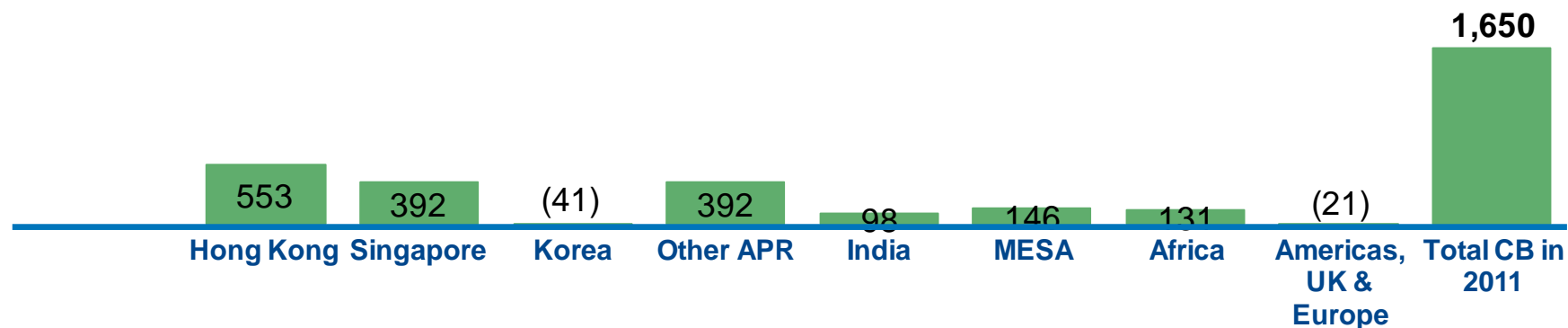
# Diversified and competitive performance across markets

## Income US\$m

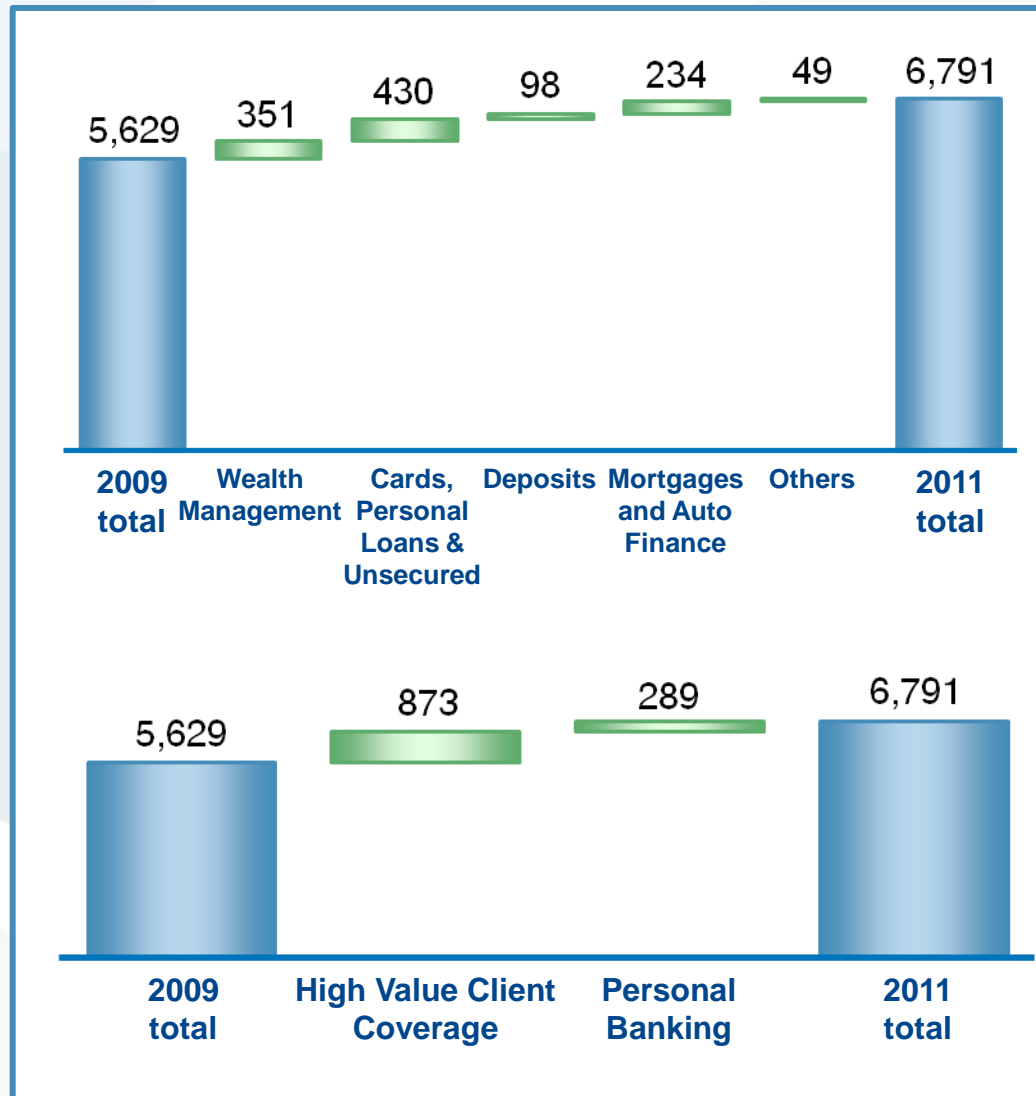


US\$m

## Operating profit in 2011

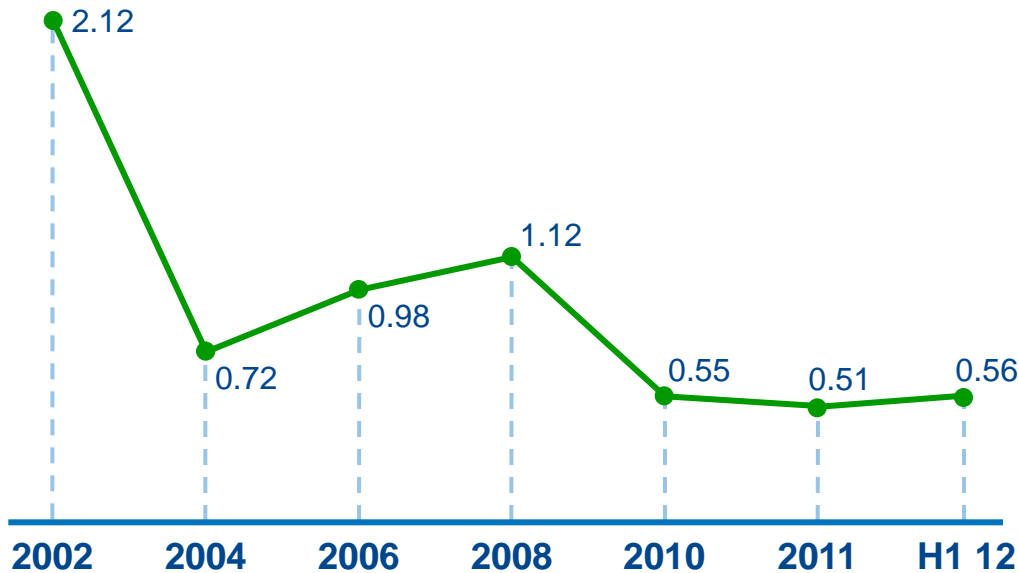


# Incremental growth opportunities – next 3 to 5 years



- Become digital main bank
- Scale up Hong Kong and Singapore
- Build strategic alliances
- Accelerate Africa build-up
- Focus on SME and Wealth Management

## Loan impairment\* as a % of Consumer Banking Average Net Receivables



- Overall credit quality strong and stable
- Lending mix shifting to SME and Unsecured
- Proven credit management practices
- Loan impairment trends

	2008	2009	2010	2011	H1 12
30dpd** / ENR***	2.10	1.39	1.02	1.08	1.02

\* Gross loan impairment excluding sales of previously written off portfolios; \*\* dpd - Days past due; \*\*\*ENR - Period end net receivables

# Chief Operating Officer imperatives for the next phase

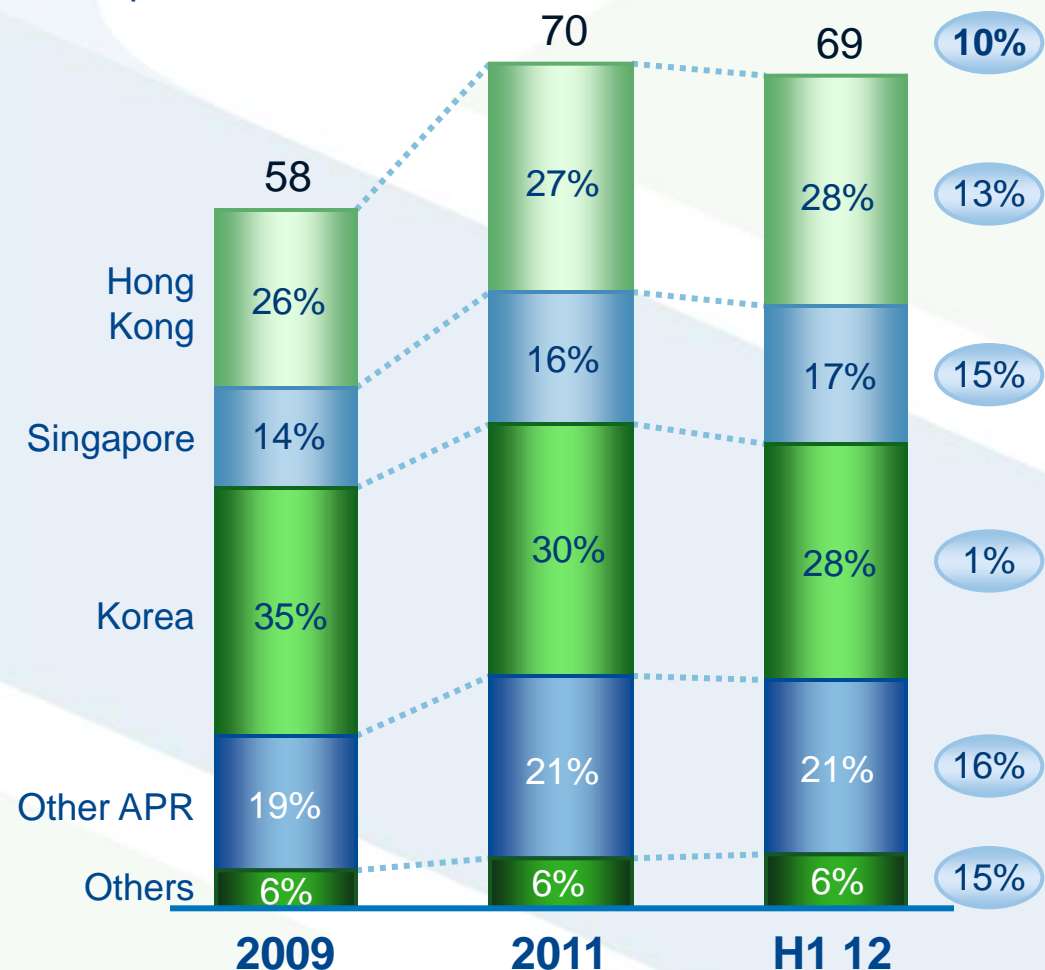
- Optimise risk-return
- Increase liquidity generation
- Simplification through standardisation
- Enhance productivity and control environment
- Continuing to invest for long term growth



# Mortgage performance

## Mortgage balances by region US\$bn

09 – 11  
CAGR



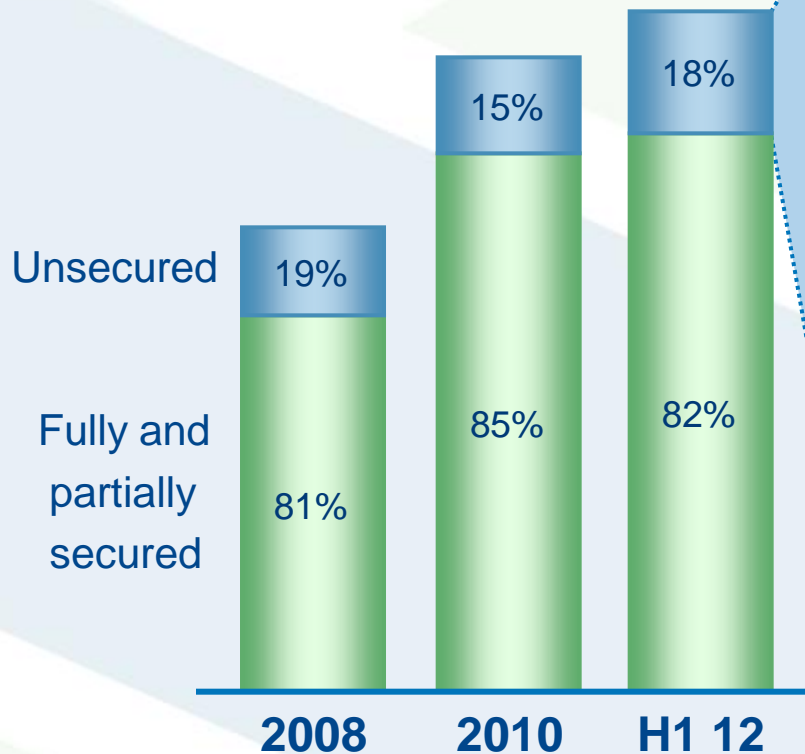
	Hong Kong	Singapore	Korea
NIM compression	~40bps	~45bps	~23bps
H1 12 market share	14%	12%	7%
H1 12 Loan impairment / Average net receivables	<1bps	<1bps	<1bps
H1 12 Risk adjusted RoRWA *	~7%	~3%	~6%
H1 12 Loan to value ratio	43%	45%	48%

\*Risk adjusted RoRWA = (Income – expected loss) / risk weighted assets

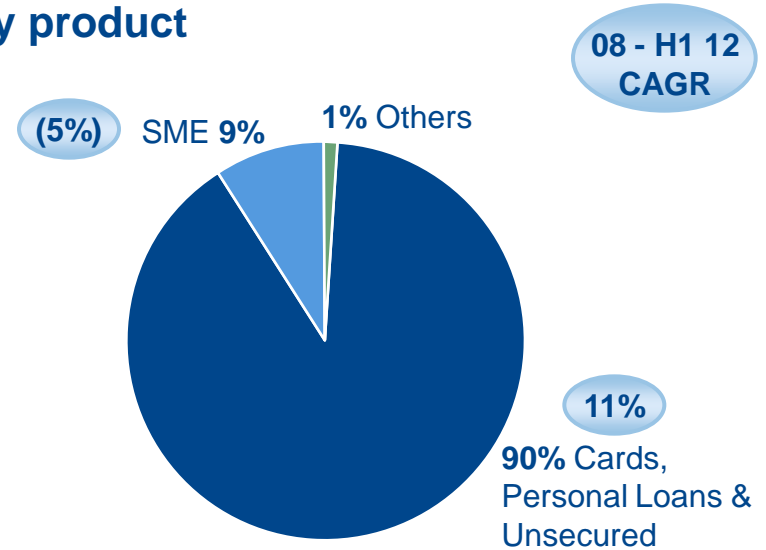
- Hold market share, other than Korea
- Key driver of main bank relationship
- Increase bundled sales
- Differentiate on service delivery, channels
- Grow at pace with current and saving accounts
- Robust risk management with low loan to value ratio

# Unsecured portfolio geographically diversified

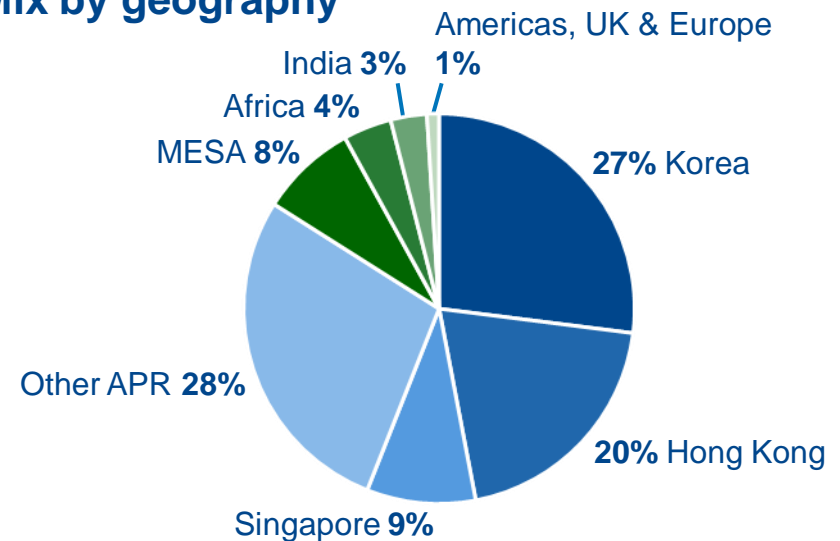
## Total portfolio



## Mix by product

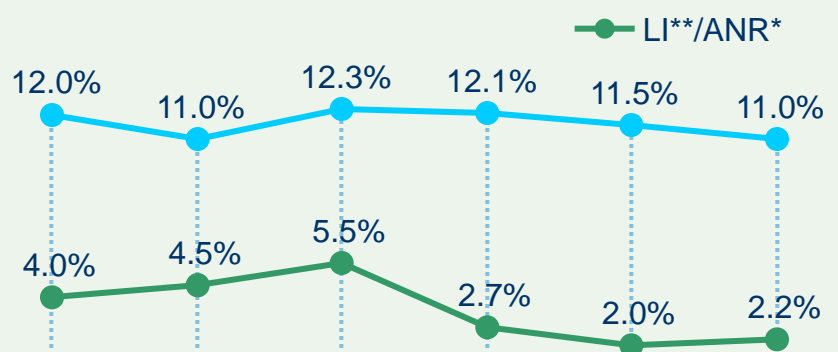


## Mix by geography

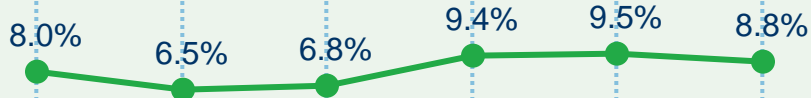


# Cards, Personal Loans & Unsecured portfolio characteristics

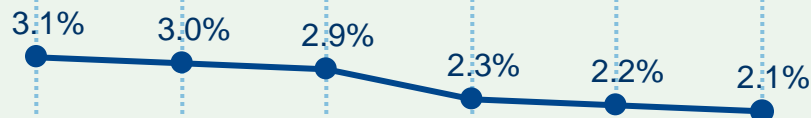
Income / ANR\* and LI\*\* / ANR\*



(Income – LI\*\*) / ANR\*



30+ days past due



2007 2008 2009 2010 2011 H1 12

H1 12	Total Consumer Banking	Hong Kong, Singapore, other APR	MESA	Korea
Risk adjusted RoRWA	~5%	~4-8%	~8%	~2%

\* ANR - Average Net Receivables; \*\* LI - Loan impairment

## Credit Cards and Personal Loans

- Diversified innovative channels
- Differentiated experience
- Industry leading products
- Active portfolio management
- Risk based pricing

## Business Installment Loans

- Focus on small business customers in scale markets
- Entry product to build relationship
- Enhanced credit criteria
- Less than 15% of total SME asset portfolio

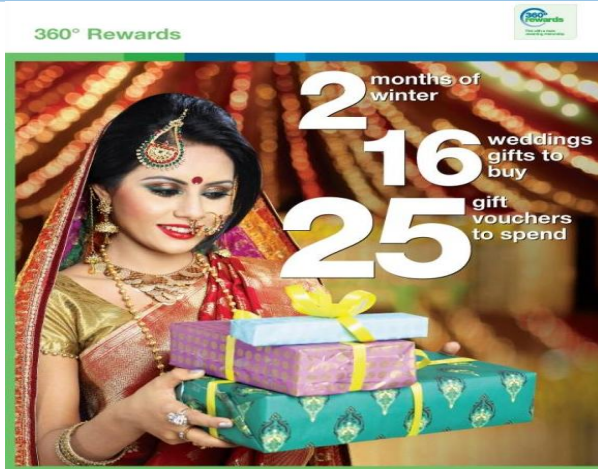
# Continue to simplify Consumer Banking through standardisation of seven high impact areas



- Improve customer experience, speed to market
- Deliver strategic goals in cost effective and scalable manner

# Investment: 2009 - 2012

## Branding and marketing spend



## Mobile and online



## Customer-focused systems



## Branch projects



## Frontline and sales staff



## Regulation and controls





- Balanced growth, greater resilience and attractive opportunities
- Increased focus on risk-return, liquidity and the control environment
- Continuing to invest for long term growth



# Investor trip 2012

High Value Client Coverage  
(HVCC)

**Leading the way**  
in Asia, Africa and the Middle East



# **Leading the way**

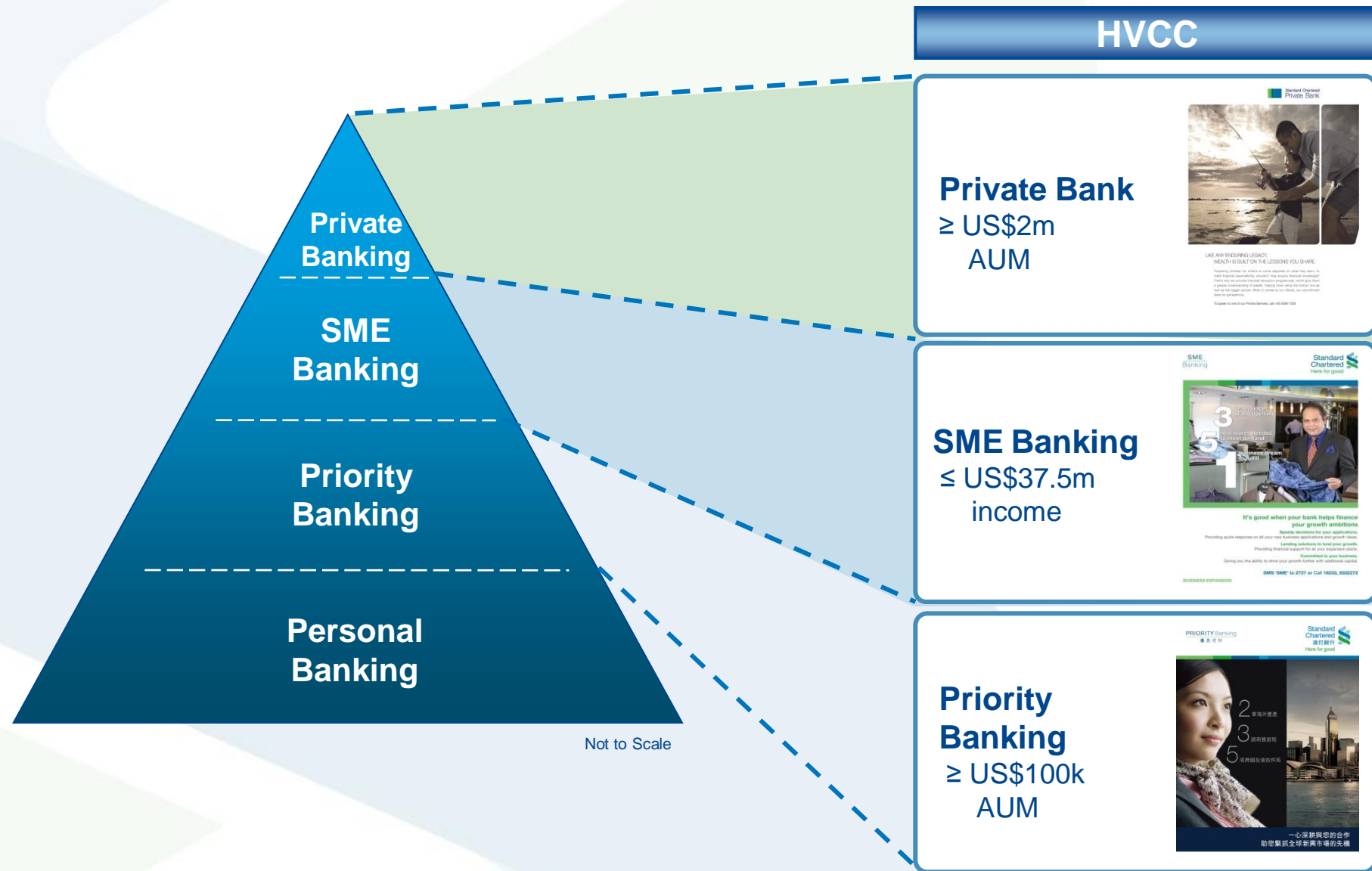
in Asia, Africa and the Middle East

**Shayne Nelson**

Global Head, High Value Client Coverage  
and Chief Executive Officer, Private Bank

- Opportunities from significant wealth creation in our footprint
- Strong HVCC income growth positioning us to be a key Consumer Banking growth driver
- We are capturing business and individual wealth needs
- One Bank collaboration is creating synergies

# High Value Client Coverage

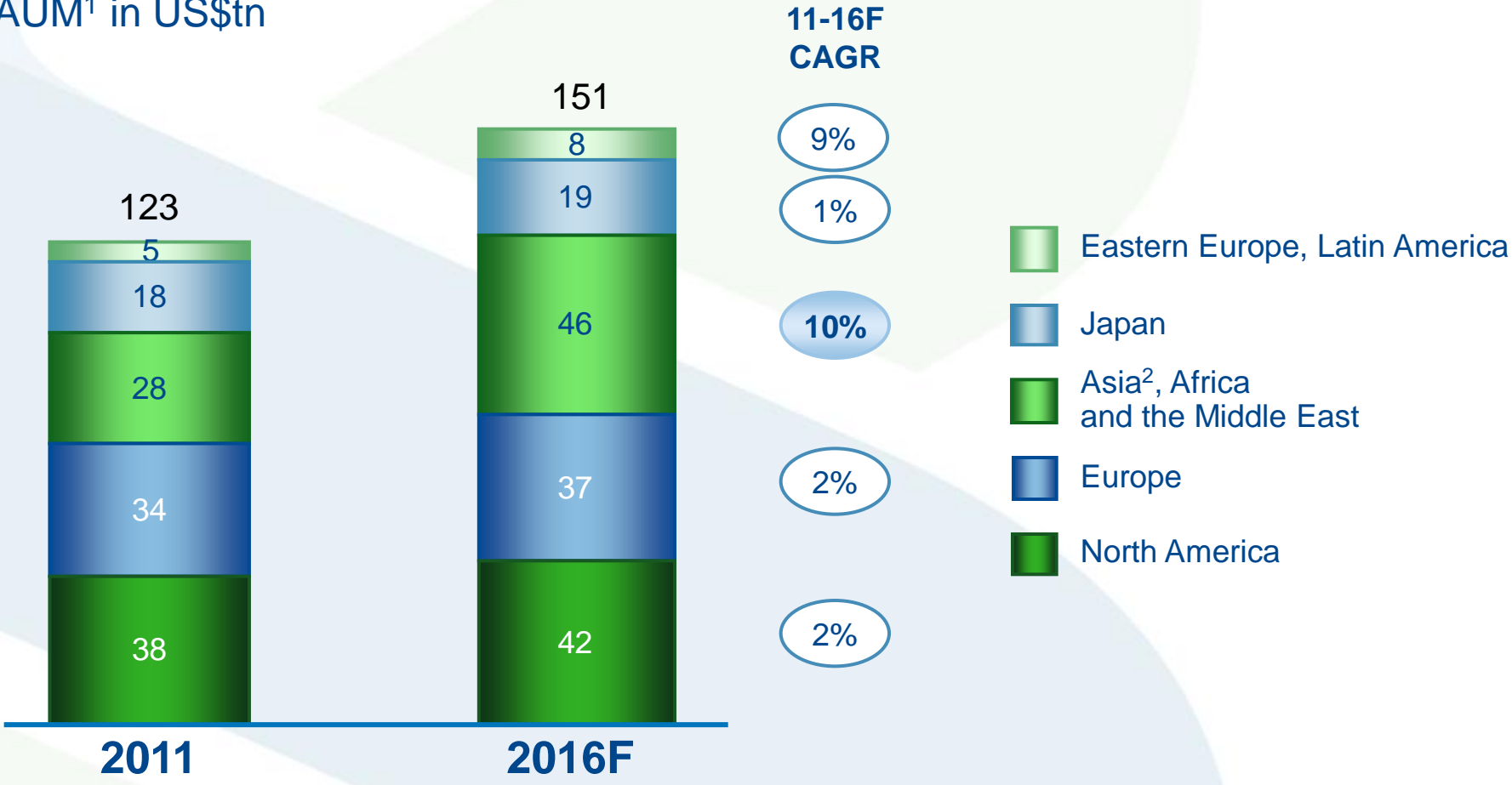


Note: Program criteria are indicative and vary by countries based on local market environment

# Strong wealth creation in our footprint

## Wealth by region

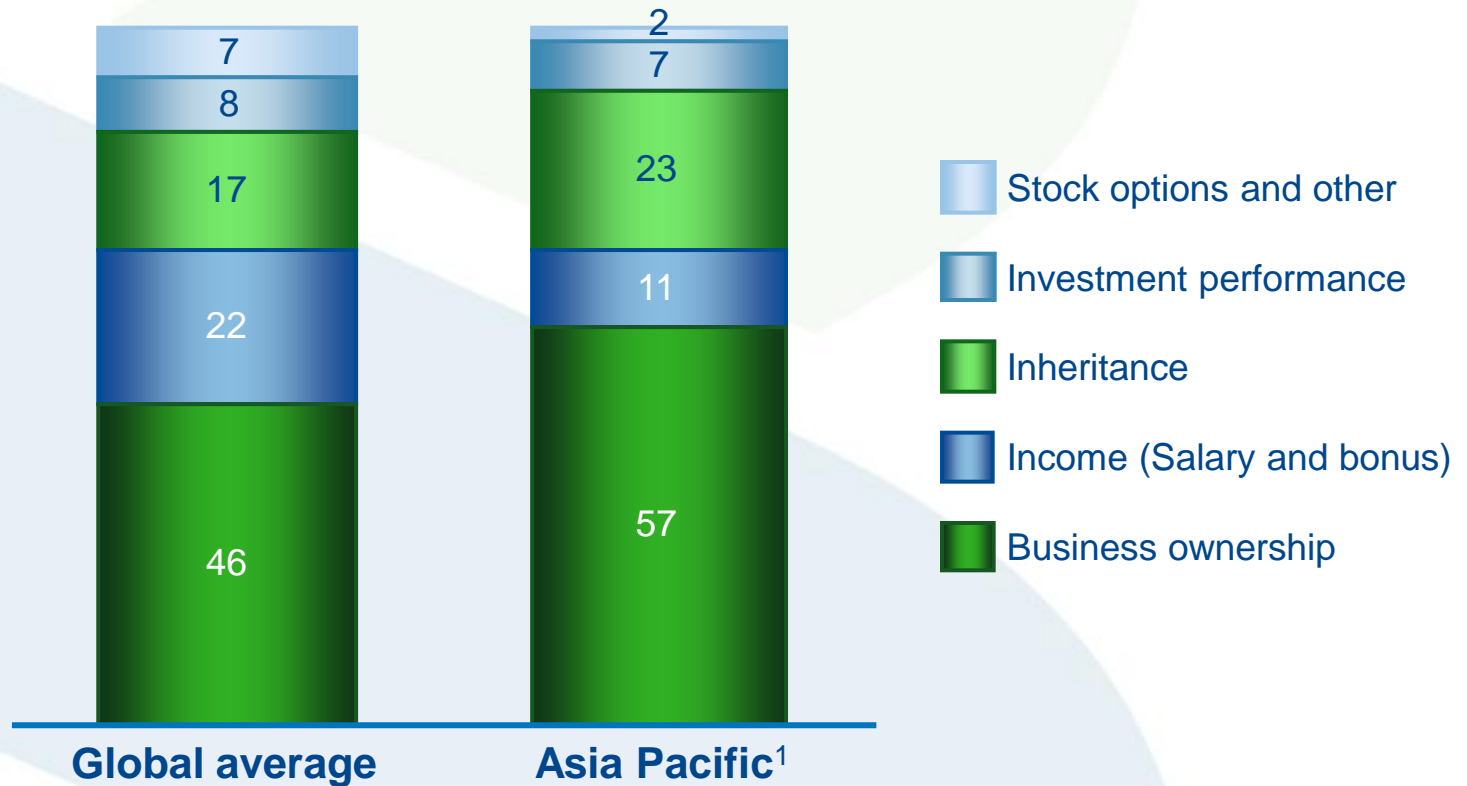
AUM<sup>1</sup> in US\$tn



Source: BCG Global Wealth Report 2012; <sup>1</sup>Includes all wealth bands; <sup>2</sup>Excludes Japan

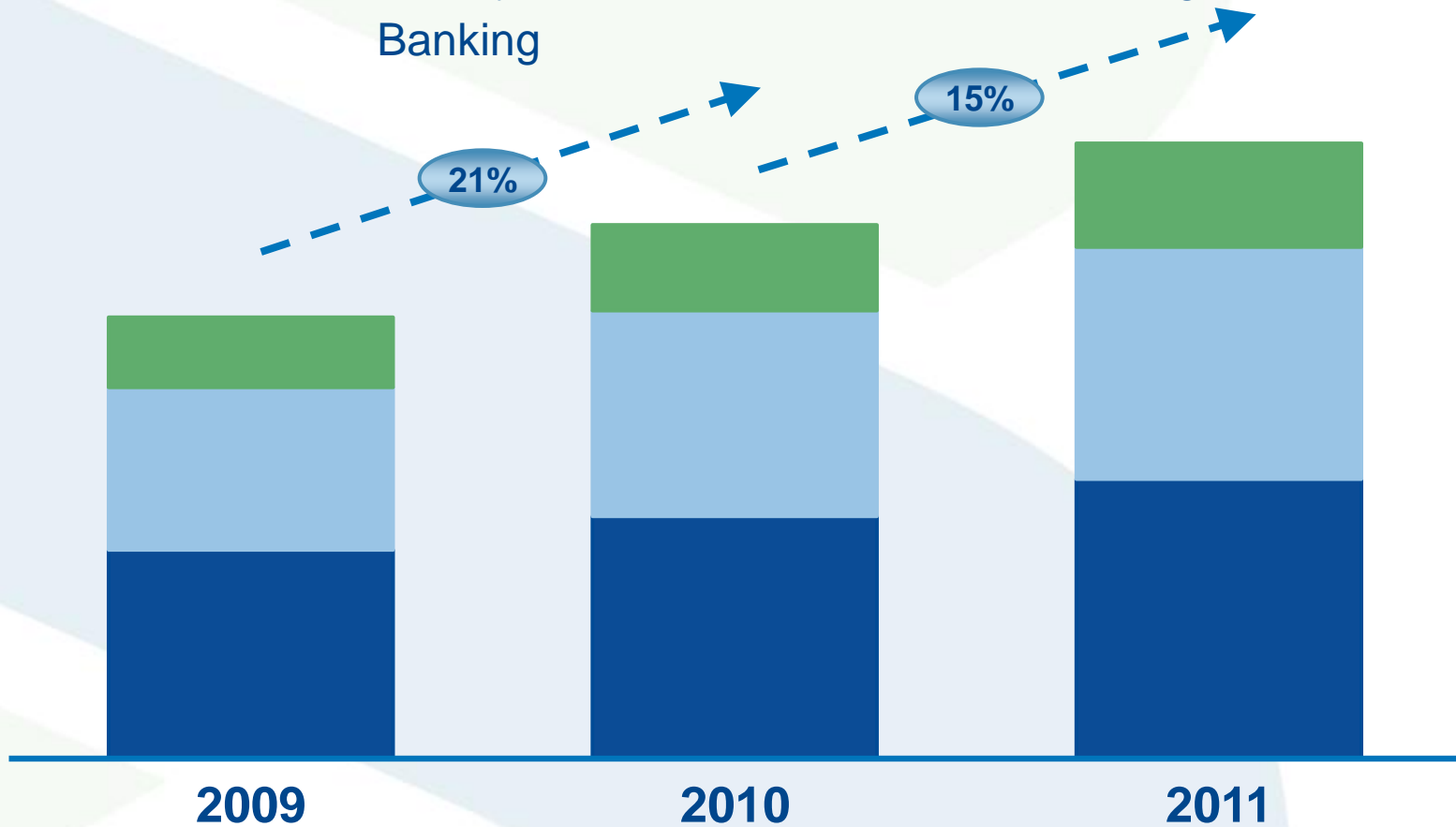
## Sources of wealth

2010, in%



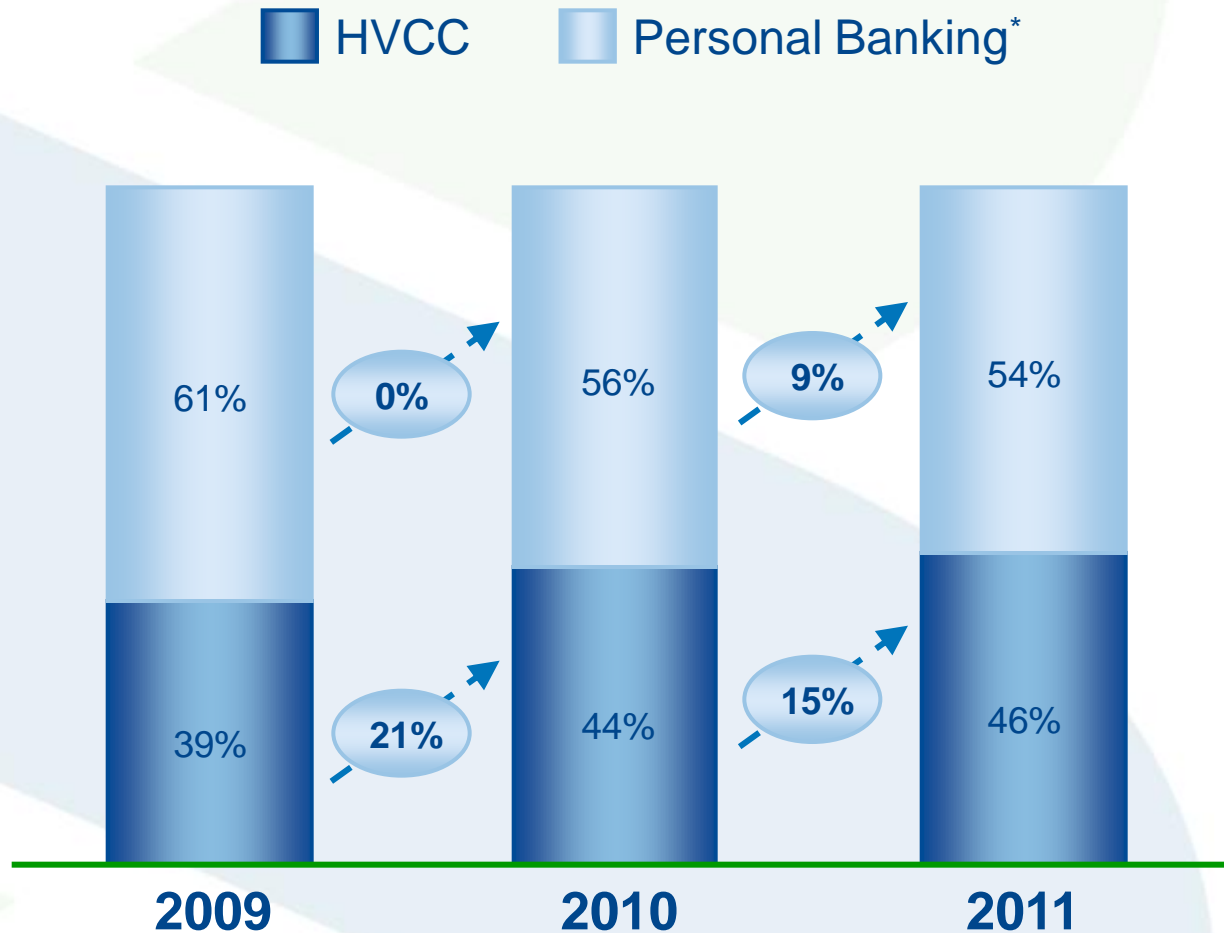
## HVCC income 09-11 CAGR 18%

■ Priority Banking   ■ SME   ■ Private Banking



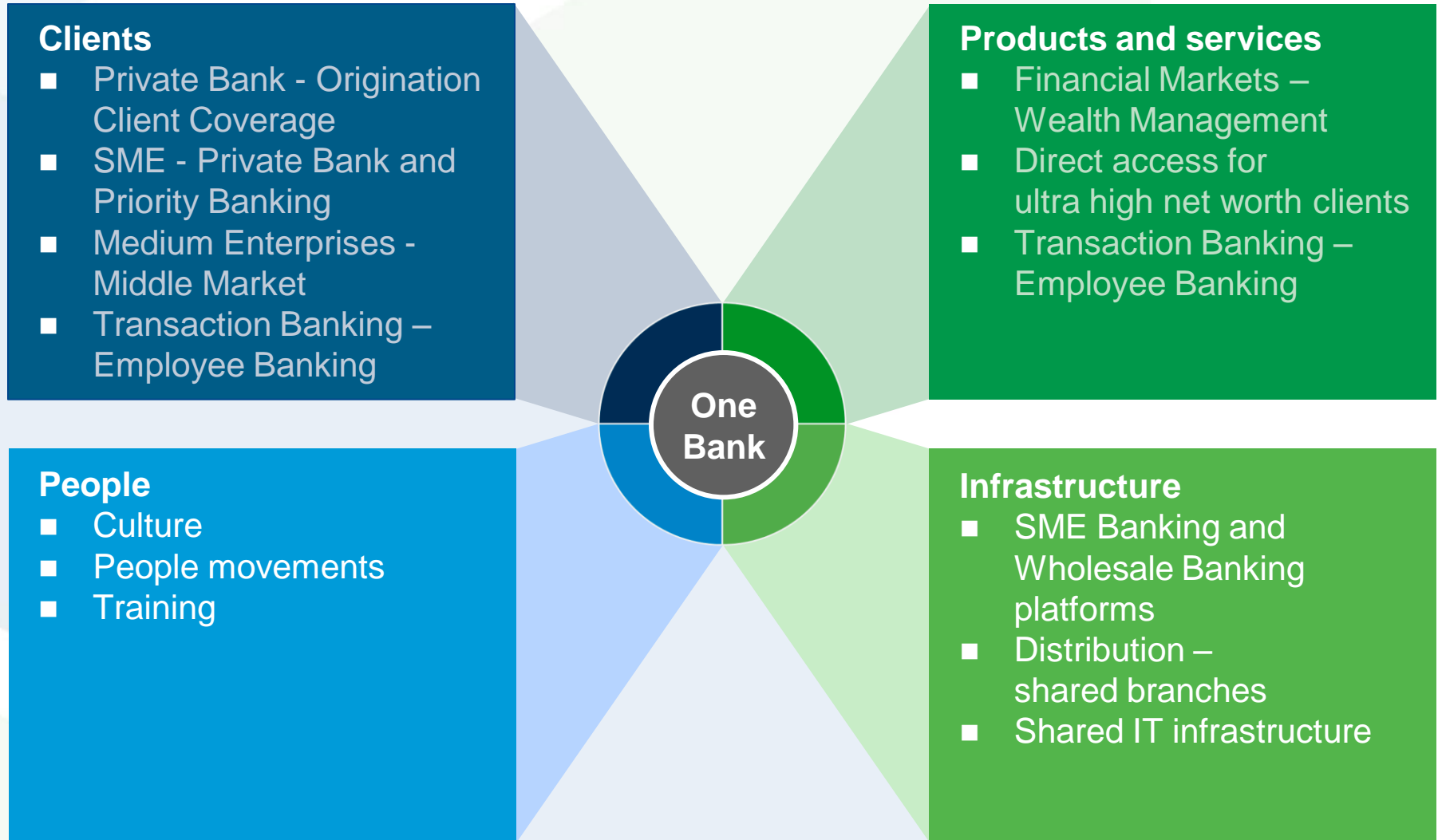
# HVCC is a key income driver

## Share of Consumer Banking income



\*Includes Personal Banking, Preferred Banking and Consumer Finance





- Opportunities from significant wealth creation in our footprint
- Strong HVCC income growth positioning us to be a key Consumer Banking growth driver
- We are capturing business and individual wealth needs
- One Bank collaboration is creating synergies

# Investor trip 2012

Private Banking

**Leading the way**  
in Asia, Africa and the Middle East

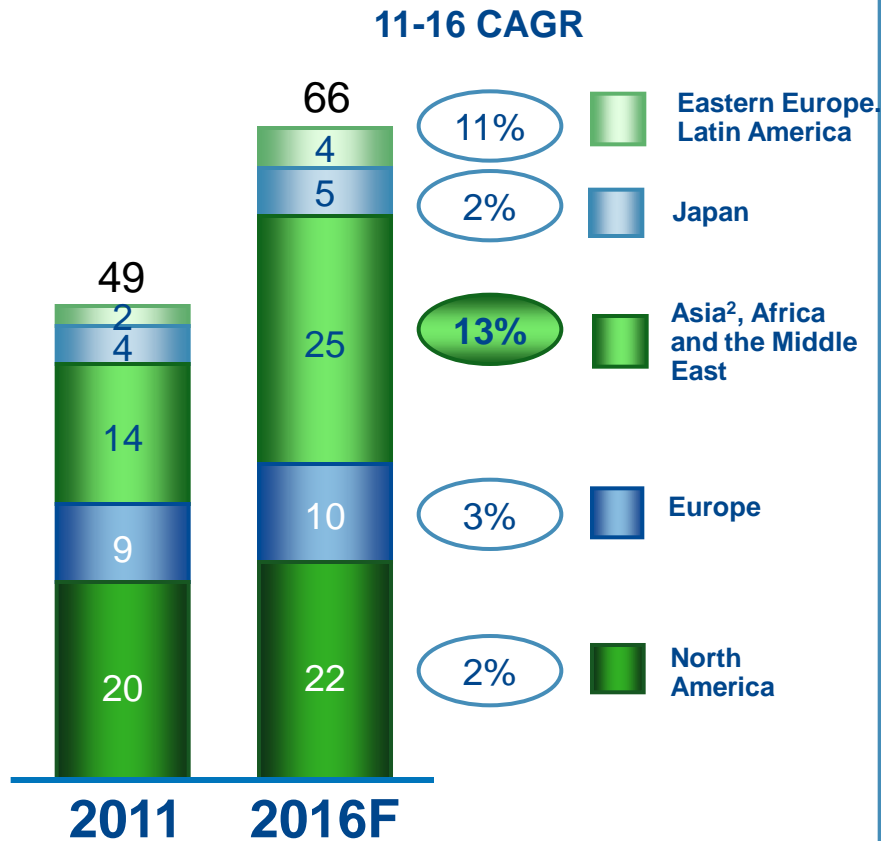


- Opportunities from significant wealth creation in our footprint
- Strong performance since launch
- Deliver a compelling client value proposition

# Strong wealth creation in our footprint

## High net worth<sup>1</sup> wealth per region

AUM in US\$tn



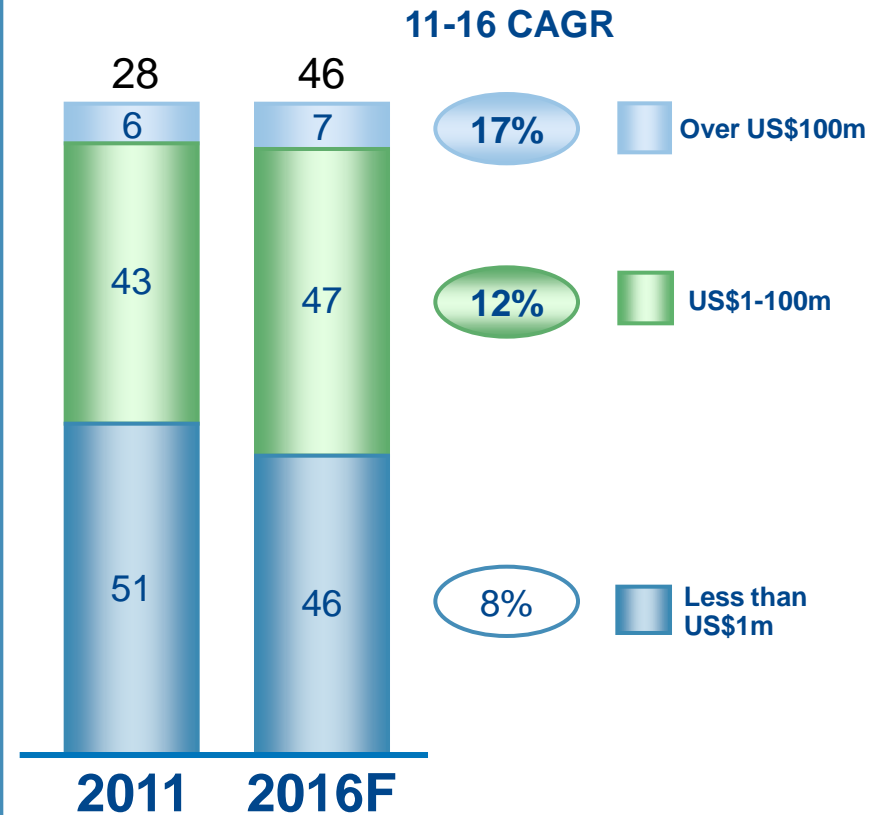
<sup>1</sup> Defined as individuals with liquid assets above US\$1m

<sup>2</sup> Excludes Japan

Source: BCG Global Wealth Report 2012

## Strong millionaire growth in Asia-Pacific<sup>3</sup>, Africa and Middle East

AUM<sup>4</sup> in US\$tn



<sup>3</sup> Excludes Japan

<sup>4</sup> Total financial wealth

Source: BCG World Wealth Report 2012

# Private Banking footprint

## UK

London  
Jersey

## Switzerland

Geneva

## UAE

Abu Dhabi  
Dubai

## India

Mumbai  
New Delhi

## Singapore

## Korea

Busan  
Seoul

## China

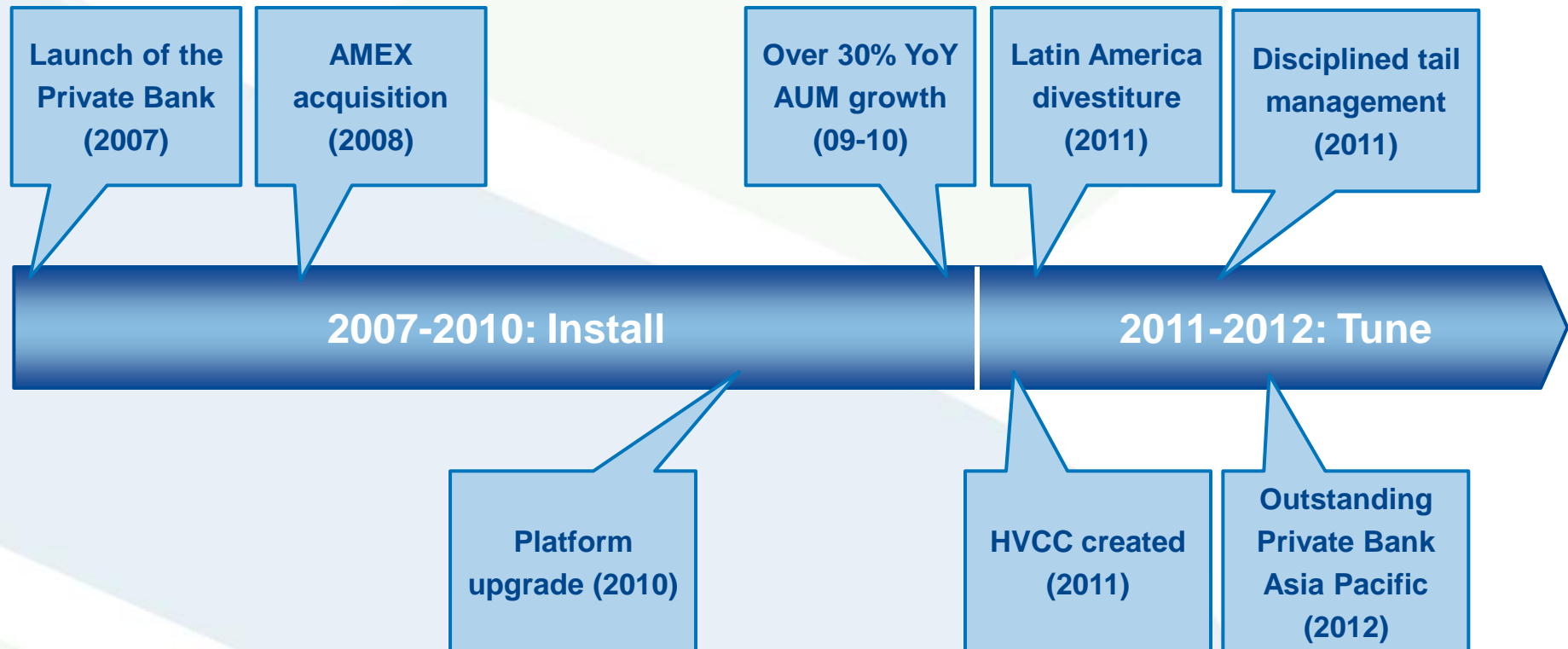
Beijing  
Shanghai  
Shenzhen

## Hong Kong

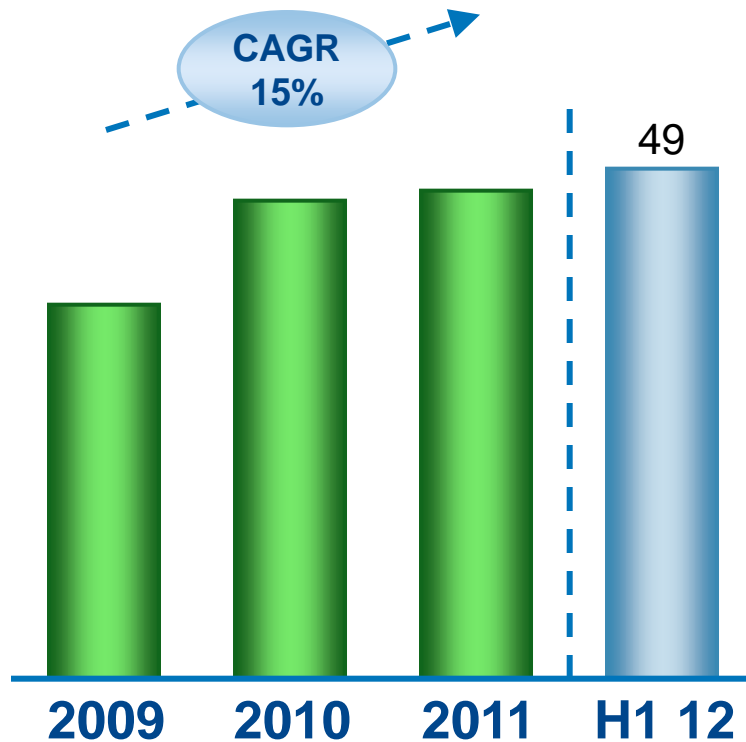
○ 8 Private bank countries

Additional 2 trust company locations in Guernsey and Cayman

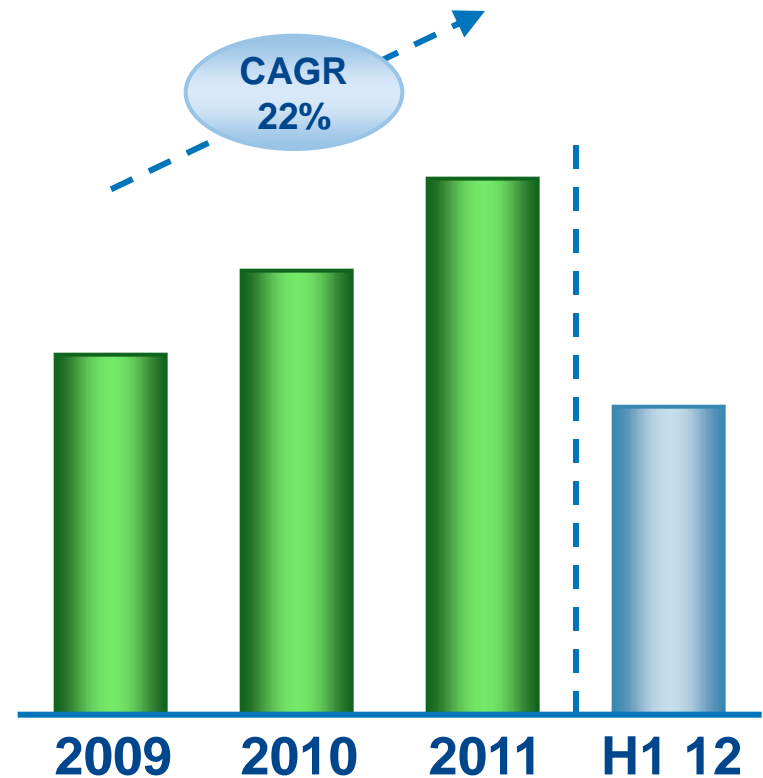
# Milestones since launch



## AUM US\$bn



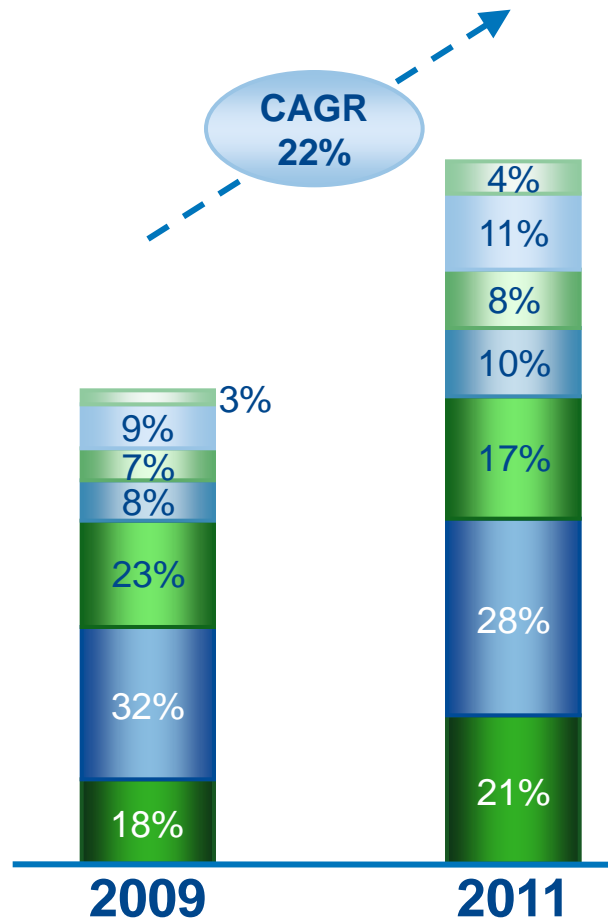
## Income





## Income by product

US\$m



	09-11 CAGR
Insurance and other	50%
Funds	31%
Equity and bonds	36%
Structured products	33%
Foreign Exchange (including Premium Currency Investments)	6%
Deposits	14%
Lending	33%

*Like any enduring legacy,  
wealth is built on the lessons you share*



**2011 Winner  
Best Global Private Bank**



**2008-2010, 2012  
Winner Outstanding  
Private Bank Asia Pacific**



**2011 Winner  
Best Private Bank Asia  
Best Private Bank India**

## *The world's best international Private Bank in and for Asia, Africa and the Middle East*

### Strong and stable partner

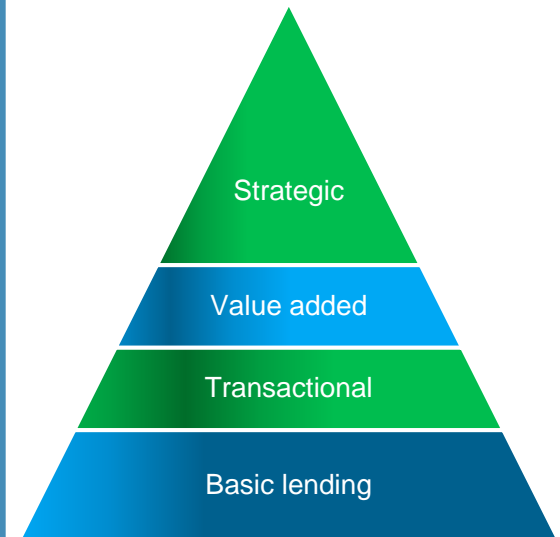
Among the world's  
safest banks

- Standard & Poor's: AA-
- Fitch: AA-
- Moody's: A1

### Connecting clients to Asia, Africa and the Middle East



### Leveraging One Bank



## Participation model

### Net new money

- Drive new client growth from referrals and upgrades
- Strengthen offshore hubs and develop onshore presence via Private Banking or Private Wealth
- Capture economic corridor opportunities
- Inorganic growth

## Client focus

### Income growth

- Build digital main bank capabilities
- Deepen trusted advisor status
- Client specific pricing and discount management
- Offer a product shelf that performs throughout market cycle

## 'Back to basics'

### Productivity

- Become employer of choice
- Strengthen control environment
- Pace of investments balanced to income growth
- Drive correct segmentation, optimising cost to serve
- Share platforms and infrastructure with Consumer Banking and Wholesale Banking

Share  
of business

Strategic focus

Asia

~2/3

- Hub strategy from Singapore and Hong Kong
- Onshore presence in South Korea; onshore China and Taiwan covered through Priority Private Wealth Services
- Collaboration with Wholesale Banking for ultra high net worth relationships

Africa

~1/3

- Hub strategy from UAE, London, Jersey, Geneva
- One Bank collaboration with SME Banking and Wholesale Banking
- Increase penetration into key markets

Middle  
East

- Opportunities from significant wealth creation in our footprint
- Strong performance since launch
- Deliver a compelling client value proposition

# Investor trip 2012

Priority Banking

**Leading the way**  
in Asia, Africa and the Middle East



# **Leading the way**

in Asia, Africa and the Middle East

**Foo Mee Har**

Global Head, Priority and International Banking



- Key contributor to liquidity and Wealth Management income
- Well-positioned in the fastest growing markets
- Delivering diversified and sustainable growth
- Investing to become our clients' Trusted Advisor

## PRIORITY Banking

**Americas, UK  
& Europe**

Jersey

**Africa**

Kenya  
Nigeria  
Ghana  
Uganda  
Zimbabwe  
Zambia  
Tanzania  
Botswana

**MESA**

UAE  
Bahrain  
Qatar  
Jordan  
Oman  
Lebanon

Bangladesh  
Sri Lanka  
Nepal  
Pakistan

**India**

**Korea**

**Hong Kong**

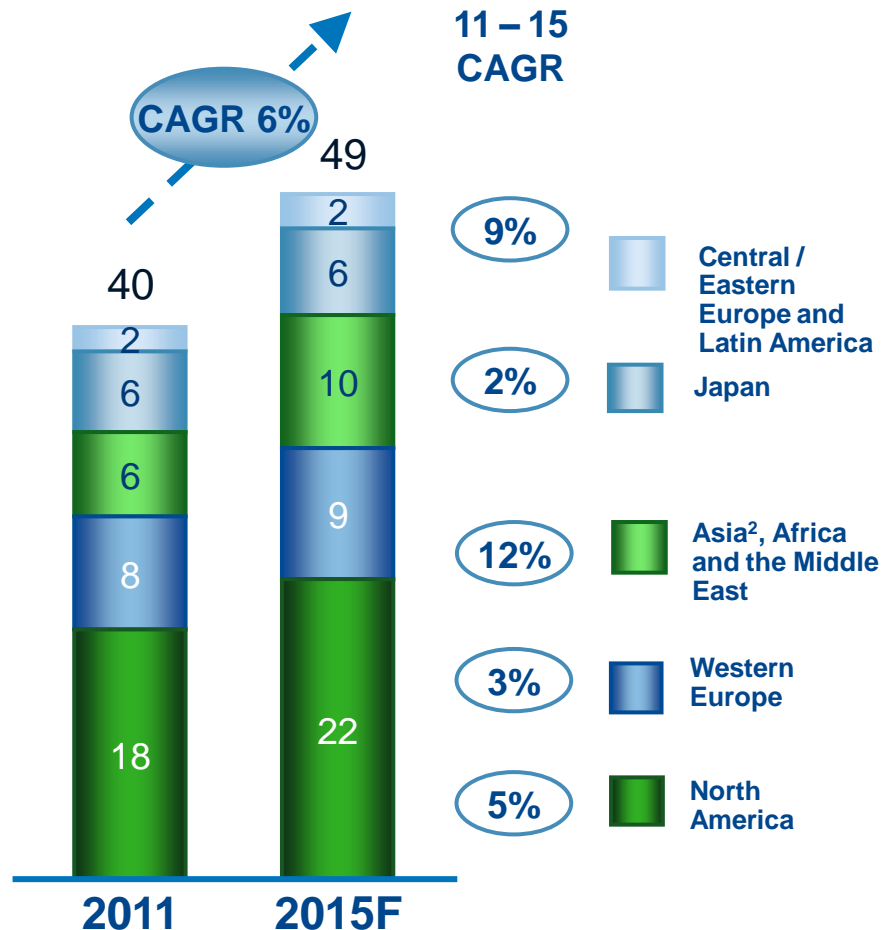
**Singapore**

**Other APR**

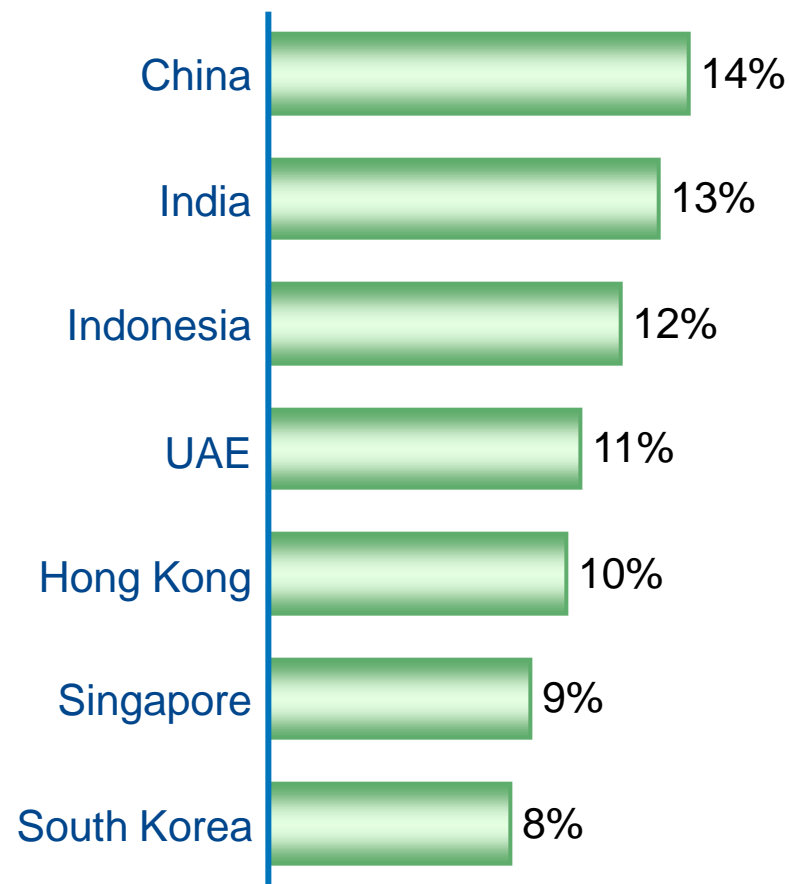
Taiwan  
China  
Japan  
Indonesia  
Malaysia  
Thailand  
Brunei  
Philippines  
Vietnam

# Asia, Africa and the Middle East: fastest growing and the 2nd largest region by 2015

## Affluent segment's AUM<sup>1</sup> by regions US\$tn



## Affluent AUM<sup>1</sup> in Standard Chartered markets, 11–15 CAGR



Source: Datamonitor Wealth Management Database

<sup>1</sup> Defined as individuals with US\$0.1-3m onshore AUM ; <sup>2</sup> Excludes Japan, Australia and New Zealand

# Younger, more confident, international and technology savvy affluent clients



- New generation of confident and ambitious affluent
- Preference to hold cash, gold and properties
- Increasingly international in outlook
- Rising adoption of digital channels

# Intense competition among local, regional and international players

## Local

ICBC

KB

Maybank

State Bank of India

## Regional

DBS

CIMB Bank

ICICI Bank

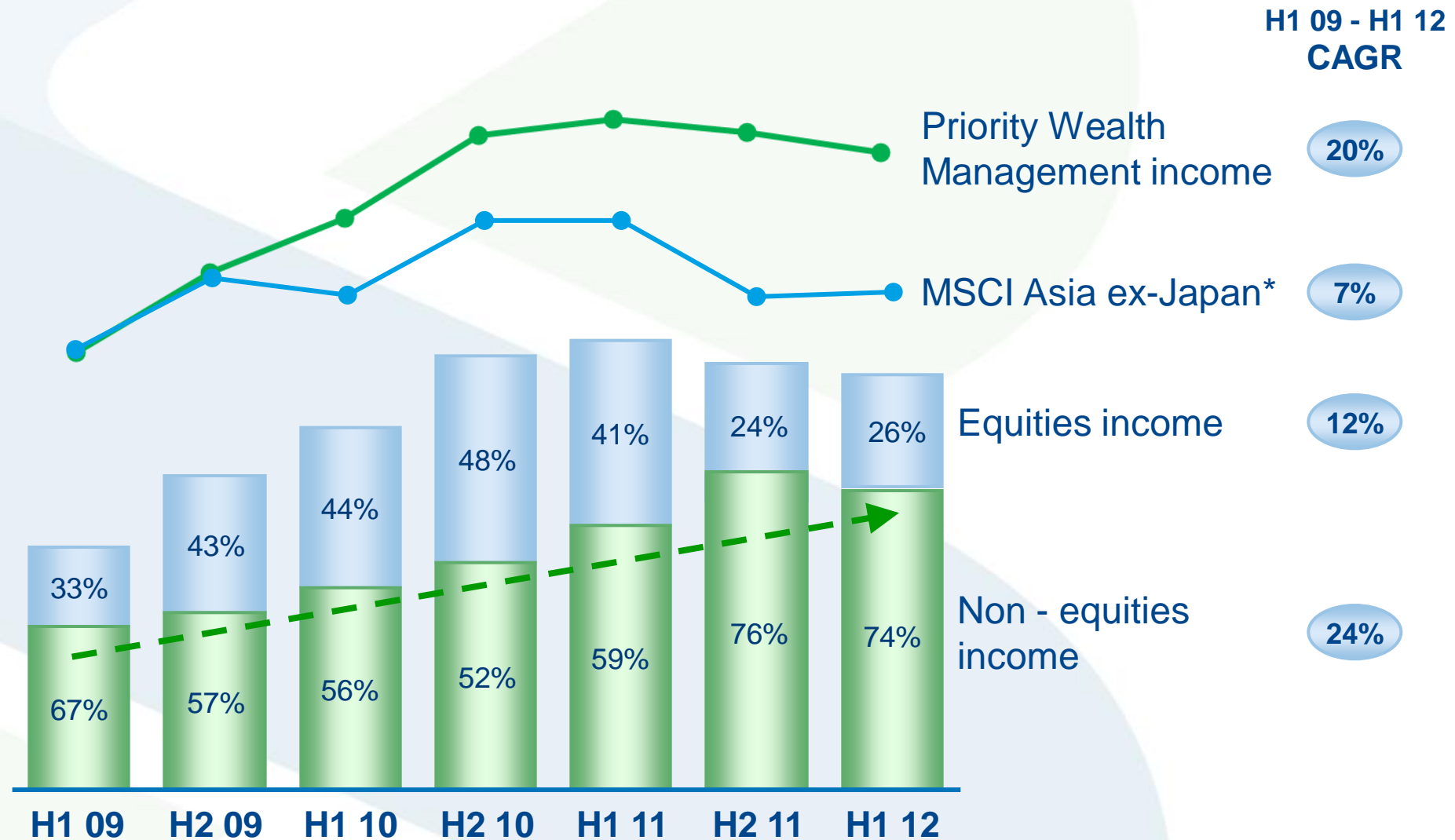
ANZ

## International

HSBC

CITIBank

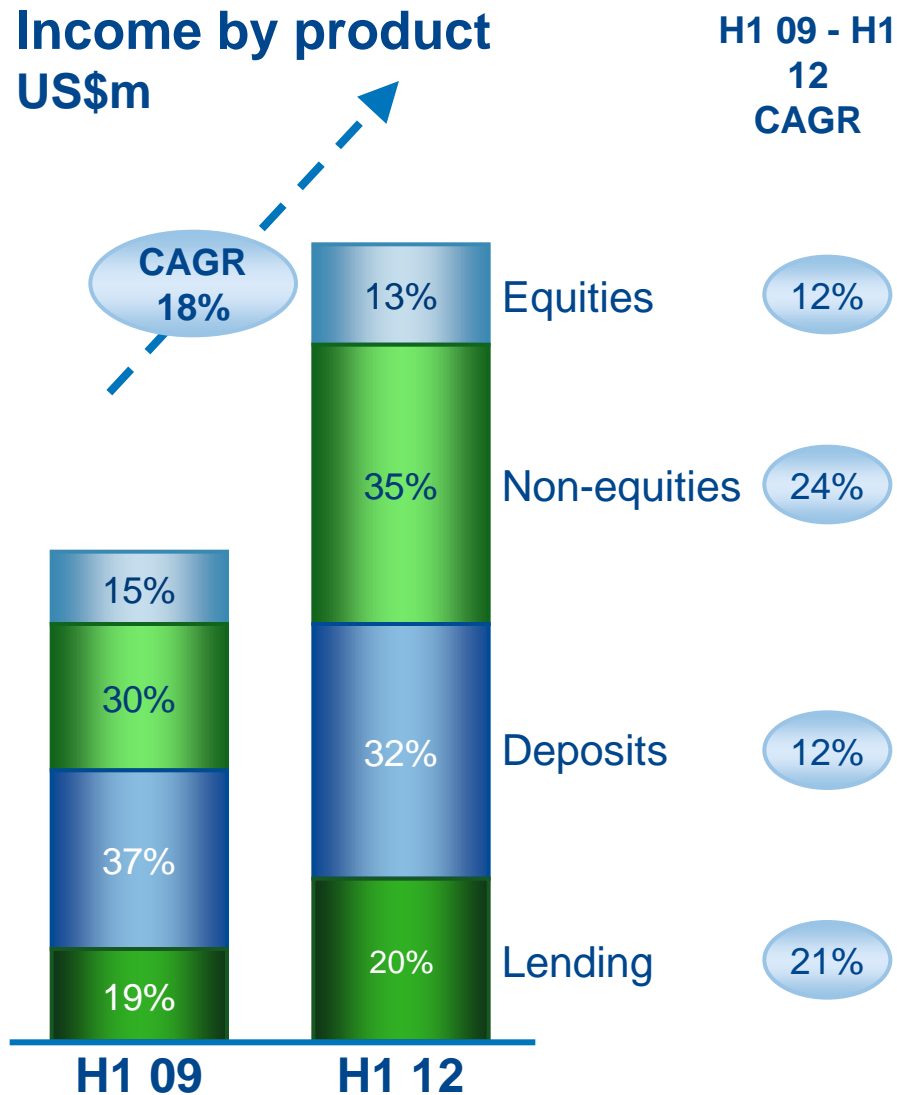
# Focus on all-weather income streams to increase resilience of Wealth income



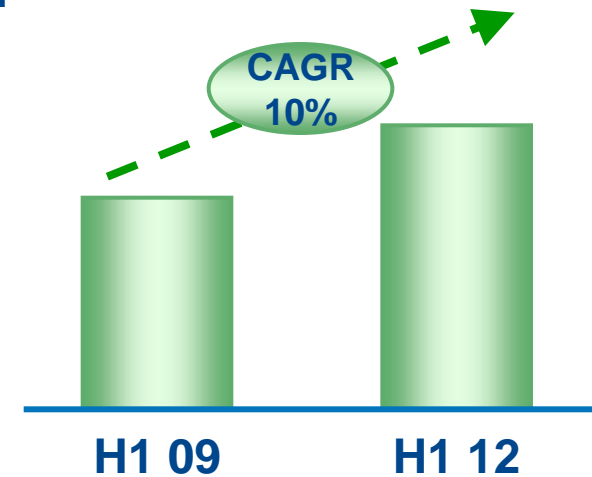
\*Source: Bloomberg

# Robust, diversified growth in income, balance sheet and AUM

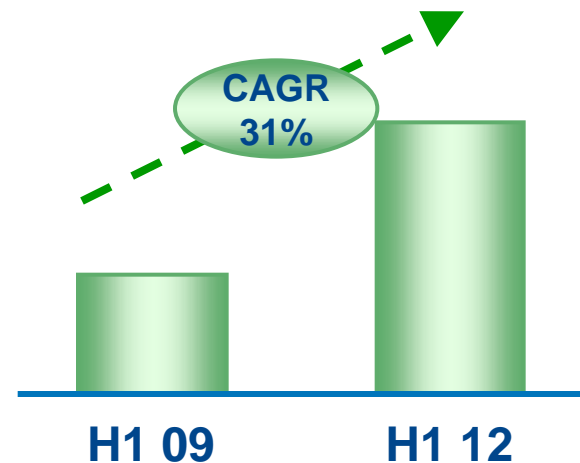
## Income by product US\$m



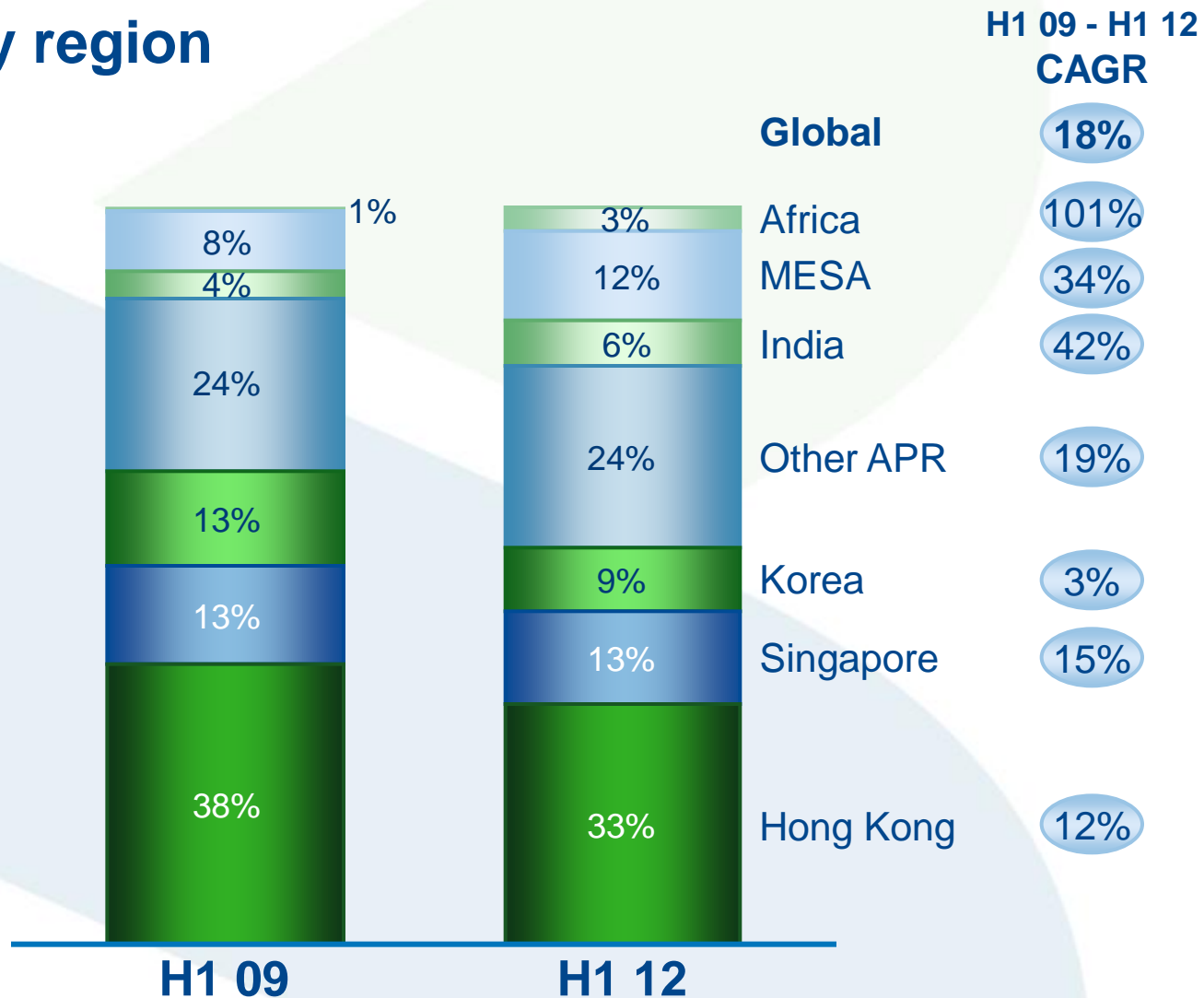
## AUM



## Loans and advances to customers



## Income by region





# Unique, differentiated value proposition

To be a trusted advisor to our clients, by building long-term relationships centered around their needs

Recommend solutions based on my needs

**PRIORITY Banking** Standard Chartered Here for good



100 내 인생의 가치 선택  
1 가지 최상의 투자 선택을 위해 필요한 금융 분야별 전문가들

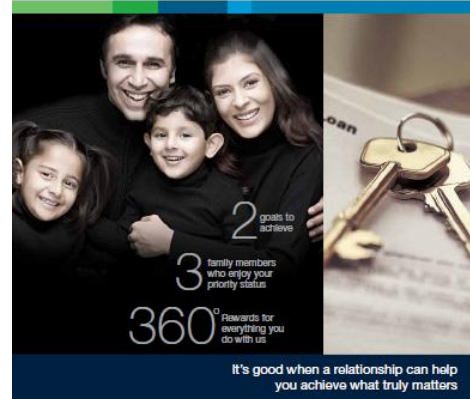
당신의 만족을 위해, 적극적인 대화를 나누는 프라이머티 뱅킹

스탠다드차타드은행 1577-5100 | priority.standardchartered.co.kr

Needs conversation

Recognise my total banking relationship, including my family and business

**PRIORITY Banking** Standard Chartered Here for good



2 goals to achieve  
3 family members who enjoy your priority status  
360° Rewards for everything you do with us

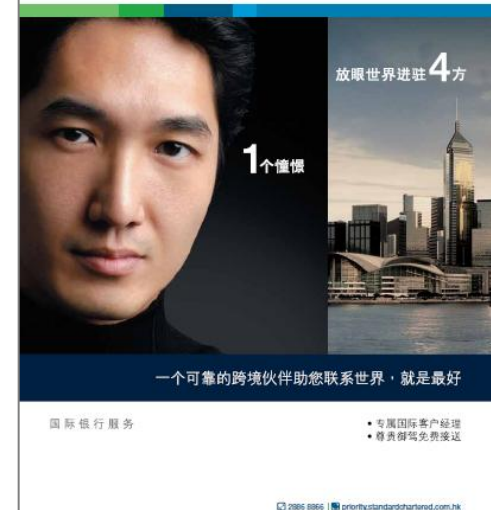
It's good when a relationship can help you achieve what truly matters

111 722 723 | priority.standardchartered.com.pk

Total relationship recognition

Connect me to global opportunities, and to my account when I travel

**PRIORITY Banking** Standard Chartered Here for good



放眼世界进驻4方  
1个憧憬

一个可靠的跨境伙伴助您联系世界，就是最好

国际银行服务  
• 专属国际客户经理  
• 尊贵御驾免费接送

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International Banking

**G**row clients

**R**ight Client Coverage

**O**perating rhythm

**W**ell-diversified income

- Key contributor to liquidity and Wealth Management income
- Well-positioned in the fastest growing markets
- Delivering diversified and sustainable growth
- Investing to become our clients' Trusted Advisor

# Investor trip 2012

SME Banking

**Leading the way**  
in Asia, Africa and the Middle East



# **Leading the way**

in Asia, Africa and the Middle East

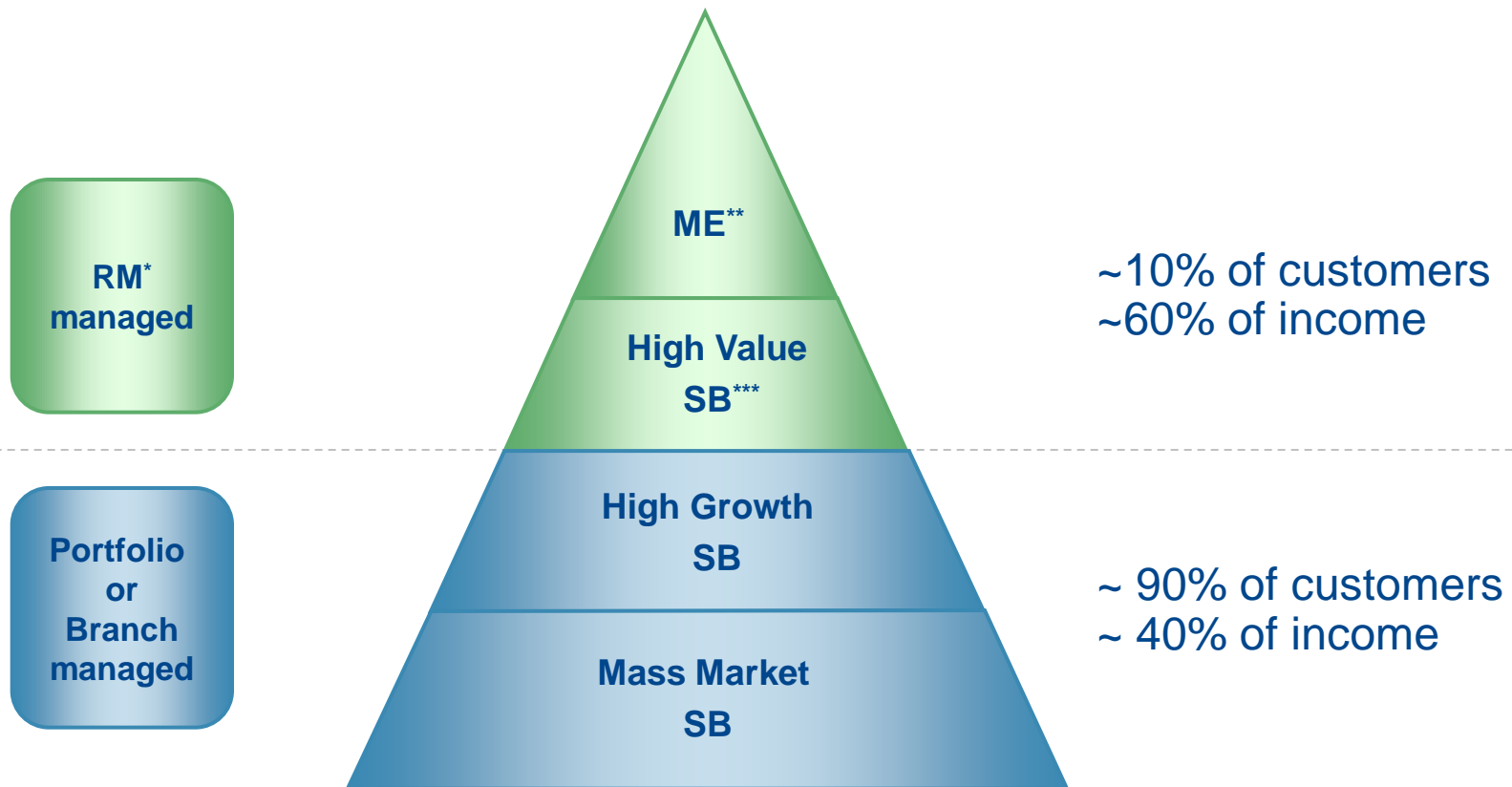
**Tim Hinton**

Global Head, SME Banking

- Major growth area for the Bank
- Significant engine of liquidity
- Broad-based business with clear potential to deliver sustainable growth across our footprint
- Attracting and retaining the best talent is key to our success



Wide range of client types and sizes,  
with two differentiated coverage models



\* RM - Relationship managers \*\*ME – Medium sized enterprises \*\*\*SB – Small businesses

## Overall size and scale – 2011

	SME	Share of Consumer Banking
Income	>US\$1.3bn	~20%
Customer deposits	>US\$33bn	~22%
Loans and advances to customers	>US\$19bn	~16%
Loan impairment	<US\$0.1bn	~16%



## Participation model

- Focus on Top 15 markets and key sectors
- Two differentiated coverage models
- Better use of branches and new business sales
- Cross-border expertise

## Customer focus

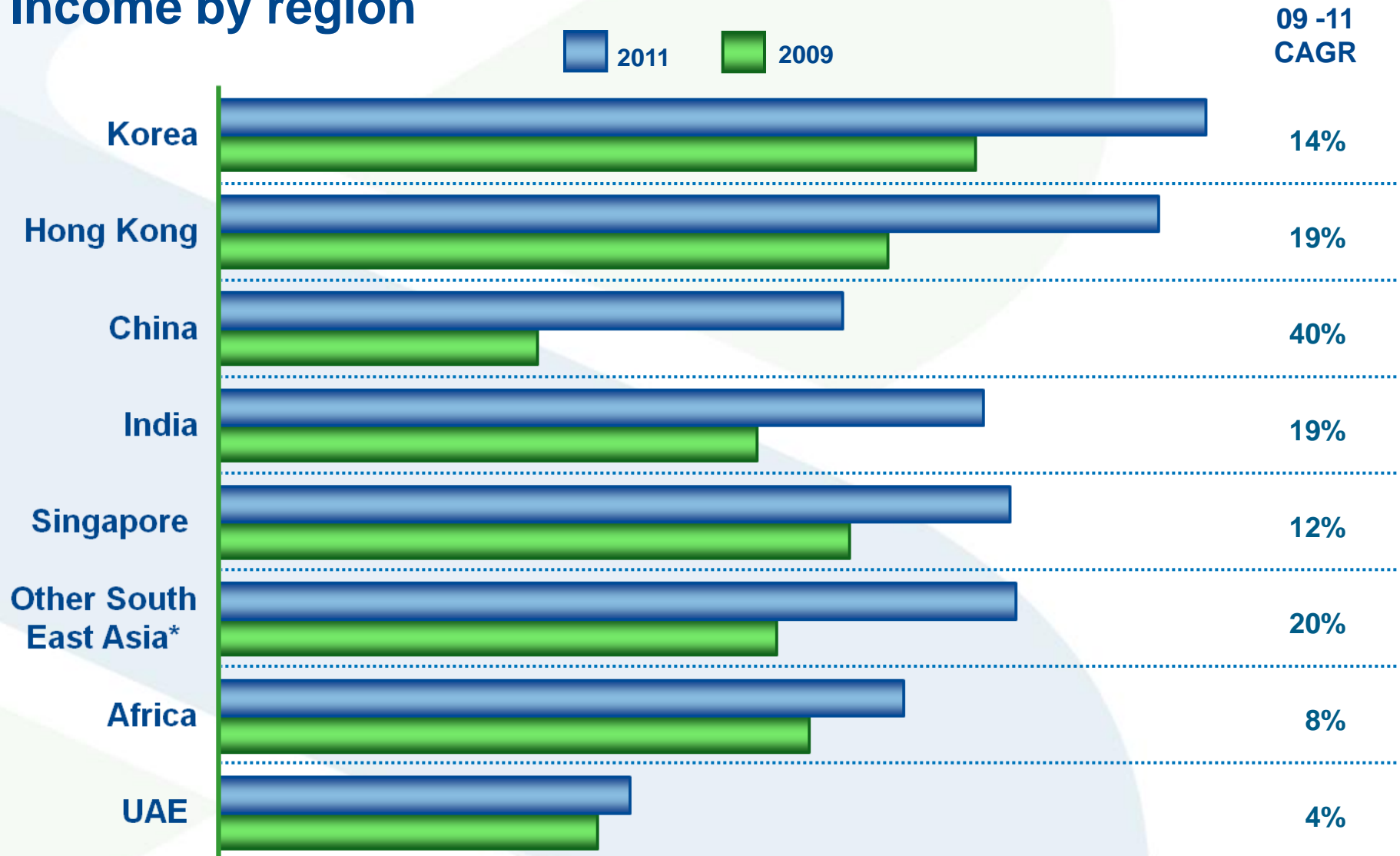
- Become main bank and more relevant to our clients
- Superior service and needs-based solutions
- Digital capabilities
- Drive the One Bank agenda, especially client referrals

## 'Back to basics'

- Improve RM effectiveness
- Strengthen our risk monitoring capabilities
- Simplify processes to improve client and staff experience
- Continuous investment

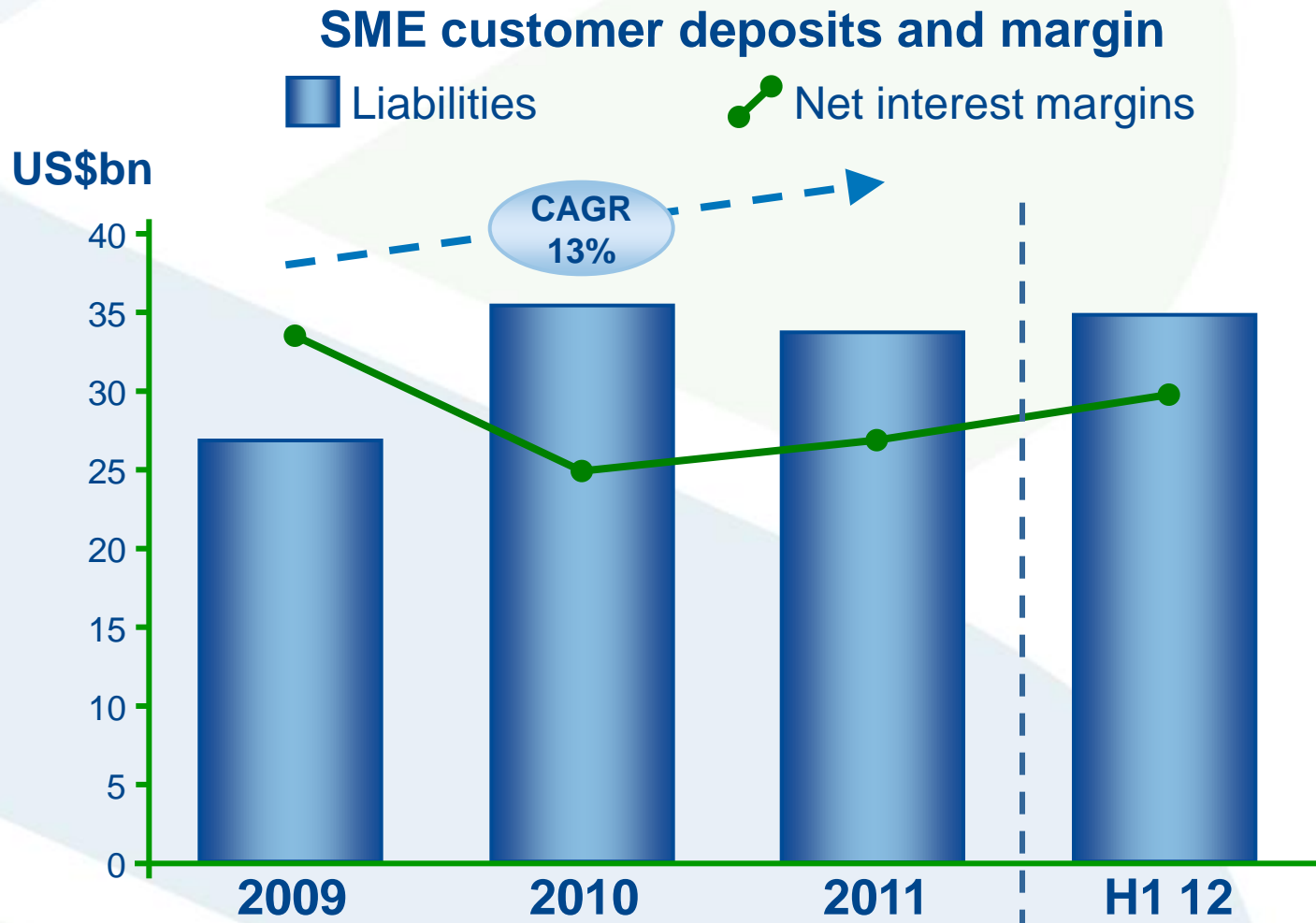
# Broad-based business, growing steadily

## Income by region



\* Other South East Asia = Malaysia, Indonesia, Thailand, Brunei, Vietnam, Philippines

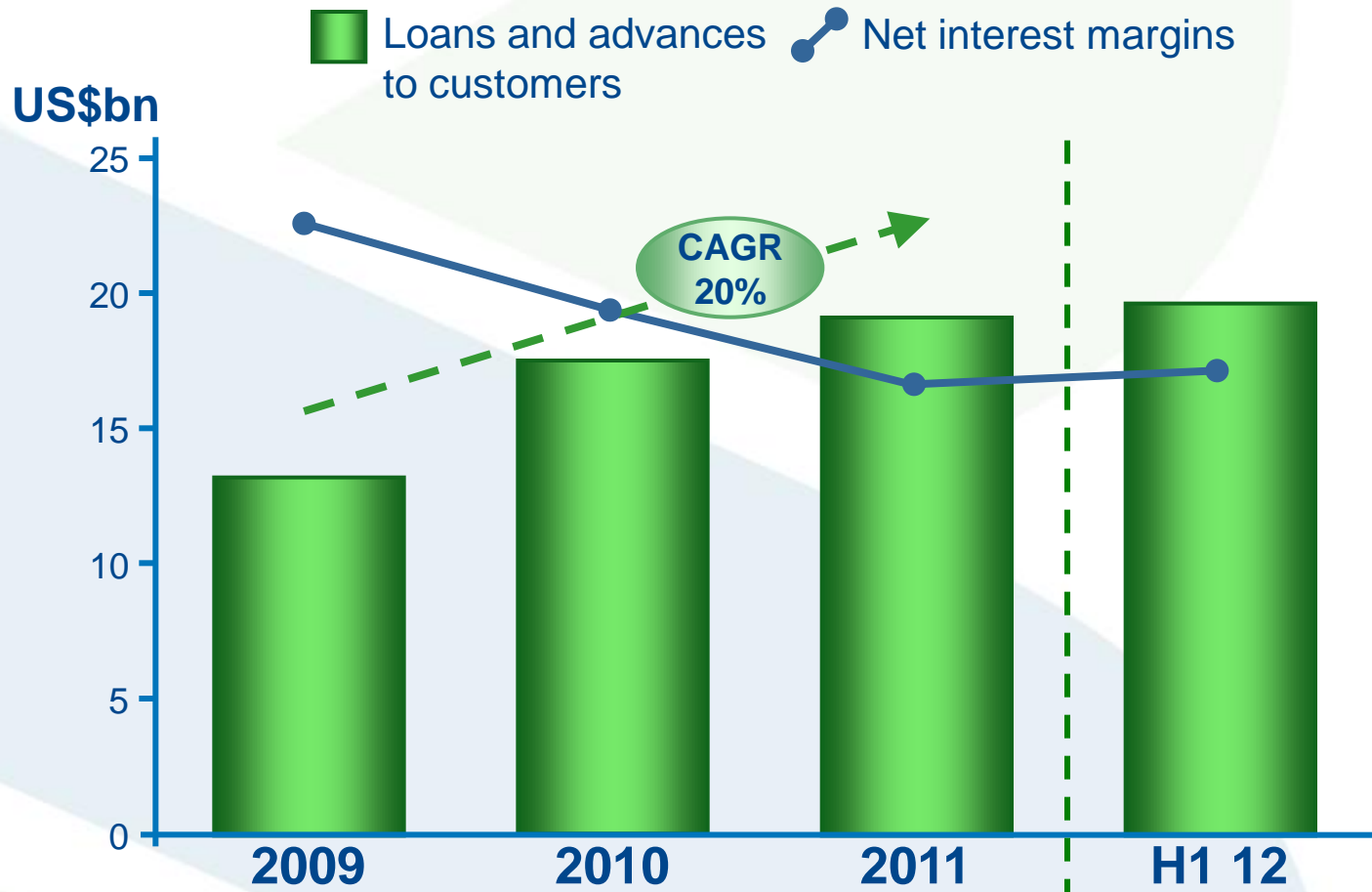
# Customer deposits growth since 2009



- Deposit margins have remained stable
- CASA\* balances constitute ~60% of SME's total customer deposits

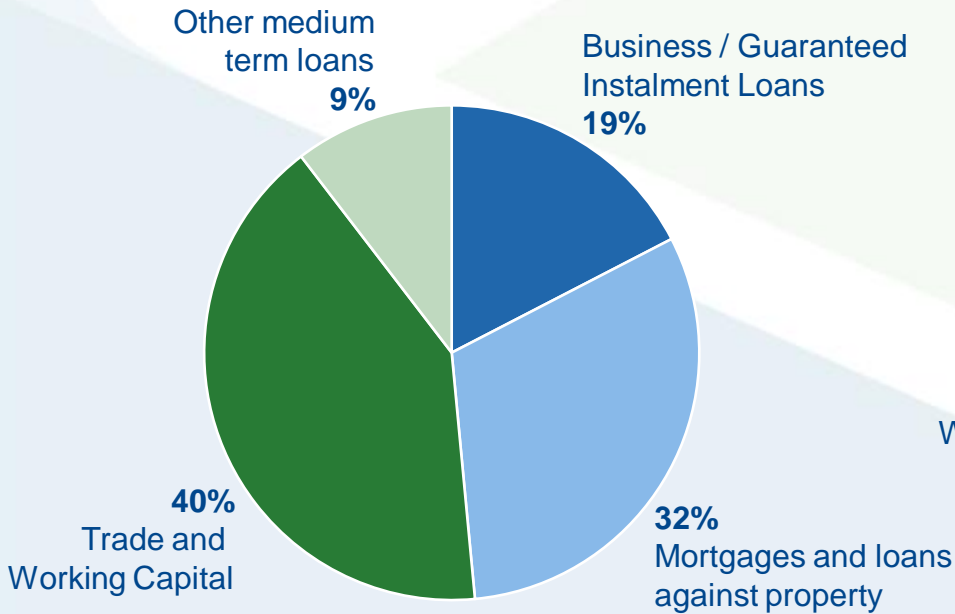
\* CASA - Current and saving accounts

## SME loans and advances to customers and margin

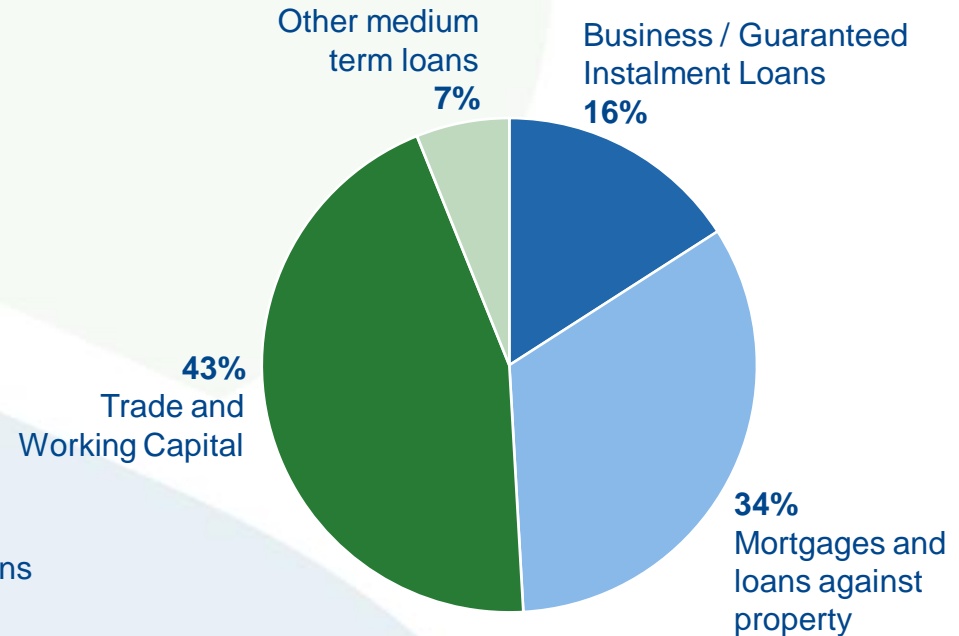


- Margin compression has meant slower income growth, but margins stable since 2011

## Loans and advances to customers by product 2009



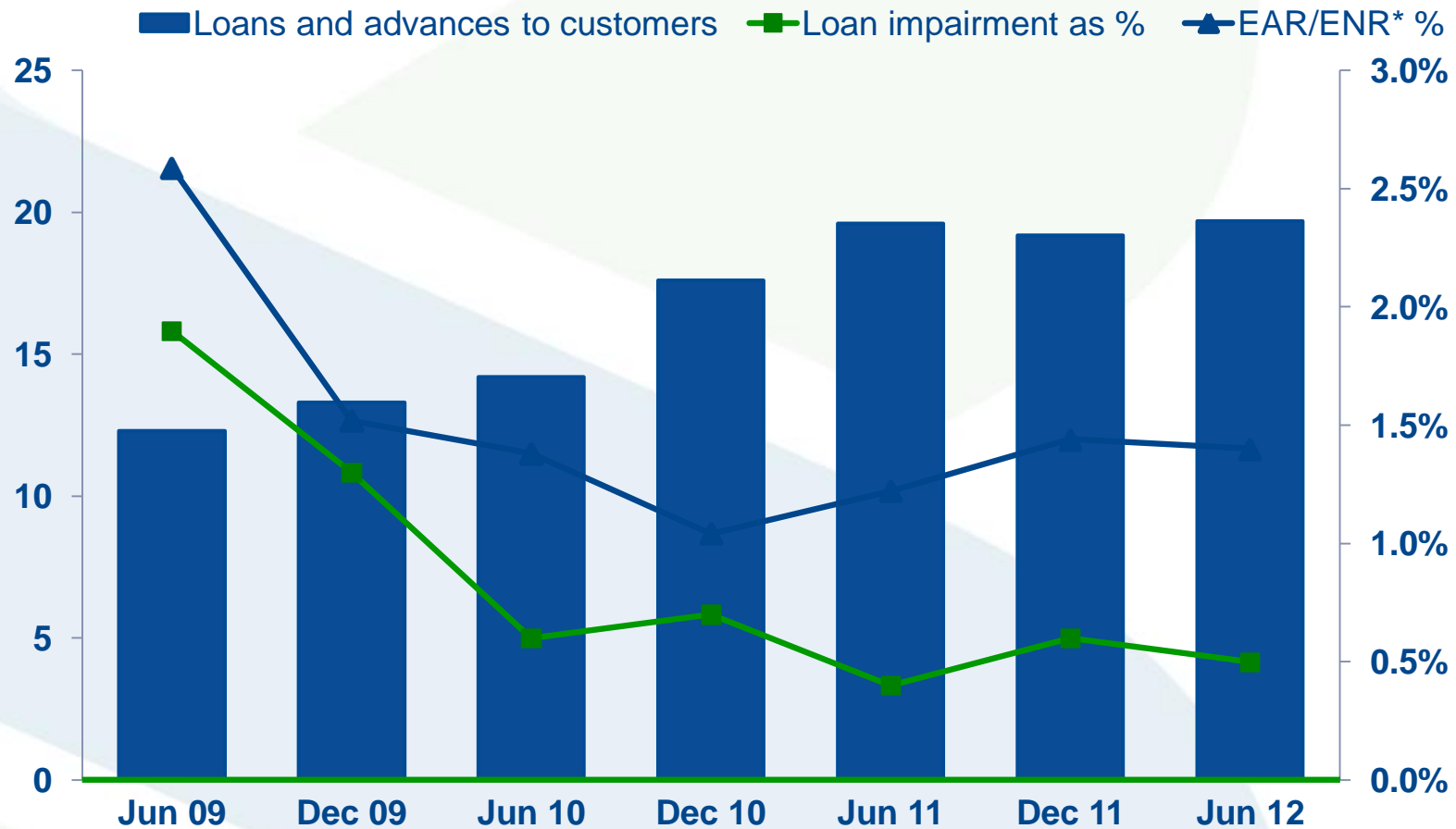
## Loans and advances to customers by product H1 12



- Largely consistent asset mix since 2009 but Trade and Working Capital's share to increase going forward
- More than 80% of SME assets remain fully or partially secured

# Stable credit performance

US\$bn



■ Loan impairment remains at historically low levels, no material increase in 2012

\*EAR/ENR = Early Alerts / End of period Net Receivables

# Focus on client needs and solutions



## Working capital



IS SMOOTH CASH FLOW PART OF  
YOUR SMOOTH BUSINESS OPERATION?

**SME**  
Banking

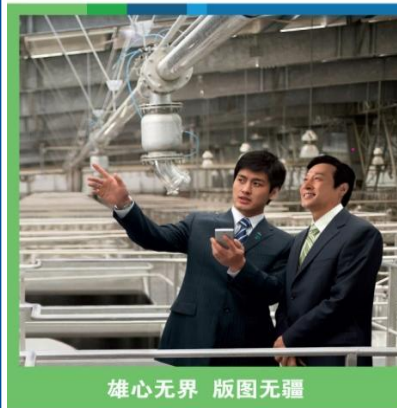
**Access to a team of experts.** Providing you expert advice on all your risk management needs.  
**Treasury and insurance solutions for your business.** Answering all your needs according to your company's risk profile.  
**One stop bank for all your business' risk management needs.** Protecting your business and also your key personnel.  
To learn more about what we can do for you, please call 39401815/96011818\* (exclusive 24 hours service)

\*For more information, please call 39401815/96011818\*.  
The bank's support centre has limited working hours. Standard bank has limited working hours.

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## Business expansion

**SME Banking**



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## Risk management



IS YOUR BUSINESS PROTECTED  
FROM THE UNPREDICTABLE?

**SME**  
Banking

**Access to a team of experts.** Providing you with expert advice on all your business protection needs.  
**Treasury and insurance solutions for your business.** Answering all your needs according to your company's risk profile.  
**One stop bank for all your business' business protection needs.** Protecting your business and also your key personnel.  
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## Yield enhancement



HAVE YOU PUT YOUR  
IDLE MONEY TO GOOD USE?

**SME**  
Banking

**Access to investment expertise.** Lorem ipsum dolor sit amet adipiscing elit consectetur adipiscing elit.  
**Higher yielding solutions to maximise returns.** Lorem ipsum dolor sit amet adipiscing elit consectetur adipiscing elit.  
**Preferential pricing on higher volumes.** Lorem ipsum dolor sit amet adipiscing elit consectetur adipiscing elit.

To learn more about what we do, call XXXX XXXX

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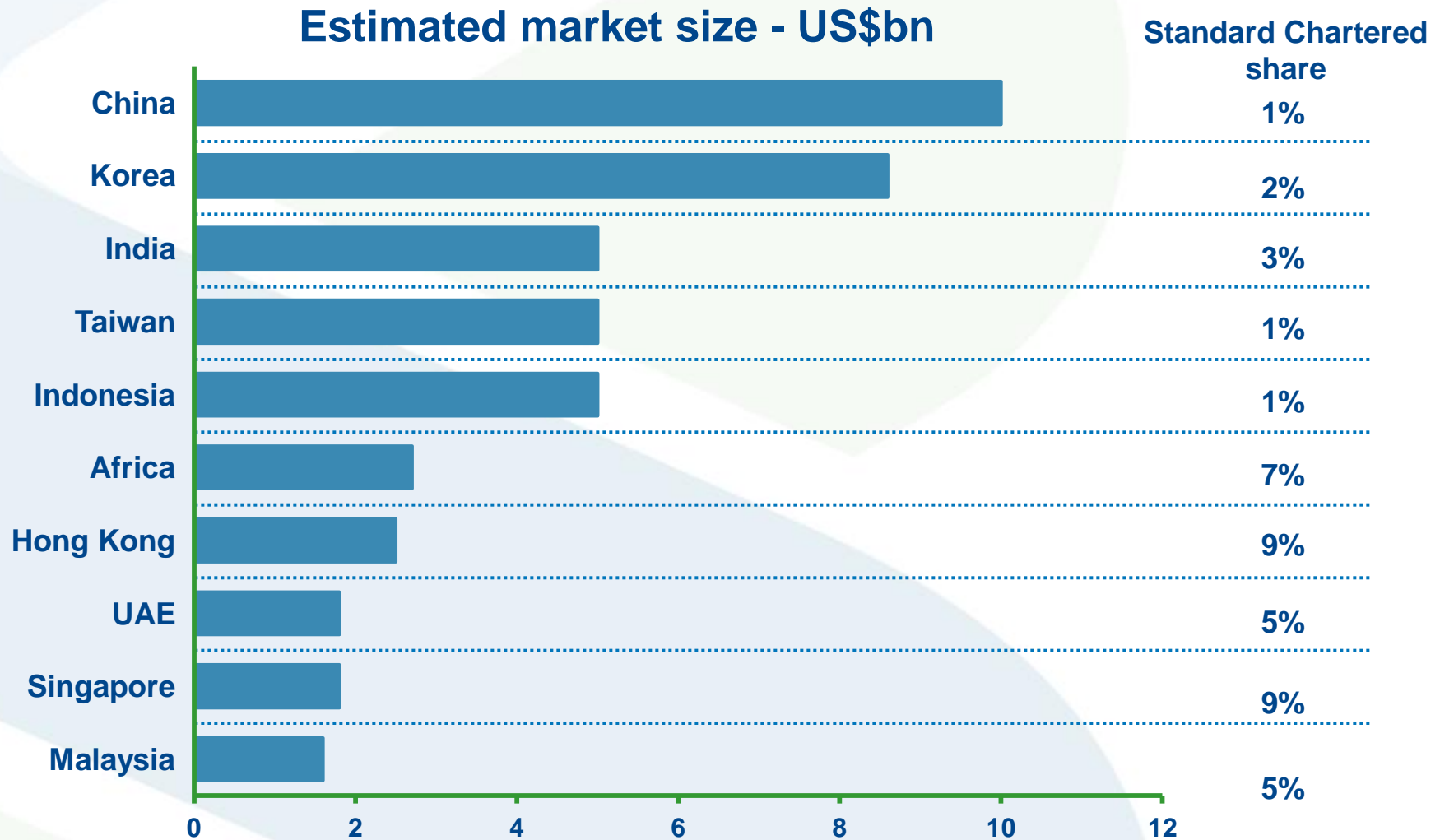
Facilitating  
clients' cash flow  
management

Providing  
full support and  
quick turnarounds

Helping to  
protect clients'  
businesses

Making surplus  
cash work harder  
for our clients

# Significant room to grow our market shares



Source: Standard Chartered estimates

## Notes

1. Wallet sizes and shares are estimated and based on the addressable SME market for each country
2. Africa includes 8 countries: Kenya, Uganda, Tanzania, Botswana, Zambia, Zimbabwe, Nigeria and Ghana
3. India's market size is based on 16 cities (Tier I and II) only ; 4. China's market size is based on 14 cities (where we are present) only



# Competition primarily from local banks

## Local

ICBC

RAKBANK

ICICI Bank

KEB

CIMB BANK

mandiri

## Regional

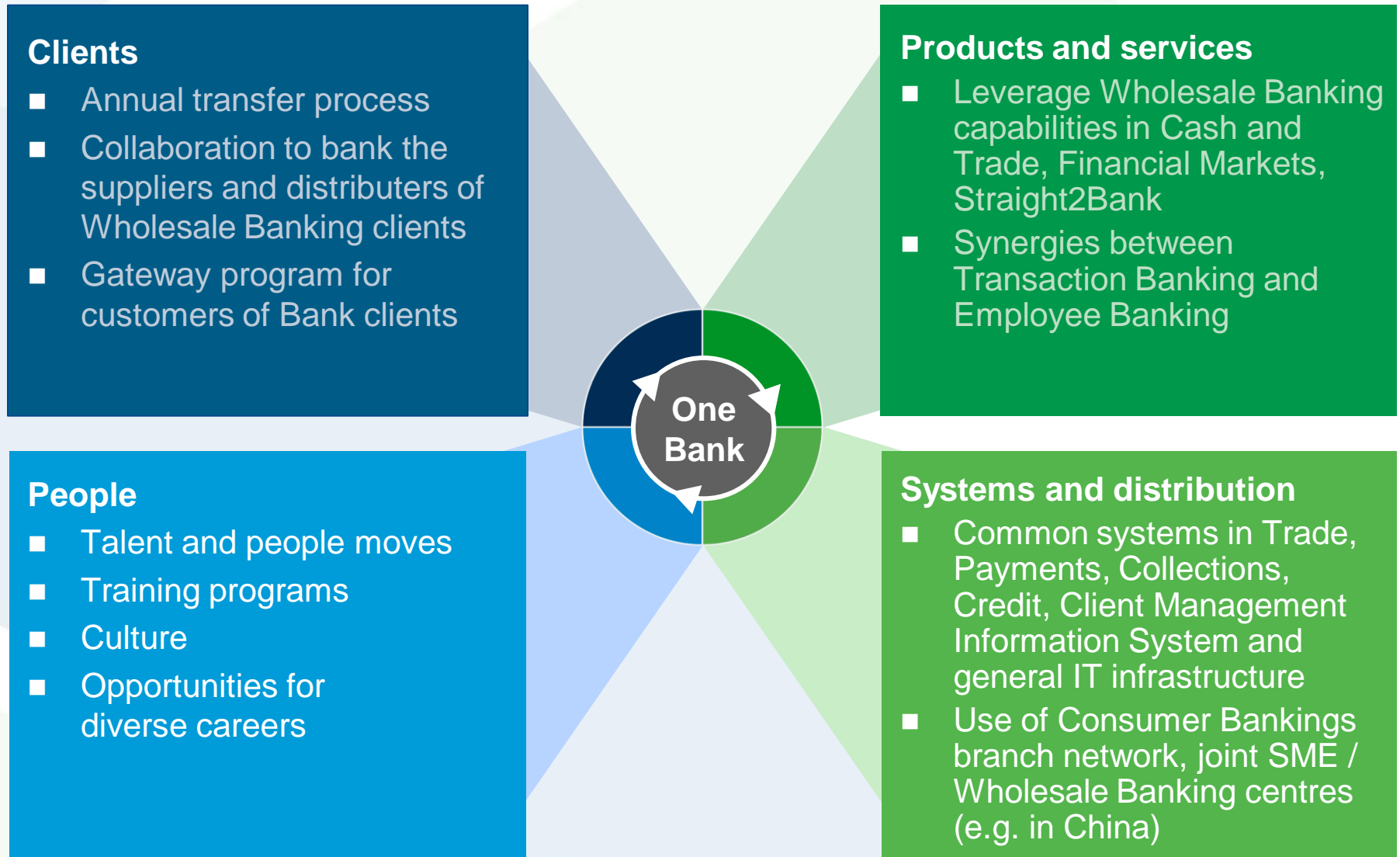
DBS

Barclays

## International

HSBC

CitiBank



- Major growth area for the Bank
- Significant engine of liquidity
- Broad-based business with clear potential to deliver sustainable growth across our footprint
- Attracting and retaining the best talent is key to our success

# **Leading the way** in Asia, Africa and the Middle East

**Steve Bertamini**

Chief Executive Officer, Consumer Banking

# Bringing it all together

To be the world's best international Consumer Bank in each of our chosen markets and segments across Asia, Africa and the Middle East

Participation model

Customer focus

'Back to basics'



- Consumer Banking transformation on track
- Strong balance sheet and diversified growth
- Macro trends support long term opportunities
- Continuing to invest for long term growth