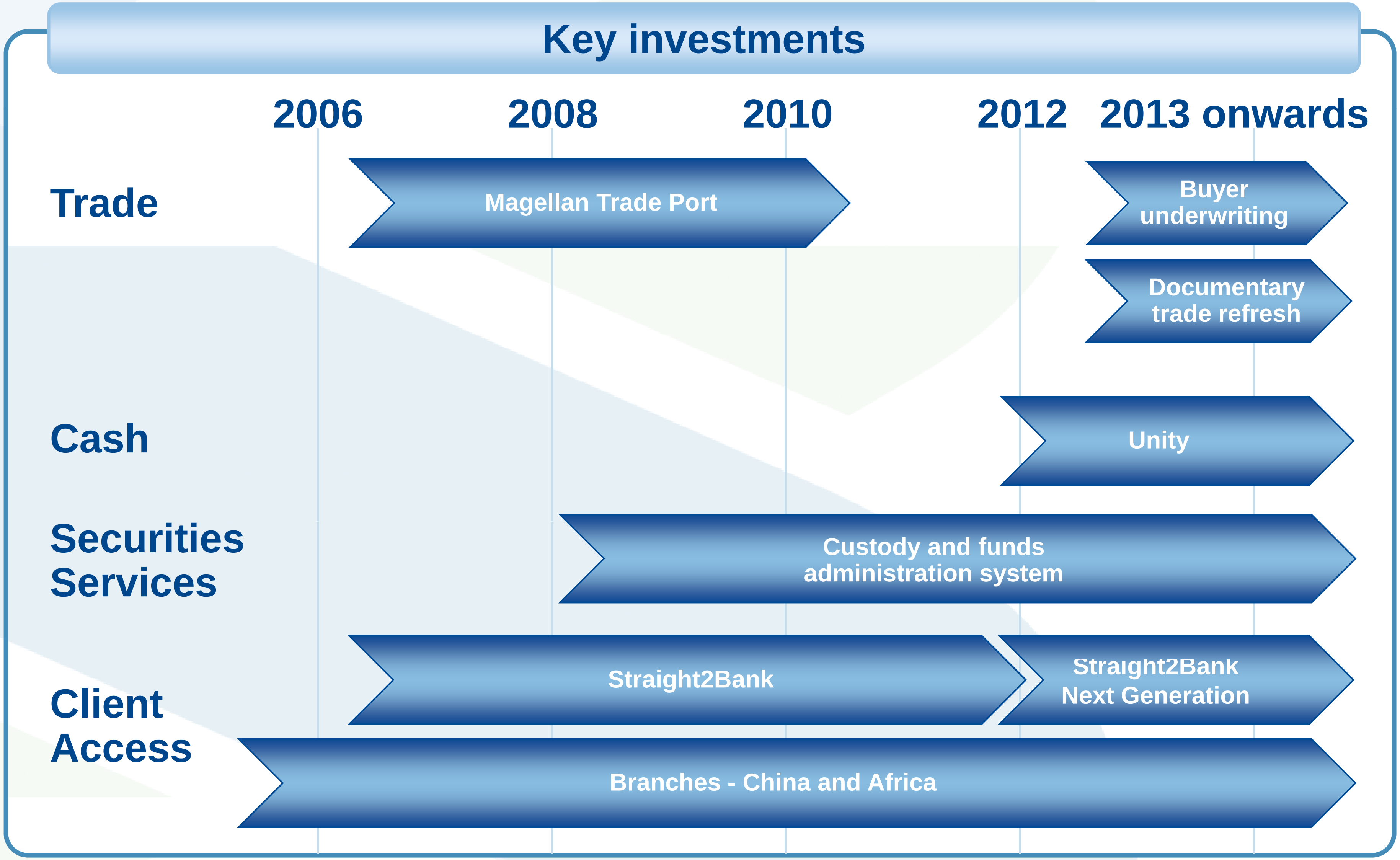
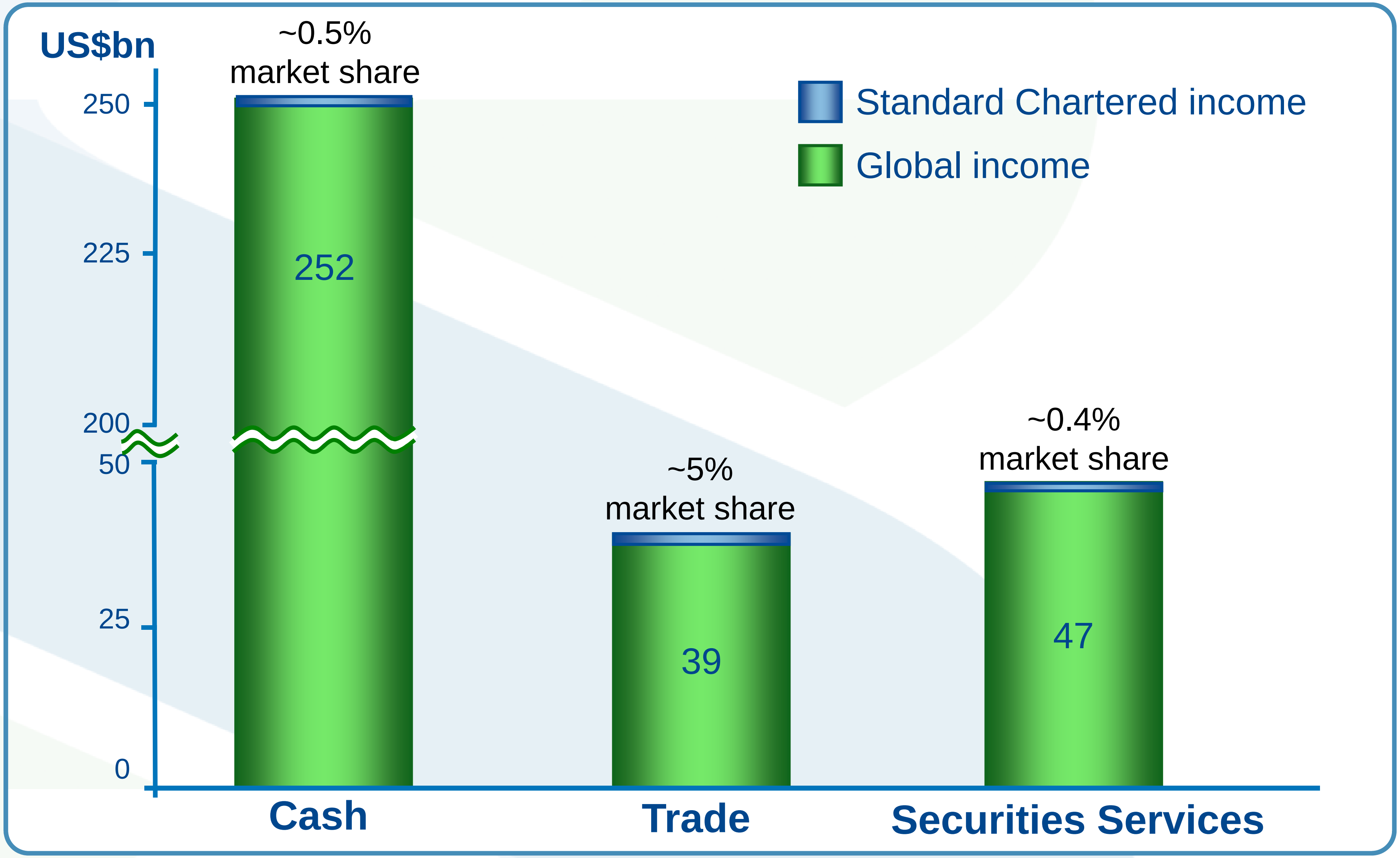
We have been investing regularly to continue to differentiate our client propositions…



There is considerable upside for growth



Source: Oliver Wyman analysis - July 2011 (based on 2010 annual data)

Key messages

Standard Chartered

- Transaction Banking is critical to the Wholesale Banking strategy and pivotal to our client relationships
- We are actively deepening our client relationships
- We are well positioned with our network as a competitive advantage versus local and international banks
- We have continually invested for future growth and see significant runway

Investor trip 2012

Financial Markets

Leading the way
in Asia, Africa and the Middle East

Standard Chartered

Leading the way
in Asia, Africa and the Middle East

Lenny Feder

Wholesale Banking Management Group

Group Head, Financial Markets

Key messages

Standard Chartered

- Market leading, client focused, flow franchise
- Low risk profile
- Regulatory headwinds, but advantaged on a relative basis
- Continuing to invest across all areas of the business
- Vision - the dominant markets franchise in the world's fastest growing regions with significant untapped growth potential

Who we are - Financial Markets

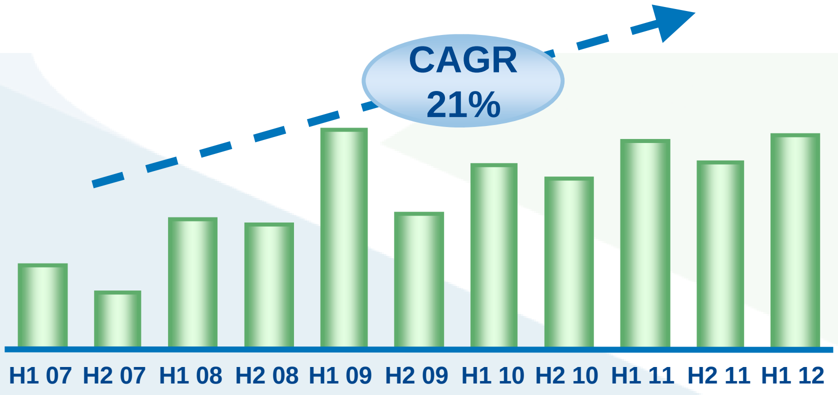
Standard Chartered

- 1,900 staff who speak 81 languages from 67 countries
- 83% of our people are located in Asia, Africa and the Middle East
- 57 dealing rooms in 41 countries and the largest dealing rooms in Asia and the Middle East
- US$2.5bn H1 12 total income (including ALM)
- 76% of Financial Markets income is client income
- 1 million transactions per month
- 11,500 clients using Financial Markets products

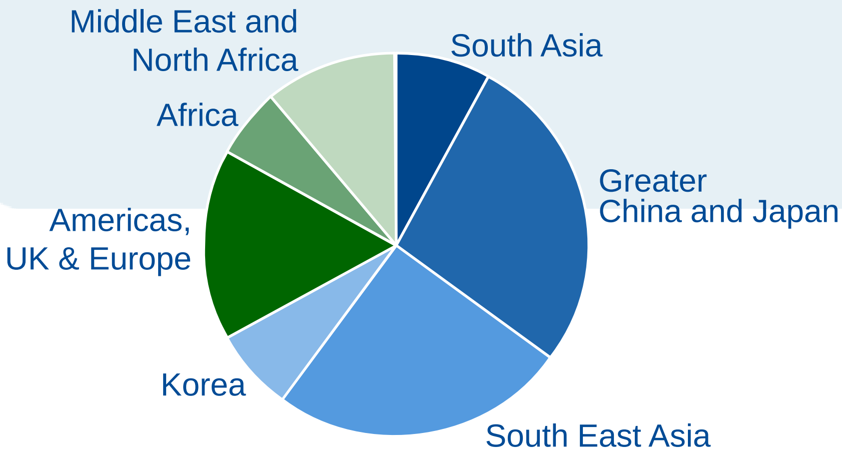
Financial Markets growth is driven by flow type transactions

Standard Chartered

Financial Markets total income



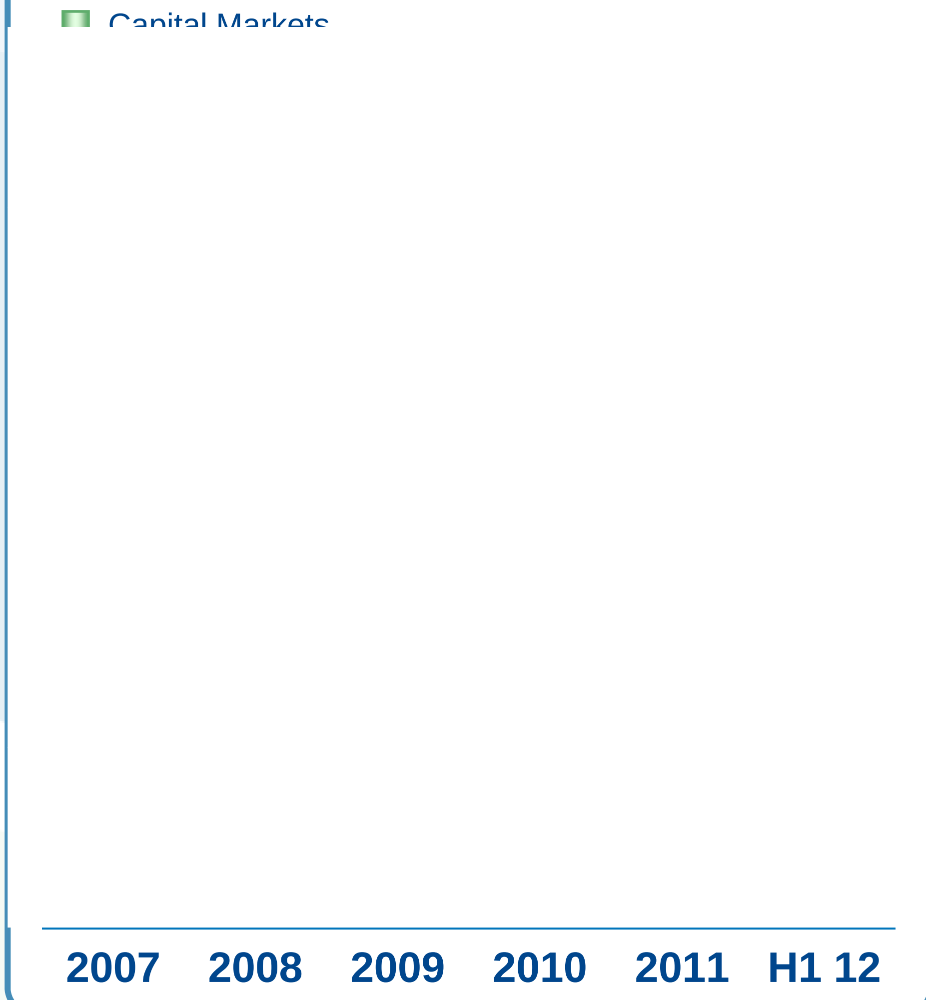
Geographical income diversity H1 12



- Client focused business with low risk profile
- Income based on ‘flow’ type transactions
- Core strengths in Foreign Exchange and Capital Markets
- Investment in global product offering, e.g. Equities and Commodities
- Strong ‘One Bank’ cross-sell capability

Strong outperformance through the crisis

Financial Markets client income

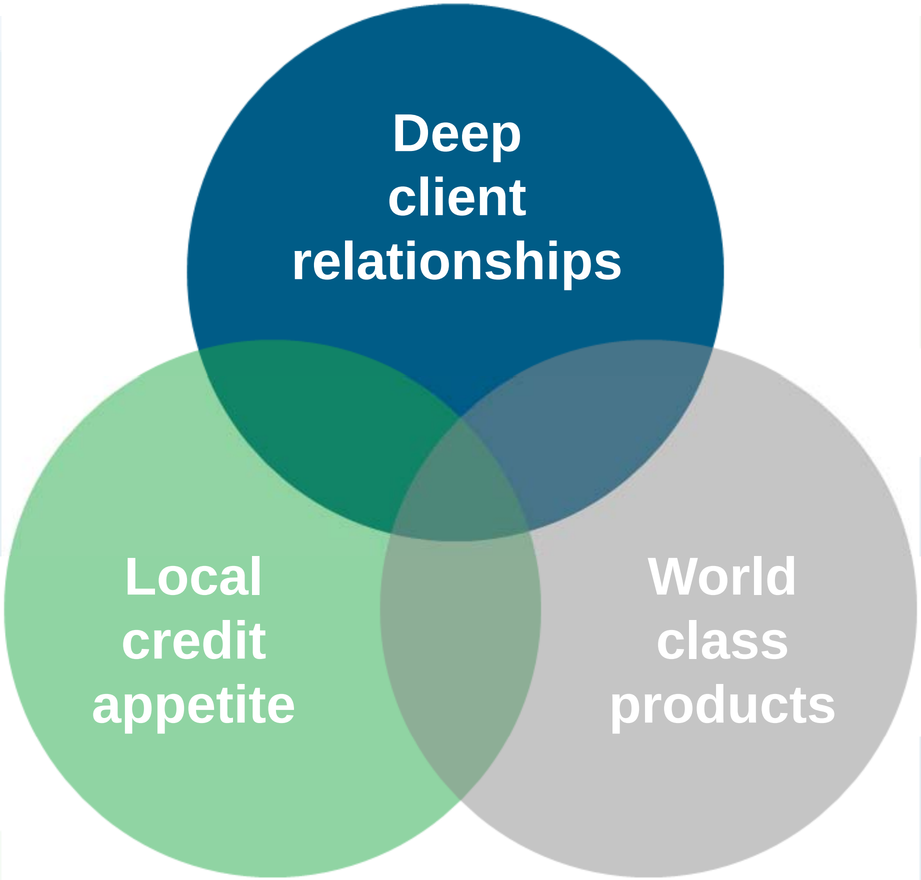


Outperformance driven by:

- Right footprint
- Talent upgrades
- Enhanced product offering
- Taken market share

Segment breakdown

Differentiated competitive advantage



- DNA of connecting markets and developing cross-border networks
- Deep client penetration from top tier to middle market
- More international than the Locals, more local than the Internationals
- Provision of credit via markets products

Who we are - client offering

Client need	Service	Segments
Capital raising	■ Debt Capital Markets ■ Loan Syndications ■ Equities Capital Markets	■ All client segments
Risk management	■ Foreign Exchange, Interest Rate and Commodity swaps and options	■ All client segments
Investment products	■ Government and Corporate Bonds ■ Equities ■ Structured Notes	■ Financial Institutions
Financing	■ Repo ■ Commodities Financing	■ Financial Institutions ■ Corporates and CTAs*
Transactional	■ Foreign Exchange ■ Deposits	■ All client segments
Balance sheet management (ALM)	■ Traditional investment philosophy	

*CTA - Commodity Traders and Agri-business

Client offering - transactional

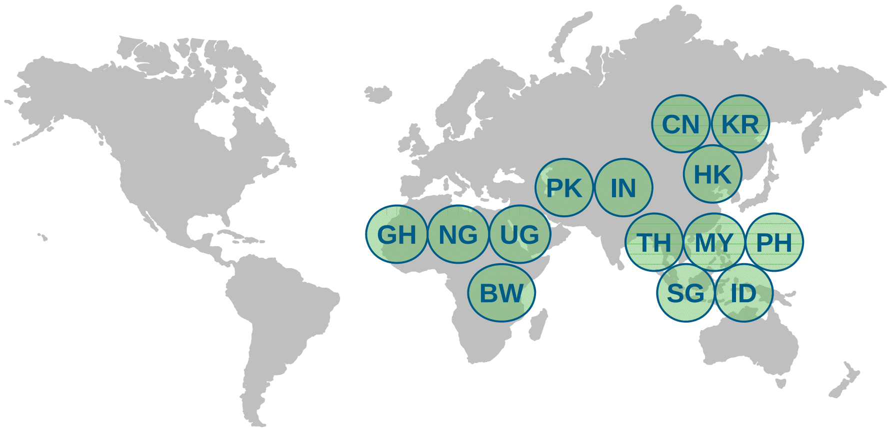
Foreign Exchange income US$bn

Money Market liabilities US$bn

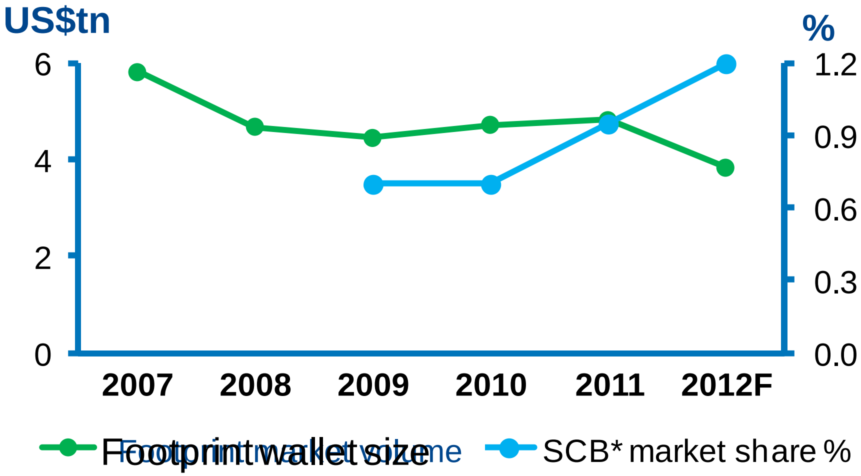
- Foreign Exchange ranking #3 by corporates and #8 by Financial Institutions in Asia by Greenwich
- Corporates contribute 73% of Foreign Exchange client income; opportunity to build Financial Institutions
- Focus on Emerging Market currencies, specifically RMB; opportunity for G10 in Asia
- Rolling out eFX platform; started investing in 2009
- Dedicated, specialised money market sales teams in footprint

Client offering - investment products

Primary dealerships



Equities market share

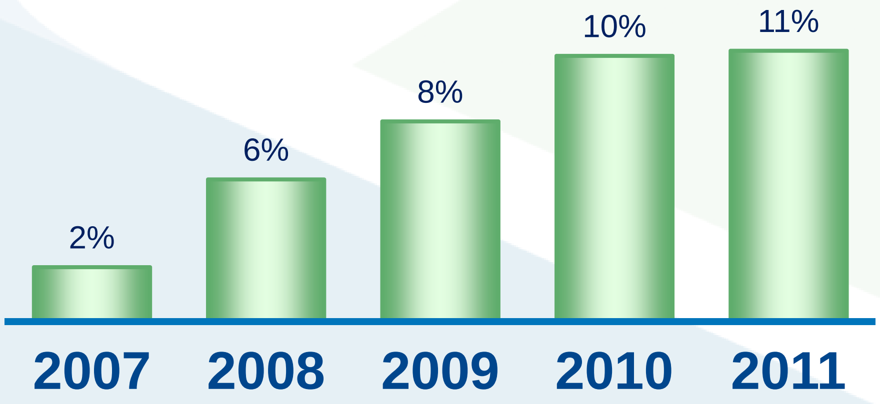


- Top bond market maker aligned with capital markets
- Specialisation in providing access to restricted markets
- Large *On The Ground* research teams
- No structured or correlated credit trading
- Equities is strategically important, but pursuing a conservative build

Source: Bloomberg and McLagan; *SCB - Standard Chartered Bank

Client offering - risk management

Footprint OTC* derivative market share



Awards

AsiaRisk 2011 Interest Rate Derivatives House of the Year

AsiaRisk 2012 Interest Rate Derivatives House of the Year

AsiaRisk 2012 Credit Derivatives House of the Year

AsiaRisk 2008 Commodity Derivatives House of the Year

AsiaRisk 2009 Commodity Derivatives House of the Year

AsiaRisk 2010 Commodity Derivatives House of the Year

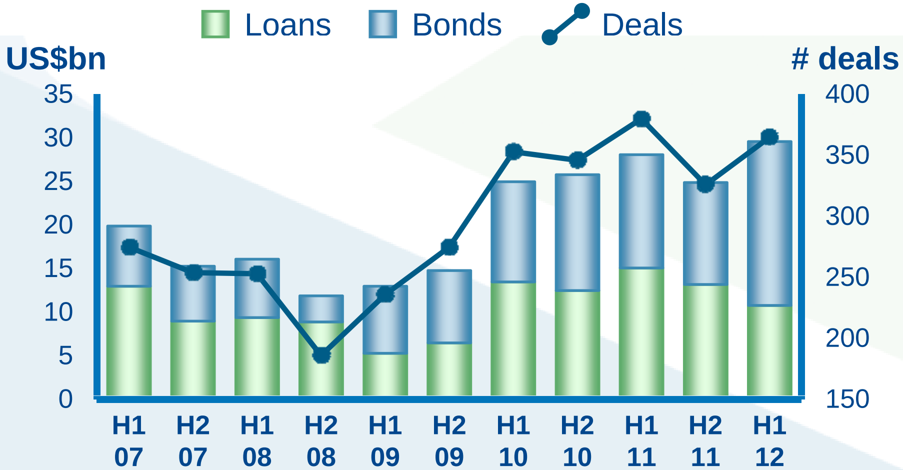
AsiaRisk 2012 Commodity Derivatives House of the Year

- Leading bank in OTC* derivatives in the footprint
- Corporates: risk management solutions to wide breadth of footprint clients
- Foreign Exchange options: corporate and Financial Institution hedging
- Rates: cross-selling on the back of lending and asset-side investor solutions
- Commodities: uniquely connecting flows across the footprint

Source: McKinsey; *OTC - Over The Counter

Client offering - capital raising

Capital raised for clients



League tables

Product	Category	07	09	11	H1 12	Market share
Bonds	Footprint	4	10	5	3	4%
	Asia local currency	1	1	3	3	4%
	Asia ex Japan G3	23	18	3	3	9%
	Footprint high yield	-	-	3	3	11%
	Dim Sum	-	5	2	2	12%
Loans	Footprint	4	8	4	3	4%
	Asia ex Japan	2	8	4	3	5%

Income has doubled in the past three years driven by:

- First mover advantage
- Added talent
- Expanded products: High Yield, G3
- Improved distribution
- Improved thought leadership

Source: Dealogic, Bloomberg

Internal - balance sheet management

Balance sheet size and ALM income

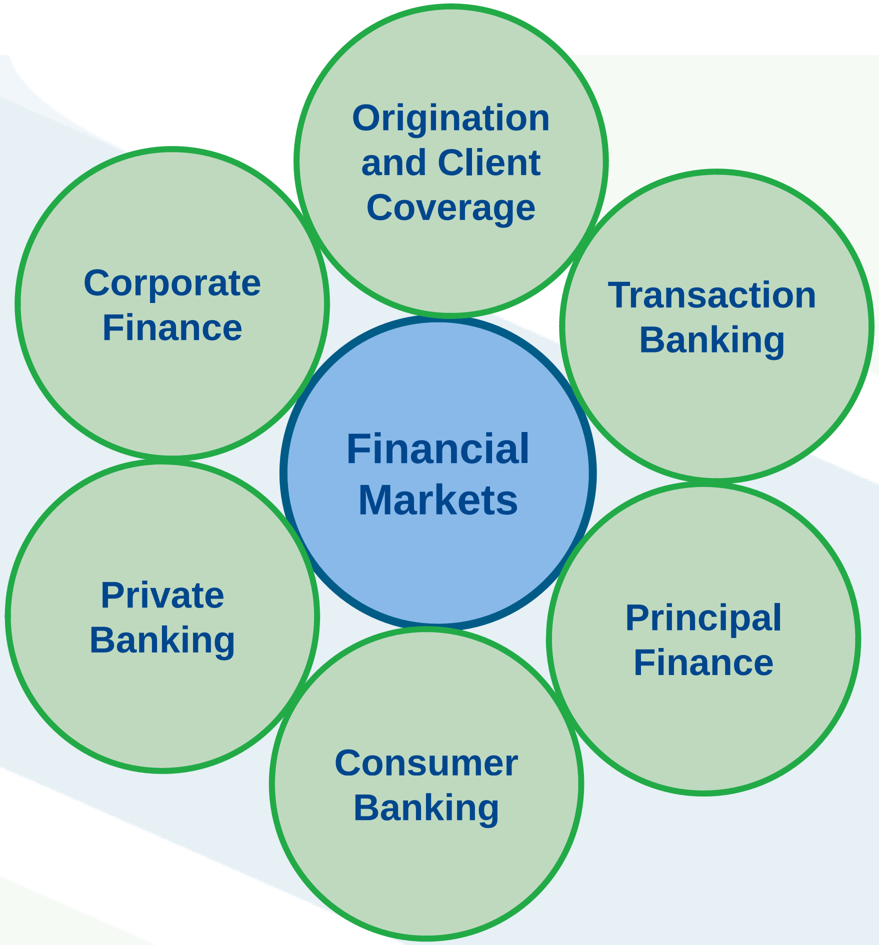
Group assets   ALM income

Sovereign, Supranational and Agency

- Traditional investment philosophy
- Income has grown in line with balance sheet growth
- Geographic focus is footprint – no direct GIIPS* exposure
- Vanilla product range; repo, covered bonds and AAA asset backed securities are recent product extensions

*GIIPS – Greece, Italy, Ireland, Portugal and Spain

Strong 'one bank' cross-sell capability



Financial Markets integral to clients through all divisions of the Bank

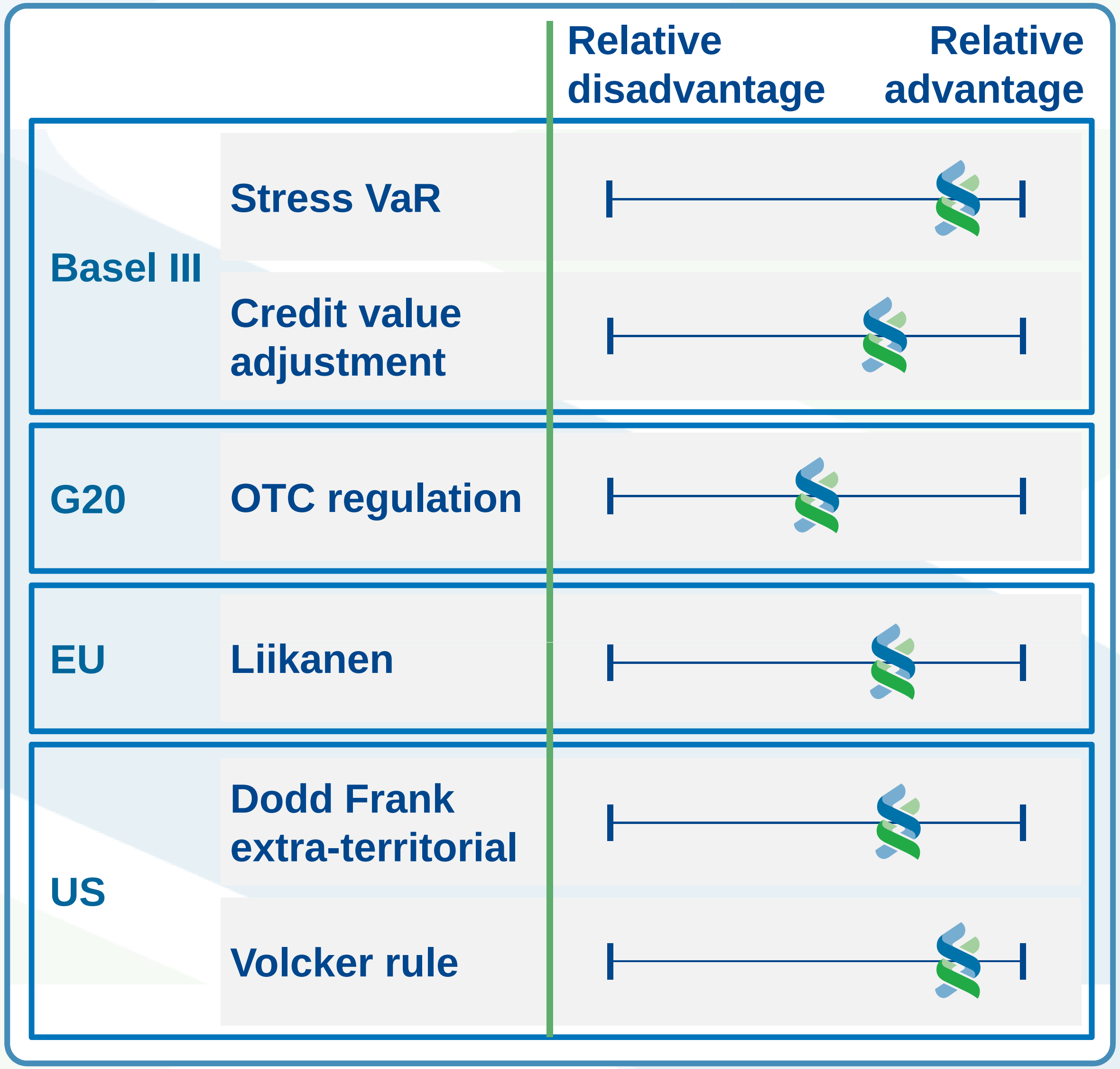
- Transaction Banking linkages via Trade Finance, custody and liability raising
- Corporate Finance transactions embedded with hedges
- Consumer Banking selling of investment products
- Private Banking distributes bond issuances

Low risk profile

Value at Risk (VaR) and trading assets 2011

- Low market risk by all metrics
- Vanilla product offering as evidenced by low ratio of trading assets to VaR
- Most income from consistent corporate client flow
- Incentives, supervision and culture

Less impacted by new regulations

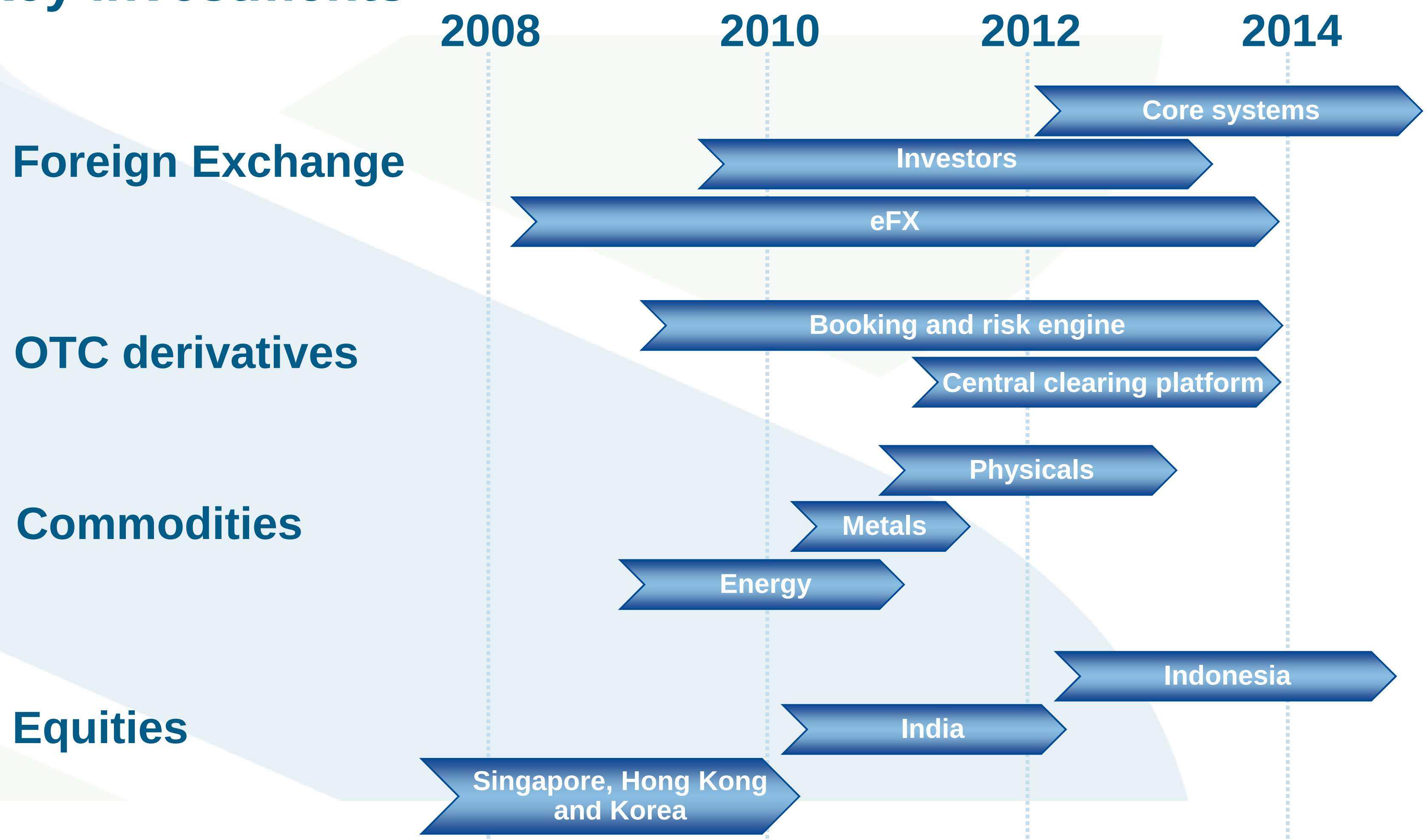


- Significant regulation impacting the business
- However, advantaged on a relative basis
- Basel 2.5 (stress VaR) increased Group RWA* by 1%
- Strategies in place for all regulations
- Intend to be market leader in OTC derivatives client clearing across Asia

Note: Graphical representation for discussion purposes only; * RWA – Risk weighted assets

Continually investing across the business

Key investments



Opportunity

Standard Chartered

Global daily Foreign Exchange volumes

2001 2010 2020F 2030F

Asian corporate credit growth

Outstanding US$tn

2001 2012F 2017F

Source: Standard Chartered Research; * BRIC – Brazil, Russia, India and China

Opportunity

Standard Chartered

Commodities cross-sell

- Financial Markets penetration of

2008 2009 2010 2011 2015F

Footprint FICC* and Cash Equities income

2011 2016F

Source: McKinsey

* FICC – Fixed Income Credit and Commodities

Key messages

- Market leading, client focused, flow franchise
- Low risk profile
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