

# Consumer Banking

**Steve Bertamini**

Group Executive Director &  
CEO Consumer Banking

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



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# Agenda

## **Tuesday** 16 November - Consumer Banking & Wholesale Banking day

08:00 - 12:15 Consumer Banking, Steve Bertamini and Andrew Bester

14:00 - 17:30 Wholesale Banking, Mike Rees and Vivek Ahuja

## **Wednesday** 17 November - Asia day

08:00 - 11:00 Asia, Jaspal Bindra and Singapore, Ray Ferguson and management team

11:00 - 12:30 Indonesia and Permata, Tom Aaker and David Fletcher and management teams

13:30 - 15:00 Taiwan, Sunil Kaushal and management team

## **Thursday** 18 November - India day

08:15 - 09:00 External speaker, Subir Gokam, Deputy Governor, Reserve Bank of India

09:00 - 15:00 India, Neeraj Swaroop and management team

12:30 - 13:30 Peter Sands, CEO priorities

## **Friday** 19 November - Group day

10:00 - 11:00 Risk, Richard Goulding

11:00 - 12:00 Capital and Liquidity, Pam Walkden

13:30 - 14:00 Technology and Operations, Jan Verplancke

14:00 - 14:45 People, Tracy Clarke

14:30 - 16:00 Trip wrap up, Richard Meddings

# Investor trip 2010 key messages

- Strong growth prospects in our footprint markets and we continue to see significant opportunities
- Both businesses have good momentum and we are well positioned to benefit from growth
- Remain firmly focused on foundations of good banking
- Here for good -  
Here for the long run, Here for people, Here for progress

# Consumer Banking agenda

<b>08:15 – 09:00</b>	<b>Consumer Banking strategy</b>	<b>Steve Bertamini</b>
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09:00 – 09:30	CB financial performance	Andrew Bester
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09:30 – 09:50	Tea & coffee break	
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09:50 – 10:10	Wealth Management	Judy Hsu,
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10:10 – 10:55	H V Segments: Private, SME & Premium Banking	Shayne Nelson, Som Subroto, Foo Mee Har
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10:55 – 11:15	Delivering customer focused banking	James Galloway
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11:15 – 12:15	CB Q&As & recap	CB Management team
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12:15 – 12:30	Travel to mock branch	
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12:30 – 12:50	Mock branch visit	
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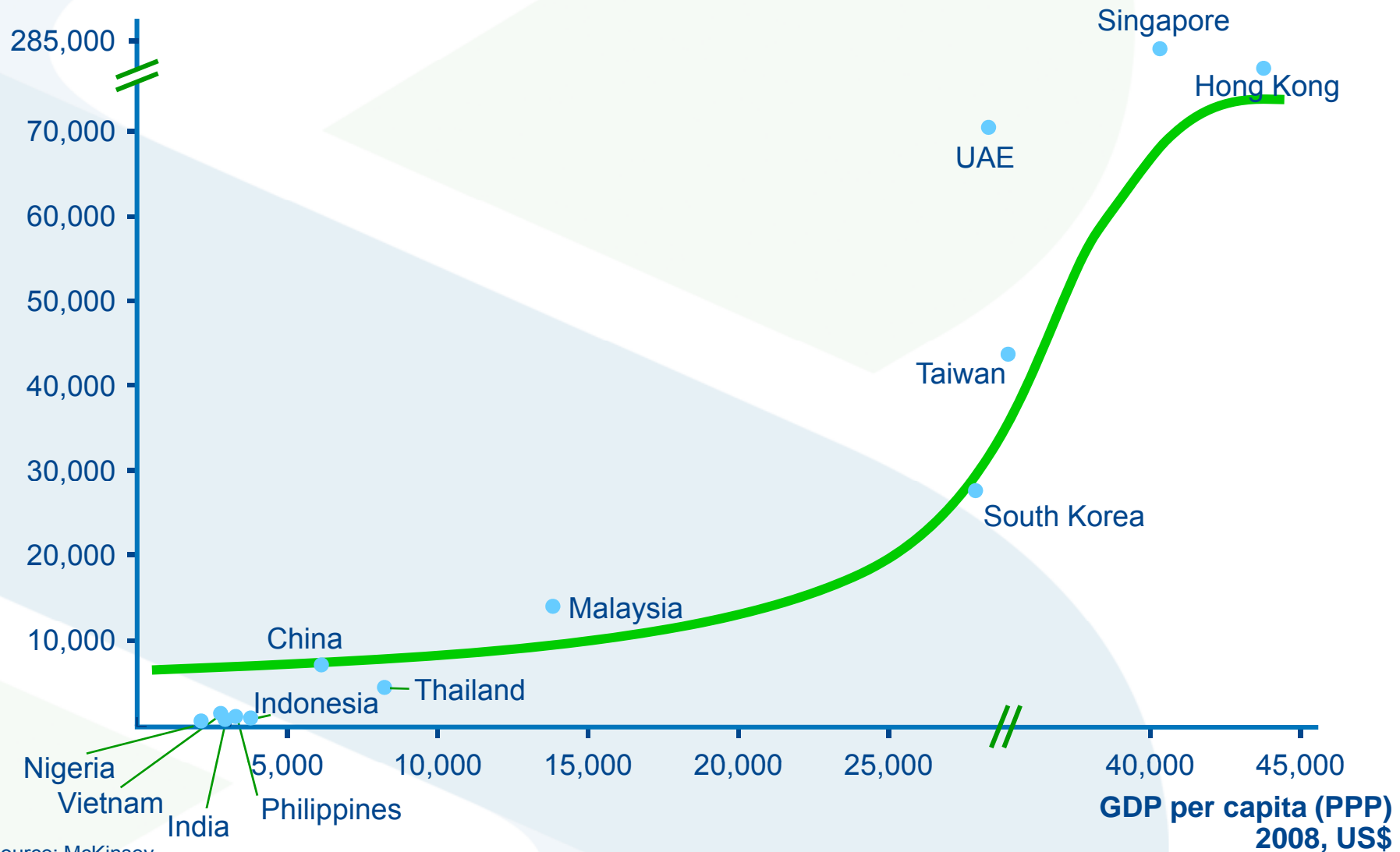
13:05 – 14:00	Lunch with the CB Management team	
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# Consumer Banking key messages

- Significant opportunity across our footprint
- CB transformation on track and delivering
- Well positioned to weather current challenges - competition, margins
- Continue to pace investments for long term growth

# Our markets provide significant headroom for growth...

Banking assets per capita  
2008, US\$



Source: McKinsey

## The World's Best International Consumer Bank in each of our chosen markets and segments

### PARTICIPATION MODEL

- Focus on High Value Segments\*
- Three standard models
- Prioritised investment
- Hub and spoke, shared utilities

### CUSTOMER FOCUS

- Distinctive Customer Value Propositions and world class RMs
- Main bank relationship & Payroll driven
- Needs based bundling

### 'BACK TO BASICS'

- Re-engineering and COE's
- Liquidity and secured lending
- Strong risk and cost discipline
- Performance management

\* High Value Segments (HVS) - SME, Private, Priority



# New participation models based on market attractiveness and competitive position

## Universal markets

- Target all segments with emphasis on High Value Segments
- Offer full range of products
- Nationwide distribution

## Focused markets

- Focus primarily on High Value Segments in select cities
- Payroll driven unsecured offer for Personal Banking
- Branch catchment area optimisation

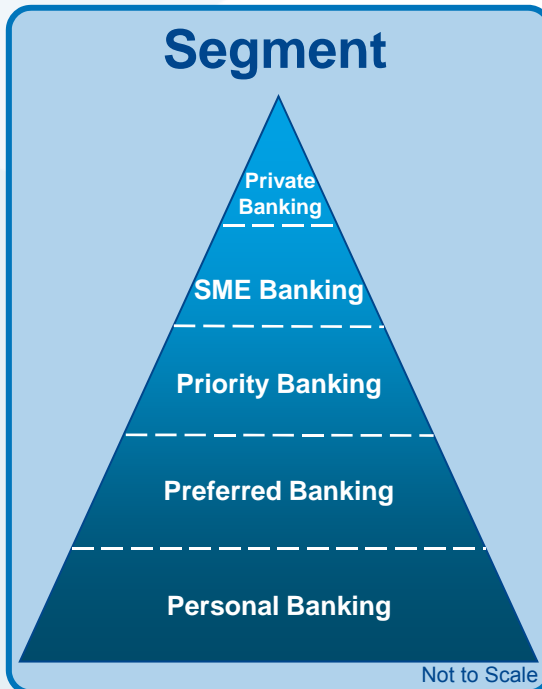
## Lean premium markets

- Optimise High Value Segments
- Focus on liabilities and secured assets
- Payroll driven unsecured offer for Personal Banking

# Organisational model



## Segment



- Create world-class customer value propositions
- Drive segment performance and customer experience

## Geography



- Four core regions: SEA, NEA, Korea, West
- Deliver overall country performance
- Manage investments and trade-offs across the franchise

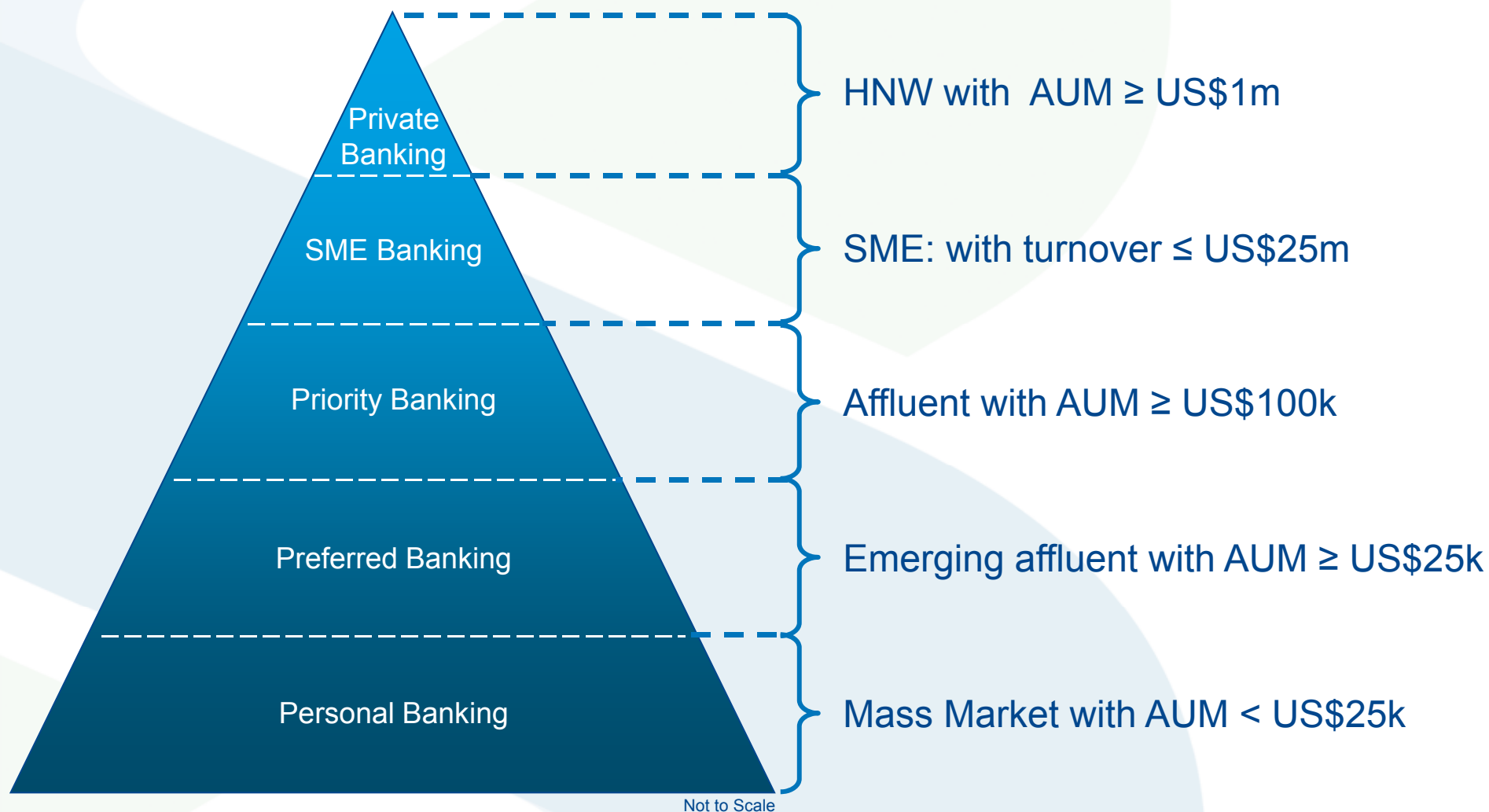
## Product



- Provide segment specific solutions and capabilities
- Optimise product portfolios
- End to end product delivery standards

# Customer segments

## Program criteria



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

# Customer focused propositions

## Private Bank



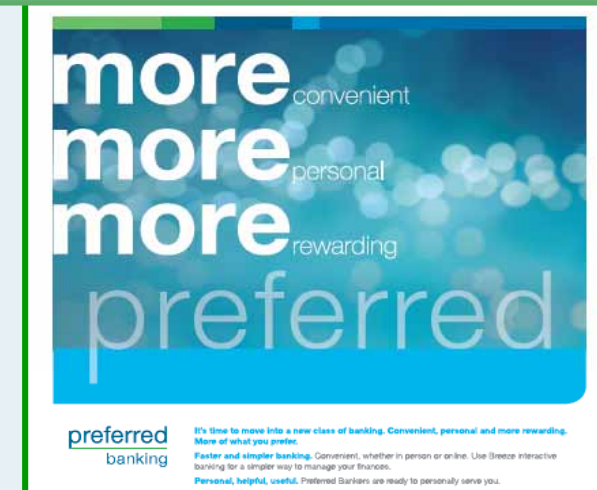
## SME Banking



## Priority Banking



## Preferred Banking





# Redefining customer experience

iPhone Breeze



Express Banking Centres



New branch design



# Innovative solutions

## Segment-led propositions



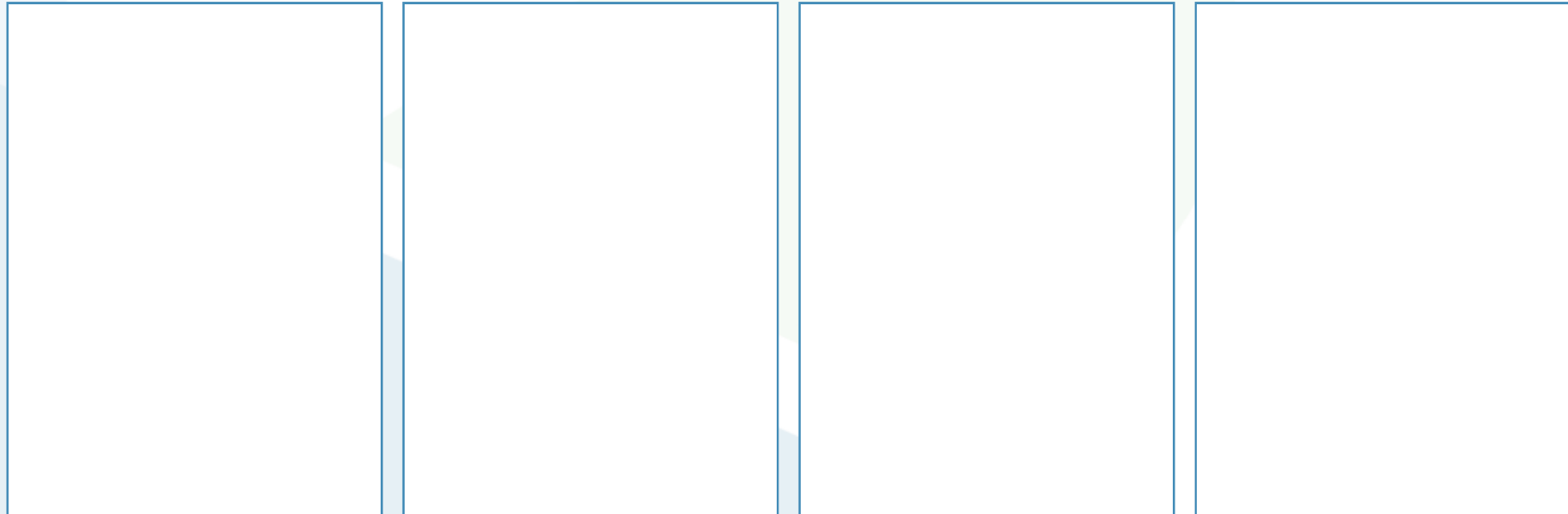
## Strategic alliances



## Campaigns & new products



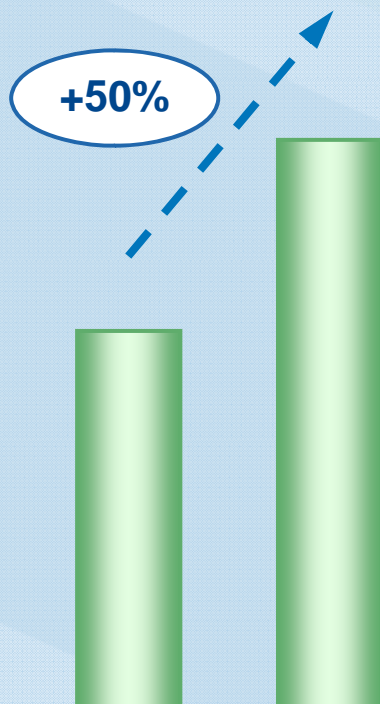
# Differentiation from 4 market firsts



- Strong performance post promotion
- More than 46,000 participants
- Pay online or from your iPhone anytime, anywhere
- One stop, secure, convenient
- 94% customers served within 8 minutes
- 84% of these customers served under 5 minutes
- 15 minutes approval in principle
- 20%+ total applications

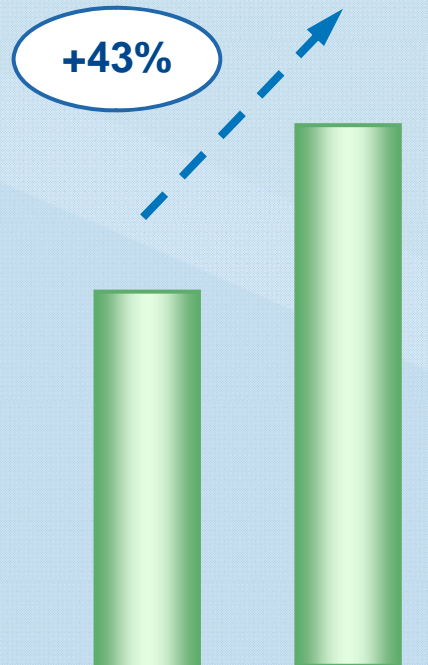
# SC Way is showing encouraging early results in 13 countries...

## # Conversations per week



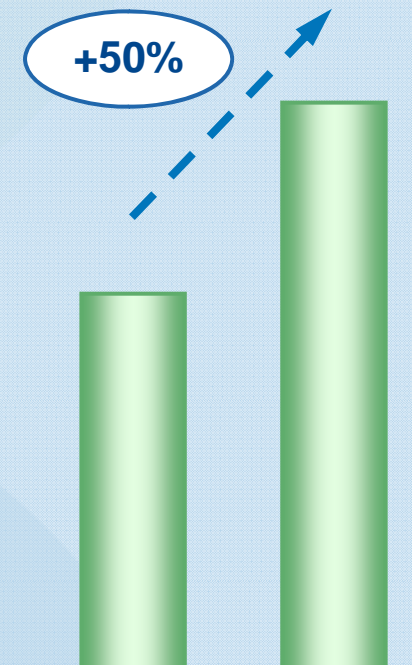
Baseline SC Way

## # Successful conversations per week



Baseline SC Way

## # Solutions sold per week

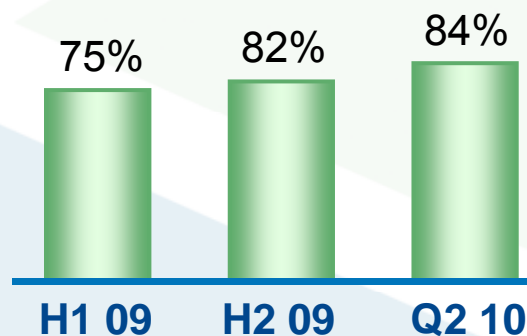


Baseline SC Way

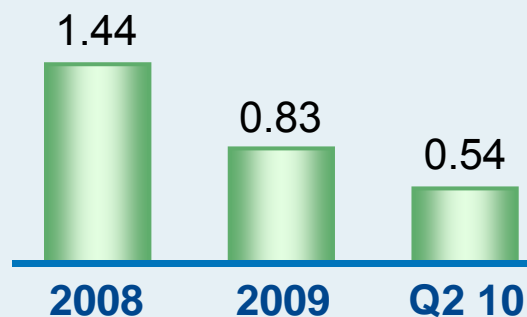


# Key customer experience and advocacy metrics showing good results

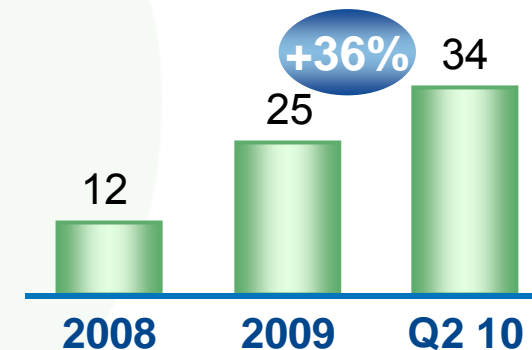
**First call resolution**



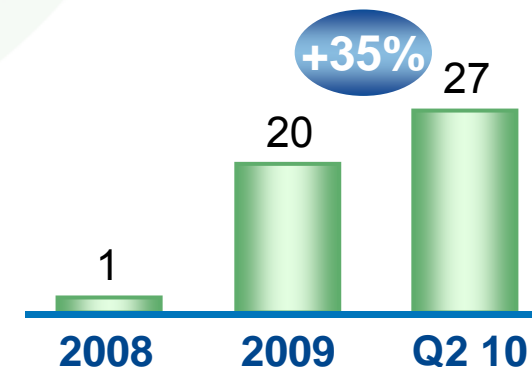
**Complaints / '000 accts**



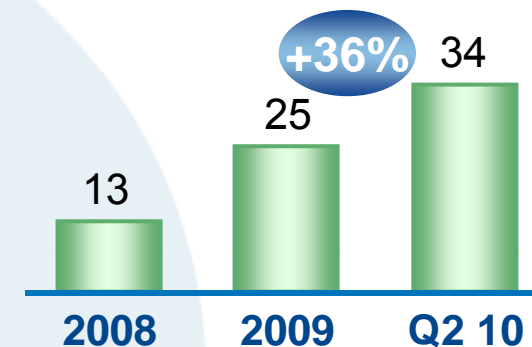
**Total global NPS\***



**Priority Banking NPS\***



**Personal Banking NPS\***



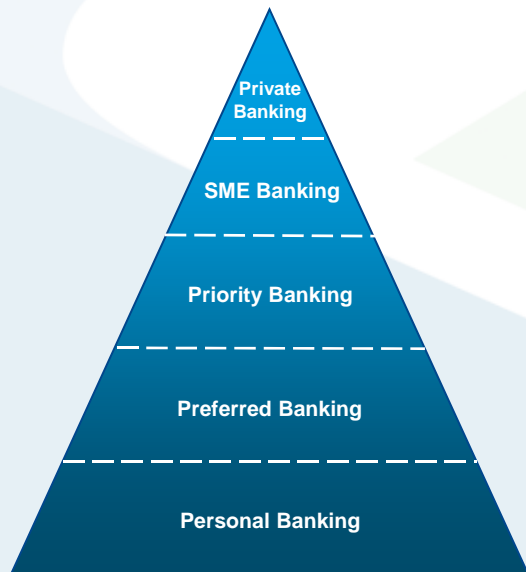
Source: SCB data

\*the marks "Net Promoter", "NPS", and "Net Promoter Score" are trademarks of Satmetrix Systems, Inc., Bain & Company, and Fred Reichheld.

# Organisational model



## Segment



Not to Scale

- Create world-class customer value propositions
- Drive segment performance and customer experience

## Geography



- Four core regions: SEA, NEA, Korea, West
- Deliver overall country performance
- Manage investments and trade-offs across the franchise

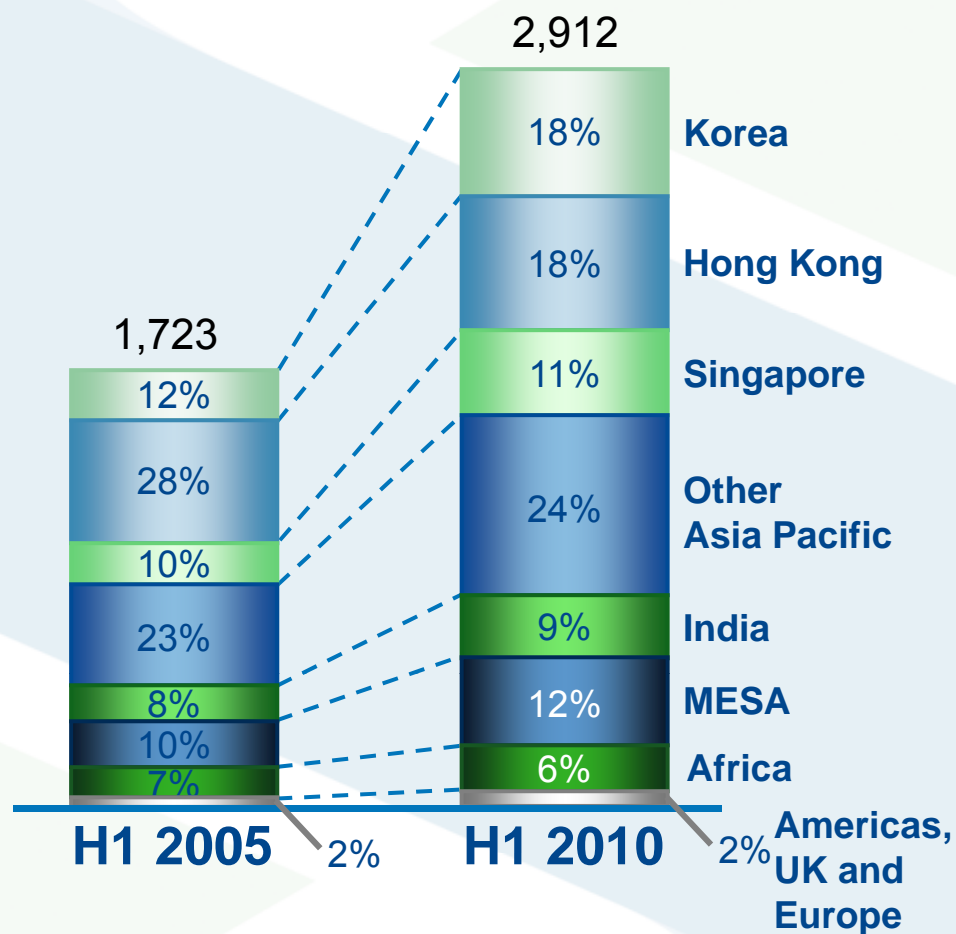
## Product



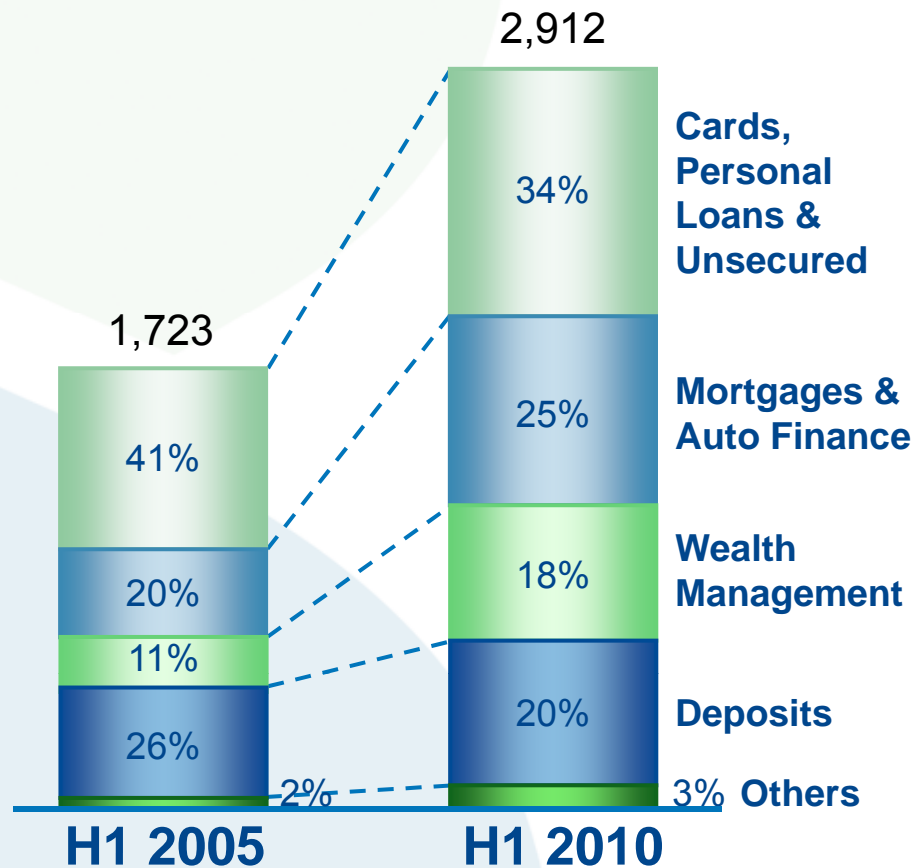
- Provide segment specific solutions and capabilities
- Optimise product portfolios
- End to end product delivery standards

# CB is well positioned with an increasing diversified portfolio

Income mix by geography  
US\$m

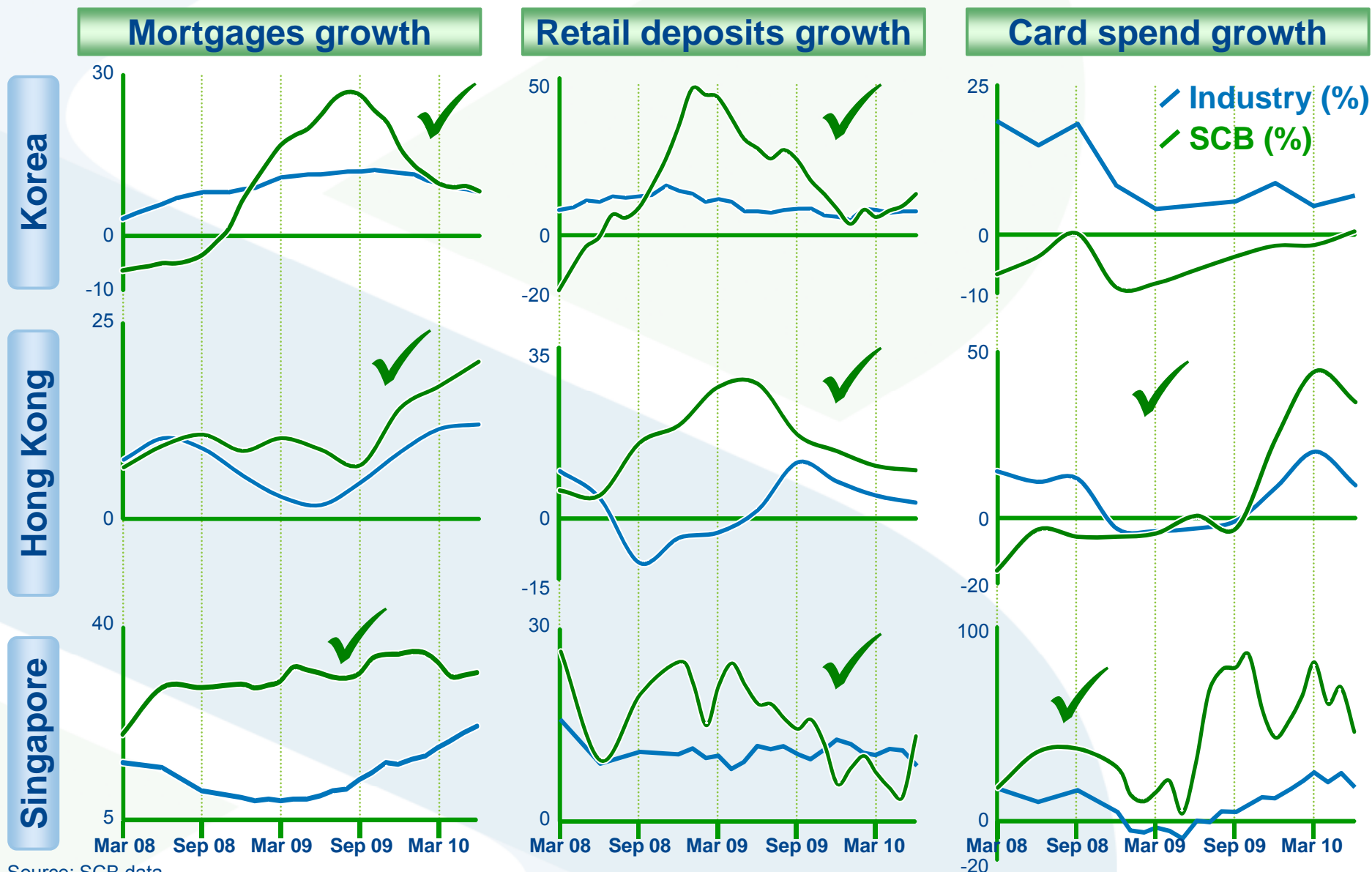


Income mix by product  
US\$m



Source: SCB data

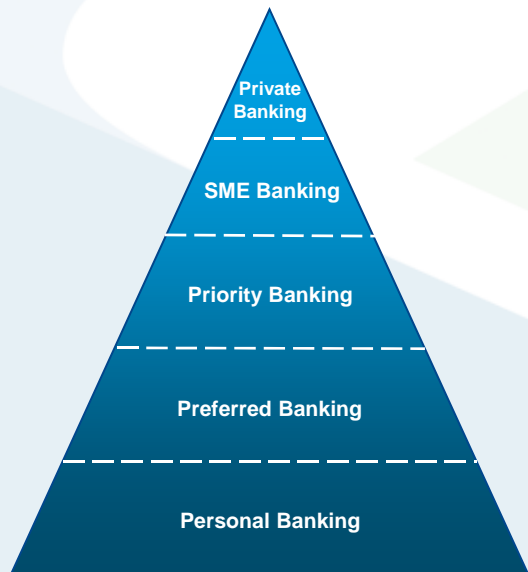
# Gaining / sustaining market share



# Organisational model



## Segment



Not to Scale

- Create world-class customer value propositions
- Drive segment performance and customer experience

## Geography



- Four core regions: SEA, NEA, Korea, West
- Deliver overall country performance
- Manage investments and trade-offs across the franchise

## Product

Wealth  
Management

Retail  
Products

SME  
Products

- Provide segment specific solutions and capabilities
- Optimise product portfolios
- End to end product delivery standards

# Products Per Customer increasing

**Portfolio**  
Indexed

**New to Bank**  
Indexed

**Performance growth**

Source: SCB data



# Unsecured - turning on good growth



**You feel crushed by high interest rates we make your loan more affordable**

Interest rate drops by up to **6%**  
Don't lose out!

**Take a personal loan now and save on your repayments**

No other loan can compare to a Standard Chartered Personal Loan.

- Enjoy the highest loan amounts of up to UGX 60 million
- Fast loan processing and approval within 24 hours, guaranteed
- Flexible repayment periods of up to 60 months
- No need to have a Standard Chartered account to qualify

This offer is valid until 31st May 2010. Transfer your loan today and start saving on your repayment. Call 0414 340077. We will come to you.

Standard Chartered

SmartCredit

- Target discrete market opportunities
- Good growth opportunities leveraging bureau and/or payroll in larger markets
- Portfolio shift to lower risk segments
- 2010 loan impairment as a % of average balances is 69% of 2007 levels

# CB key strategic priorities

## CB Agenda

### PARTICIPATION MODEL

- Increase product holdings per customer
- Increase bundle penetration and focus on unsecured solutions
- Optimise income through pricing and margin management
- Selectively seek inorganic opportunities

### CUSTOMER FOCUS

- Deliver the Customer Charter and SC Way
- Develop, empower and strengthen frontline organisation
- Roll-out new CVPs for Personal & Islamic banking
- Expand use of external customer guarantees & increase online channel usage
- Implement standardised WM investment specialist model and portfolio advisory proposition

### ‘BACK TO BASICS’

- Maintain asset and deposit growth momentum
- Implement standardised MI and Analytics to drive insights into business performance
- Continue to drive re-engineering initiatives for productivity and service improvements
- Maintain disciplined risk and cost management



# Consumer Banking key messages

- Significant opportunity across our footprint
- CB transformation on track and delivering
- Well positioned to weather current challenges - competition, margins
- Continue to pace investments for long term growth

# Consumer Banking

**Andrew Bester**

CFO, Consumer Banking

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



# Key messages

- CB transformation on track
- Good momentum on balance sheet and increased market share
- Significant decline in loan impairment
- Continued investment in CB transformation
  - in branding
  - in infrastructure
  - in front office and sales
- Steady income growth; Wealth Management improving; Margin pressure remains

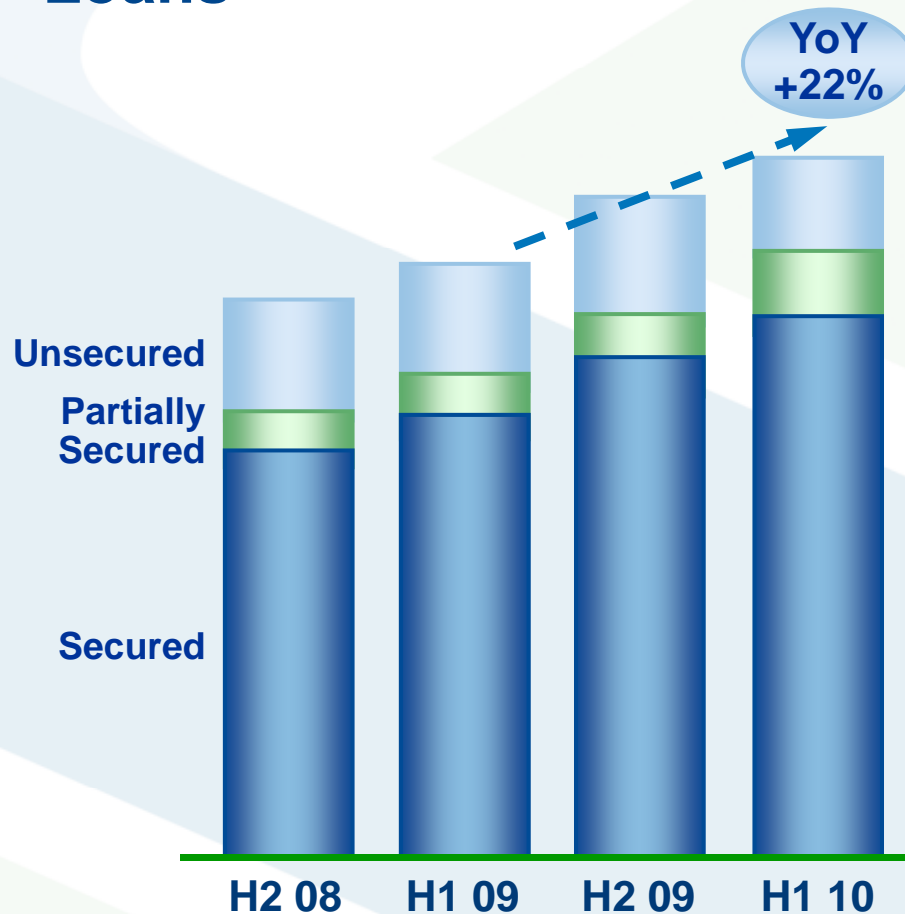
# Consumer Banking performance

US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
Income	2,685	2,944	2,912	8	(1)
Expenses	(1,780)	(1,929)	(1,966)	10	2
Operating profit before impairment	905	1,015	946	5	(7)
Loan impairment	(563)	(489)	(299)	(47)	(39)
Other impairment	6	(7)	(4)	nm	(43)
<b>Operating profit</b>	<b>348</b>	<b>519</b>	<b>643</b>	<b>85</b>	<b>24</b>

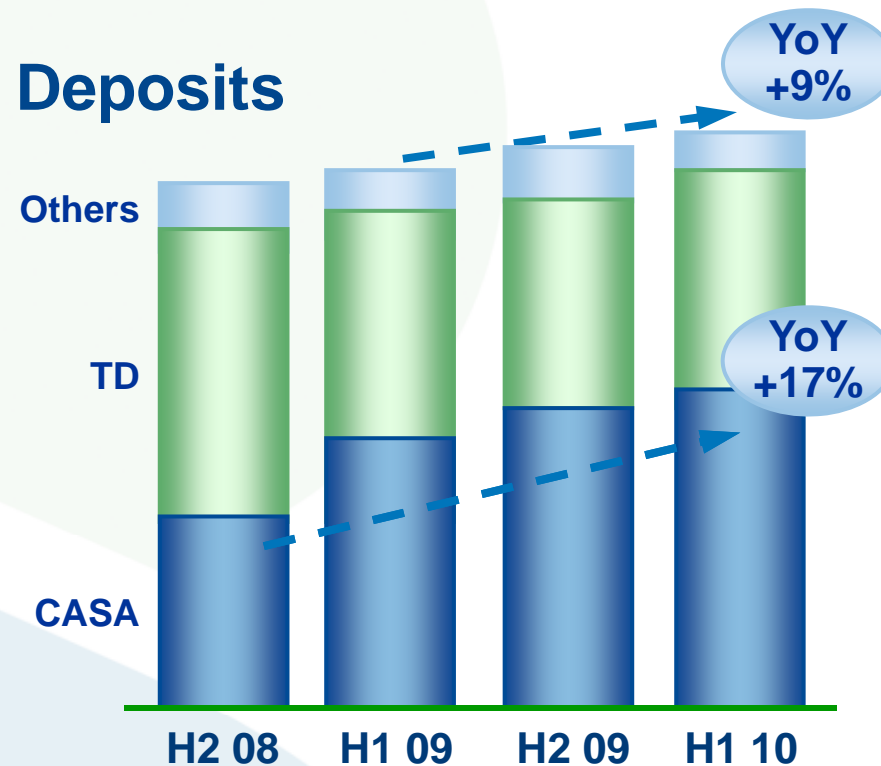
Source: SCB accounts

# Sustained growth

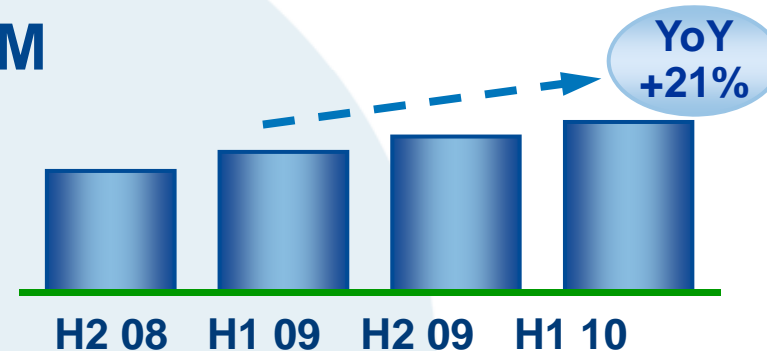
## Loans



## Deposits

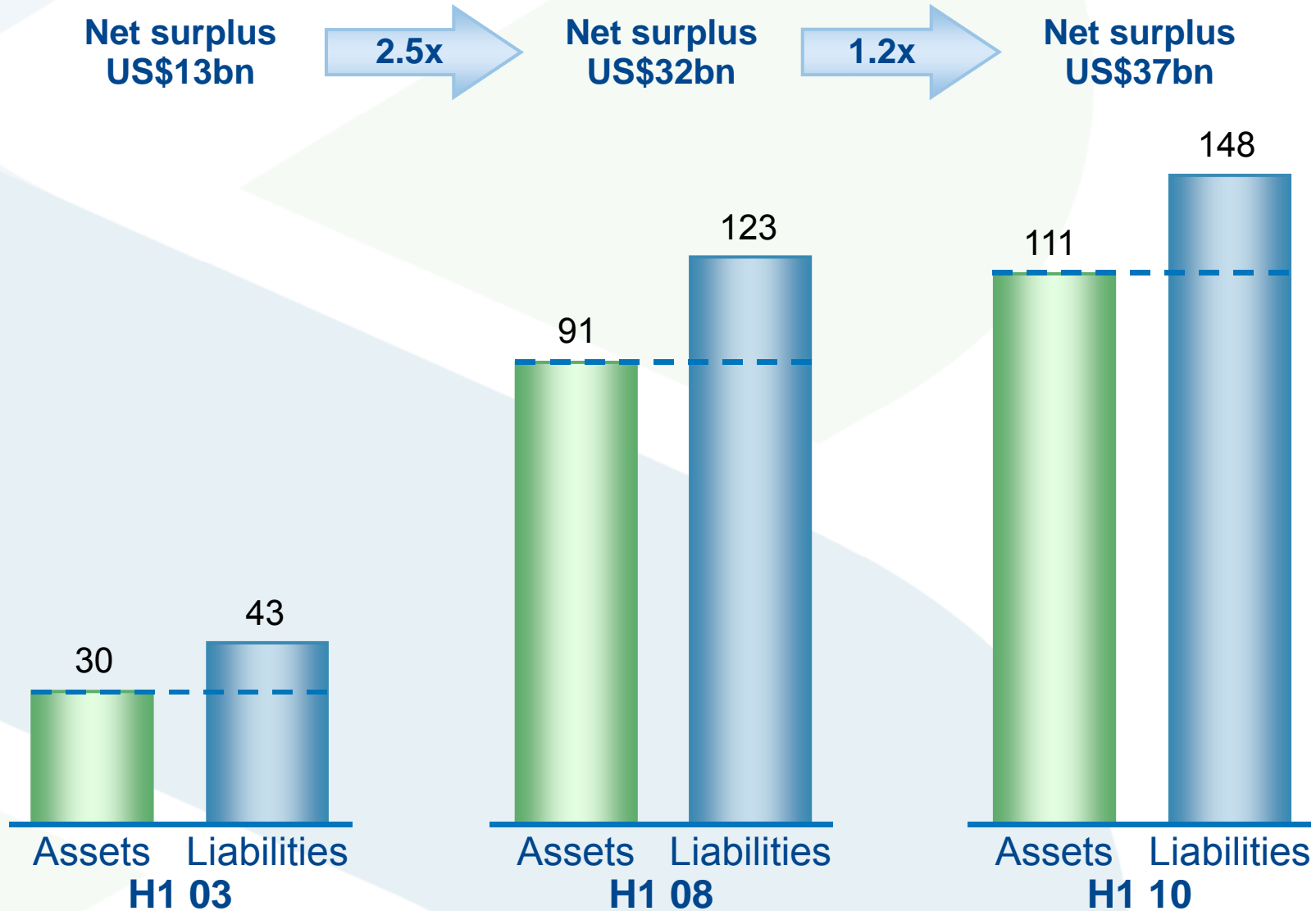


## AUM



Source: SCB accounts

# Balance sheet strong liquidity management

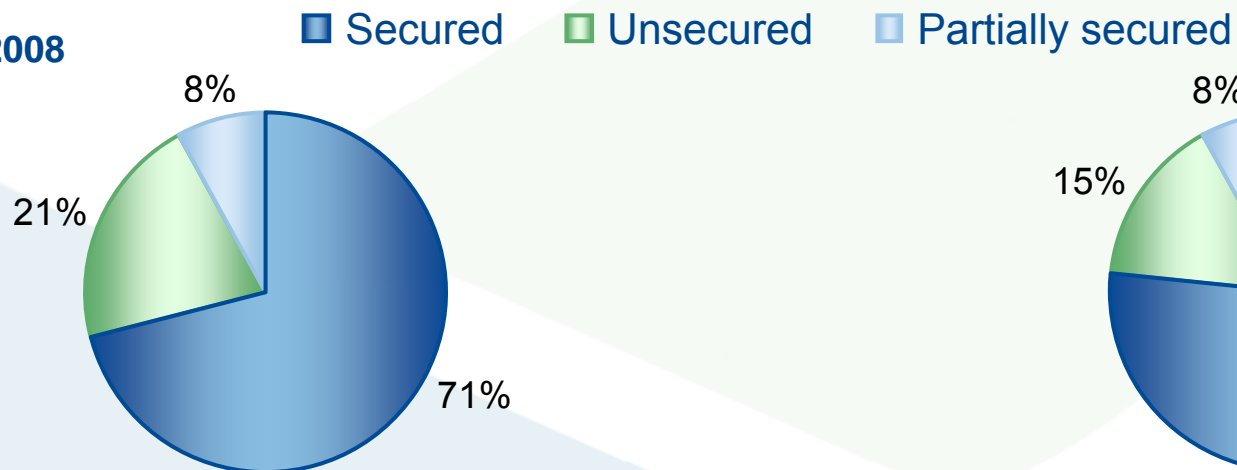


Source: SCB accounts

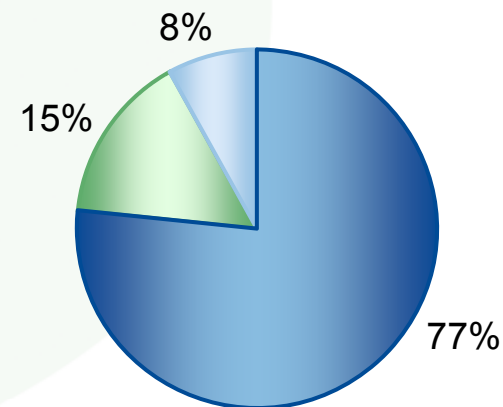
# Portfolio composition

## Portfolio mix

June 2008

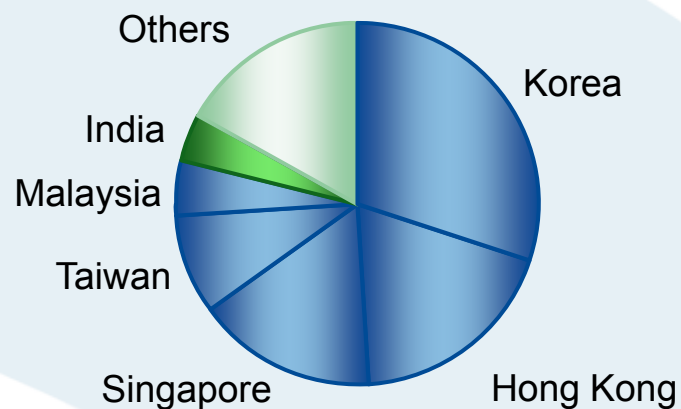


June 2010



## Geographical distribution (%)

■ Loss rate <1% ■ Loss rate 1-2% ■ Loss rate >2%



# Consumer Banking loan impairment trend

		Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	H1 10
<b>Mortgages</b>	LI/ANR	0.31%	0.08%	0.16%	0.03%	0.07%	0.05%
	30dpd/ENR	1.19%	0.99%	0.90%	0.70%	0.70%	0.70%
	Loan book (US\$bn)	51	55	58	60	61	61
	LI (US\$m)	40	11	23	5	12	17
<b>SME</b>	LI/ANR	1.96%	1.48%	1.33%	0.68%	0.52%	0.60%
	90dpd/ENR	2.42%	1.91%	1.61%	1.37%	1.10%	1.10%
	Loan book (US\$bn)	12	14	13	14	14	14
	LI (US\$m)	54	44	43	24	20	44
<b>Other</b> Including personal loans & credit cards	LI/ANR	3.21%	3.52%	2.81%	2.09%	1.76%	1.93%
	30dpd/ENR	3.40%	2.77%	2.68%	2.68%	2.58%	2.58%
	Loan book (US\$bn)	22	22	24	25	28	28
	LI (US\$m)	208	199	169	129	109	238
<b>Total</b>	LI/ANR	1.35%	1.13%	0.98%	0.62%	0.54%	0.58%
	30dpd/ENR	1.92%	1.60%	1.39%	1.26%	1.20%	1.20%
	Loan book (US\$bn)	85	90	95	100	103	103
	LI (US\$m)	302	254	235	158	141	299

Source: SCB accounts

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



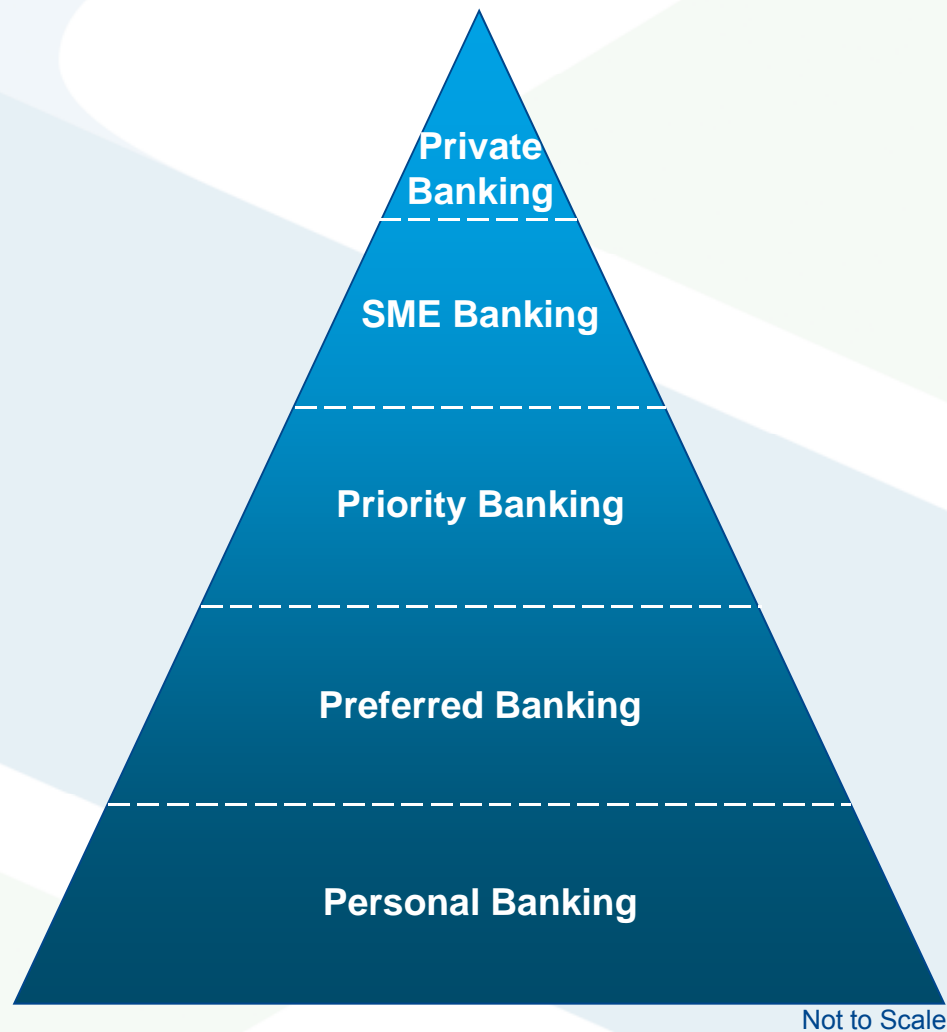
# Income by products - additional disclosure

US\$m	H1 09	H1 10	YOY %
Cards, Personal Loans and Unsecured Lending	954	988	4
Mortgages and Auto Finance	540	733	36
Wealth Management and Deposits	1,100	1,106	1
Wealth Management	400	535	34
Deposits	700	571	(18)
Others	91	85	(7)
<b>Total Income</b>	<b>2,685</b>	<b>2,912</b>	<b>8</b>

Source: SCB data

# Income by segment mix

H1 2010 vs H1 2009  
Income growth %



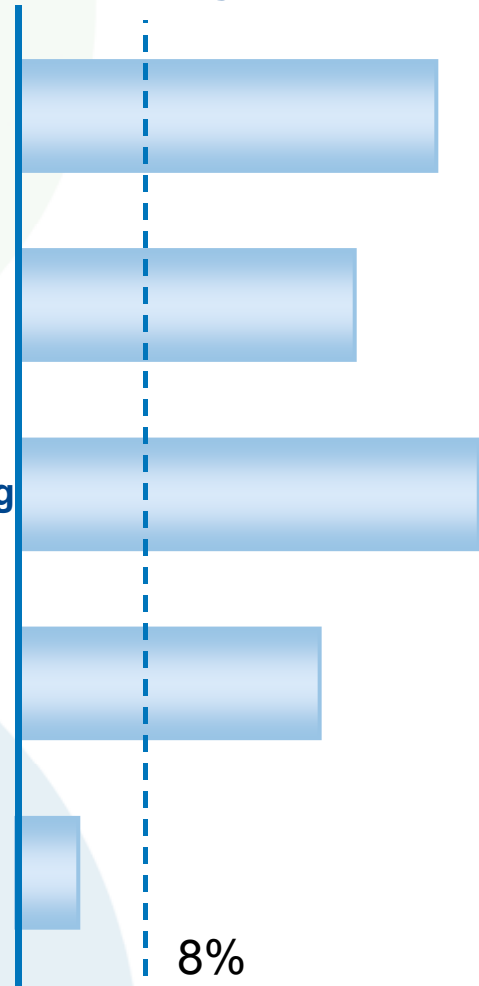
Private Banking

SME Banking

Priority Banking

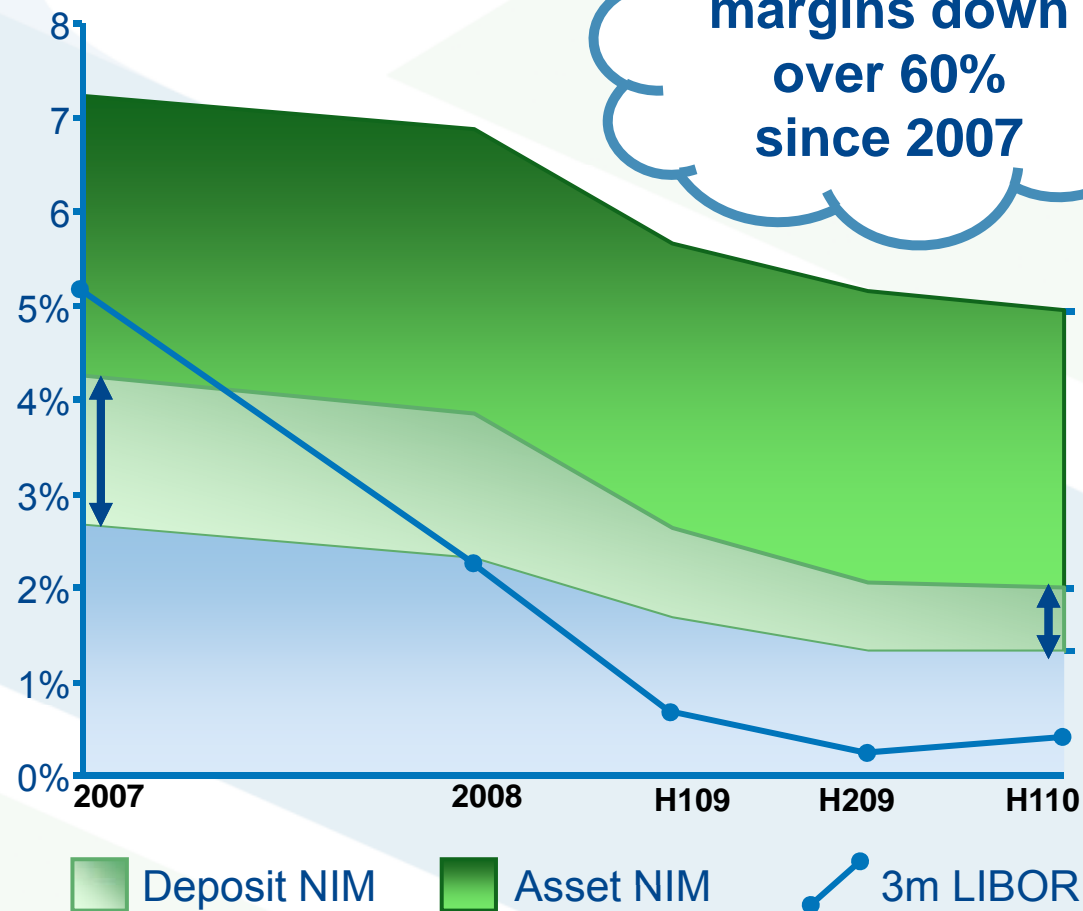
Preferred Banking

Personal Banking



# Consumer Banking margin dynamics

Interest  
rate %



H1 2010  
US\$bn

Assets 111

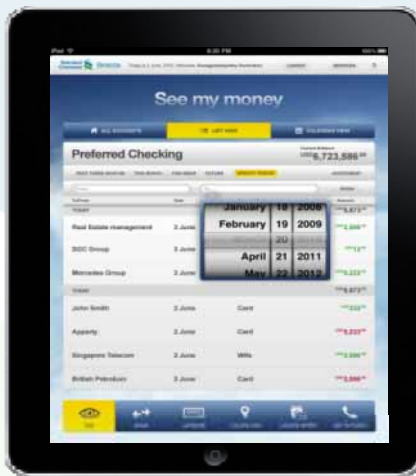
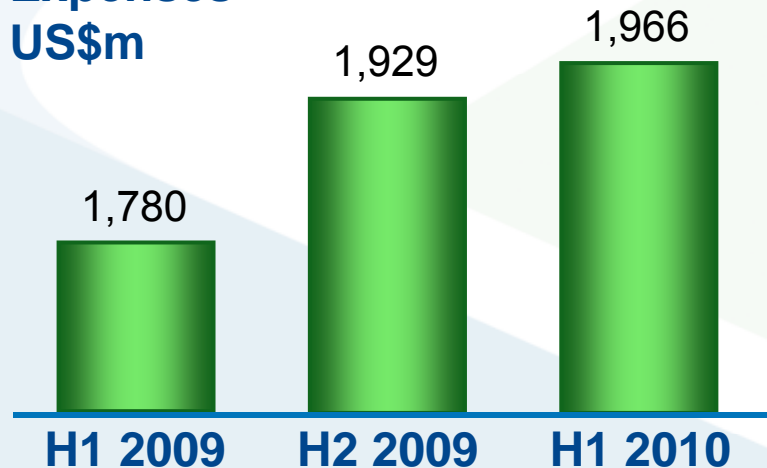
Liabilities 148

Net deposit  
surplus 37

Source: SCB accounts

# Investments weighing long term vs short term

Expenses  
US\$m



- Increase sales capacity
  - Over 600 RMs
- Priority hubs in major franchise cities e.g. Seoul, Hong Kong, Singapore
- Build into equities and unsecured products
- Transformation investments
  - On-line mobile capabilities
  - CRM systems
  - SC way
- Branches, Express Banking Centres in India, China, Hong Kong, Taiwan, Korea
- Marketing spend up 50%

Source: SCB data

# What's going well?

- High value segments
- Good balance sheet momentum - gaining market share
- Asset quality holding up
- Low loan impairment
- Transformation of KPIs indicating execution traction

# Key focus areas

- Executing Consumer Banking agenda
- Increasing competition
- Structural low margins
- Long term vs short term trade-offs
- Driving Personal Banking

# Key messages

- We're on track
- Gaining market share
- Improved impairment created investment window

# Wealth Management

**Judy Hsu**

Global Head, Wealth Management

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

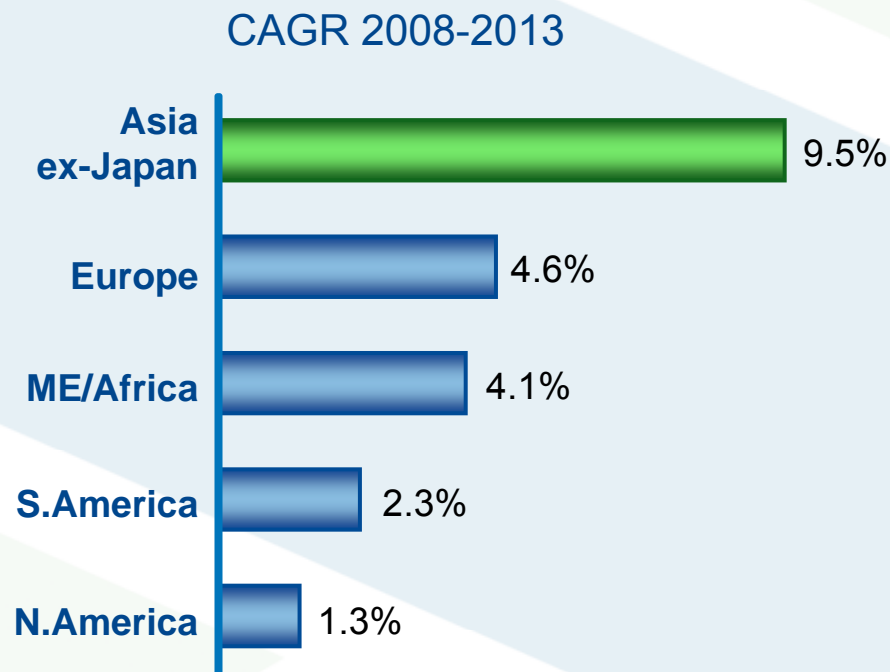




# We are well positioned to capture the growth opportunity

## Market growth rate

- Asia is projected to have the fastest growth in Wealth Management



## Standard Chartered

- We are one of the largest banks in Asia and well positioned to capture the opportunities

High Value  
customers

> 2 million

Number of  
branches

> 1,700

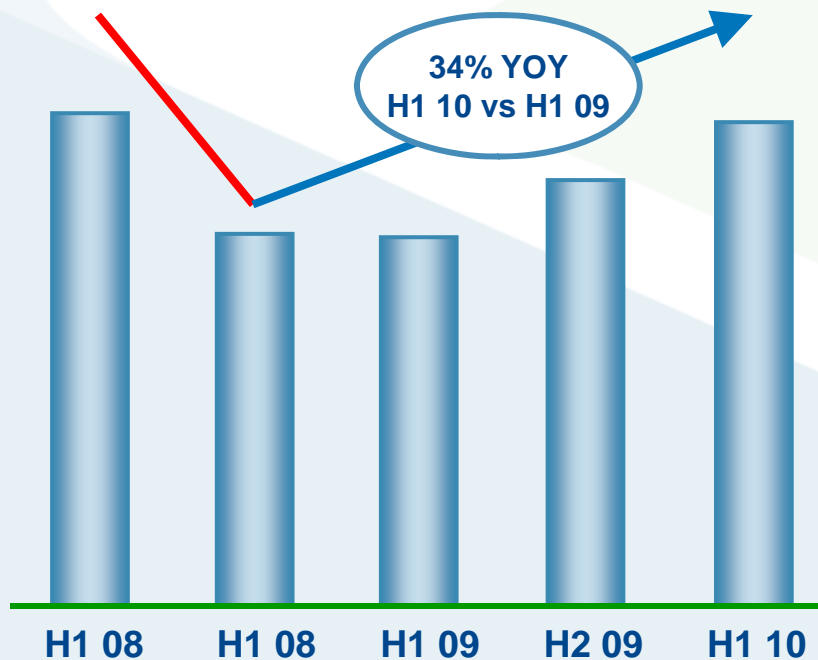
Number of  
RMs

> 5,400

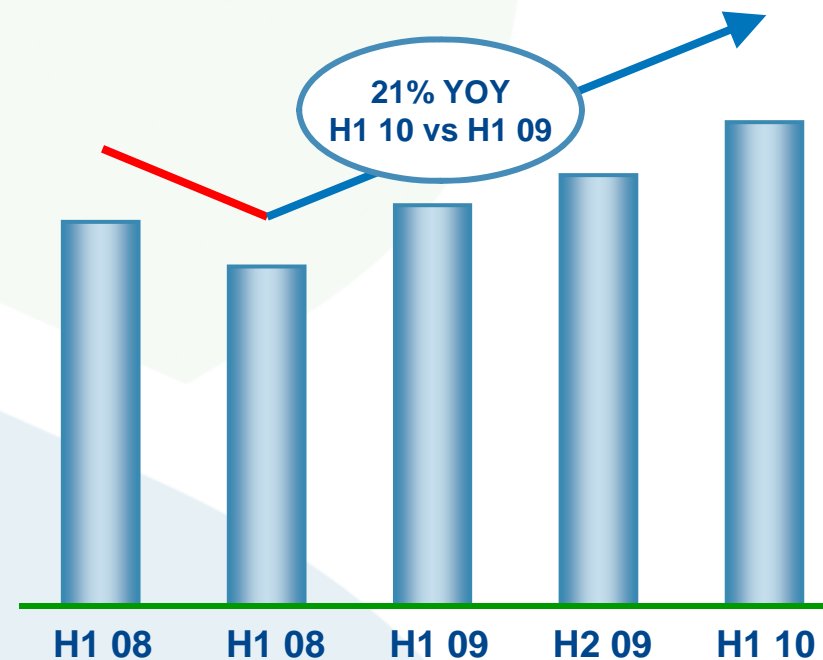
Source: BCG Wealth Market Sizing Database 2009. AuM for 2009-2013 are based on projected estimates.

# 2010 financial performance: rebound in both fees and AUM

## Wealth fees



## AUM



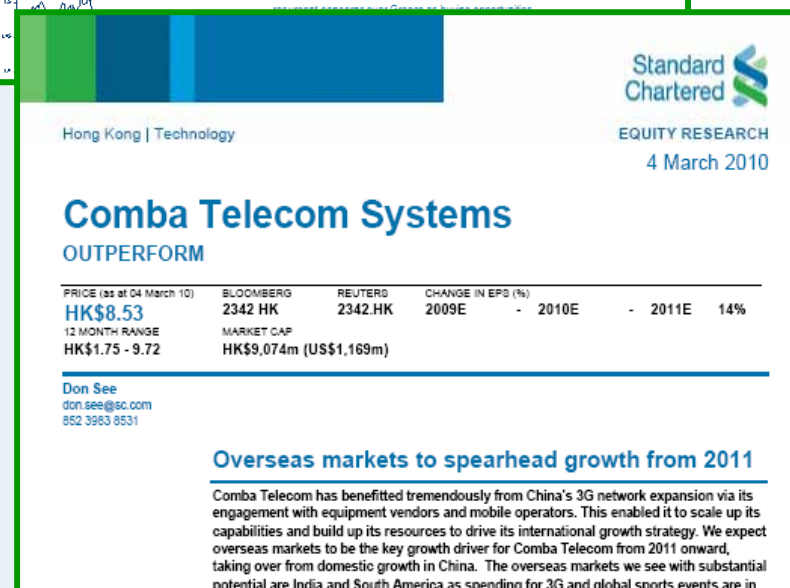
- Wealth income bottomed out in H1 09
- Post crisis, industry is still undergoing significant changes in regulations and customer behaviour
- Our wealth strategy is well aligned to adapt to these changes

Source: SCB data

# A compelling value proposition

## Expertise in our footprint

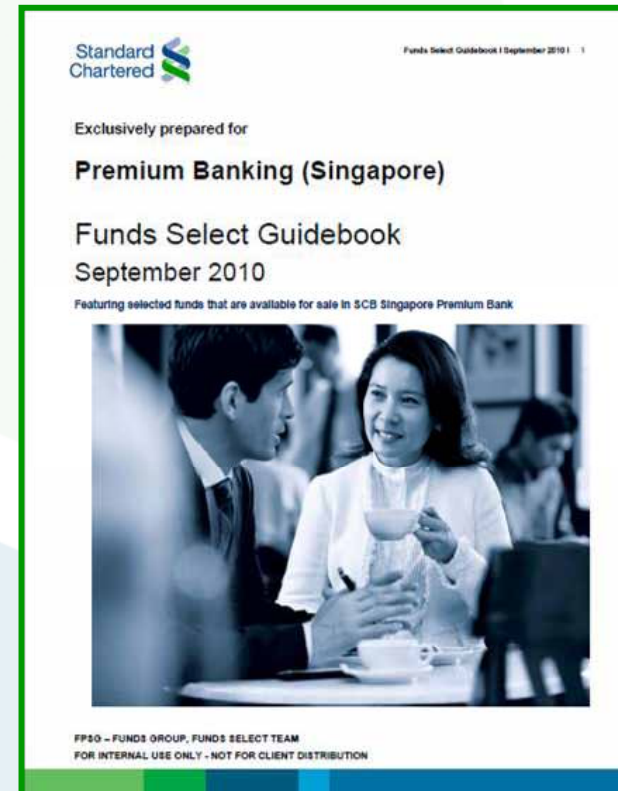
- Superior market insight & investment ideas leveraging on our expertise in Asia, Africa & ME
- One Bank collaboration to offer cross-geographic investment opportunities
- Product leadership in CNY



# A compelling value proposition

## World class needs-based solutions

- Comprehensive set of financial solutions tailored to customer needs
- Open-architecture platform to provide best-in-class products
- Global consistency & governance
- Enhanced equities proposition



# Delivering a strong value proposition

## Structured advisory process

- Customer focused and objective advice through detailed needs analysis and risk profiling
- Systematic approach to portfolio construction & on-going portfolio reviews
- Transparent performance reporting



# Delivering a strong value proposition

## Convenience and speed 24 x 7

- Remote transaction capabilities for equities, FX and mutual funds anytime, anywhere
- Online portfolio reports
- Straight through multi-product dealing platform for RMs



- Our Wealth Management business is performing well and we have built back to pre-crisis levels
- Wealth Management in Asia is a large and growing market
- We are well positioned to capture the opportunity leveraging on our key enablers, distribution reach and strong brand



# Consumer Banking High Value Segments

**Shayne Nelson**

Global Head, Private Banking

**Som Subroto**

Global Head, SME Banking

**Foo Mee Har**

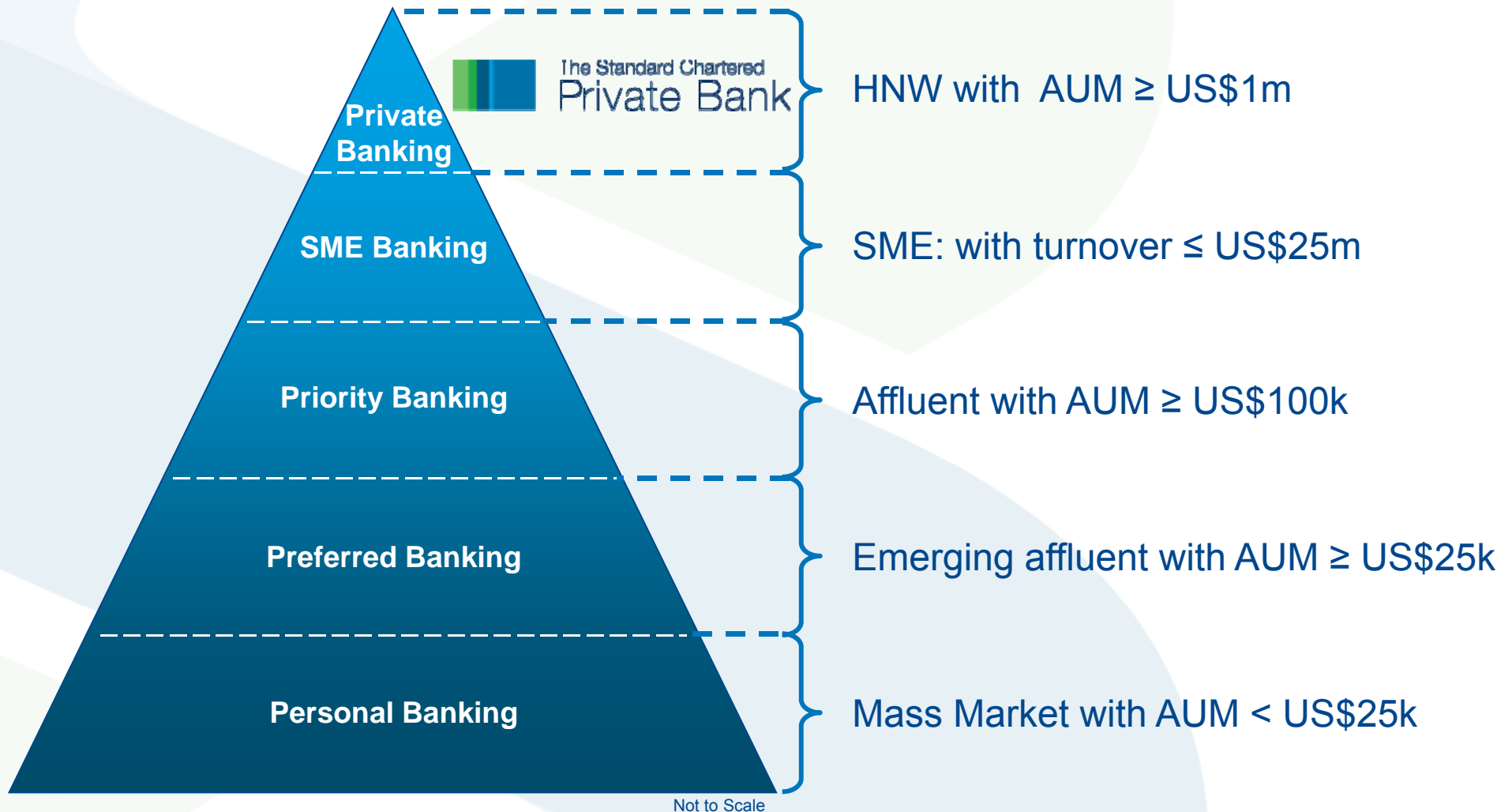
Global Head, Premium Banking

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

Standard  
Chartered 

# Focus on high value segments - Private Banking

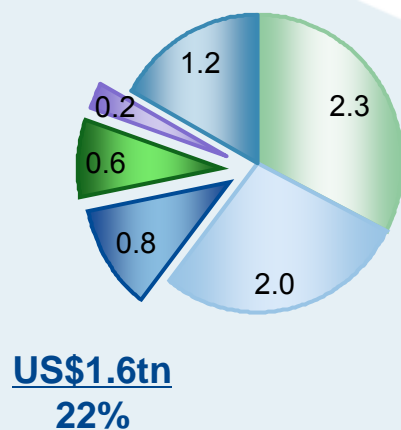
## Program criteria



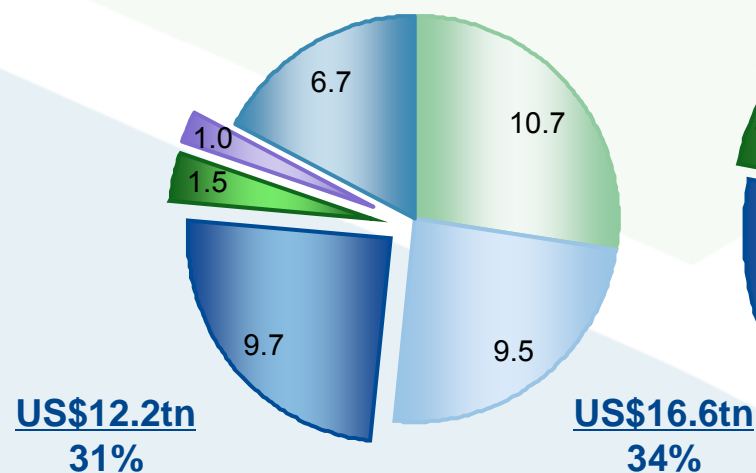
Note: Program criteria are indicative and vary by countries based on local market environment

# Strong wealth creation in our core regions

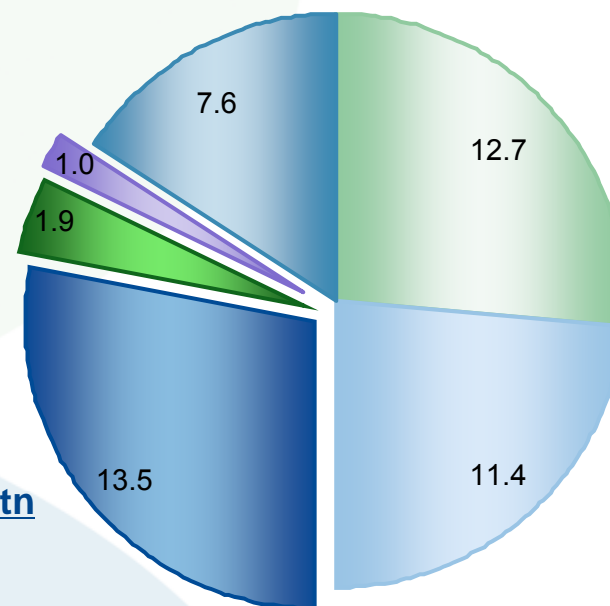
1986 \*  
HNWI total US\$7.2tn



2009 †  
HNWI total US\$39tn



2013 E ‡  
HNWI total US\$48.5tn



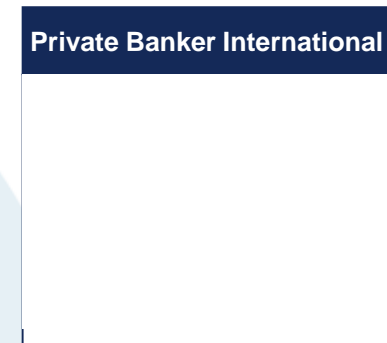
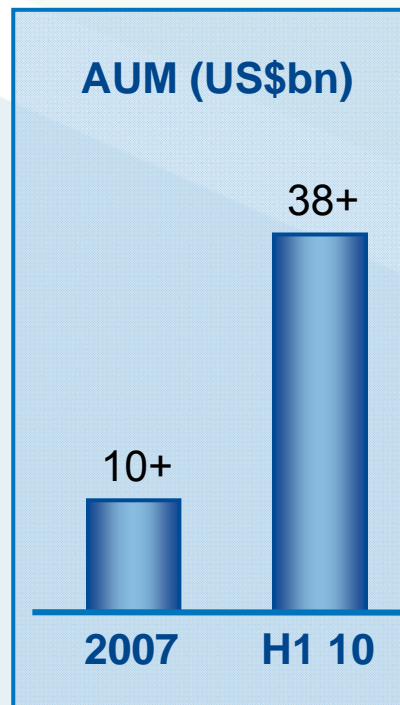
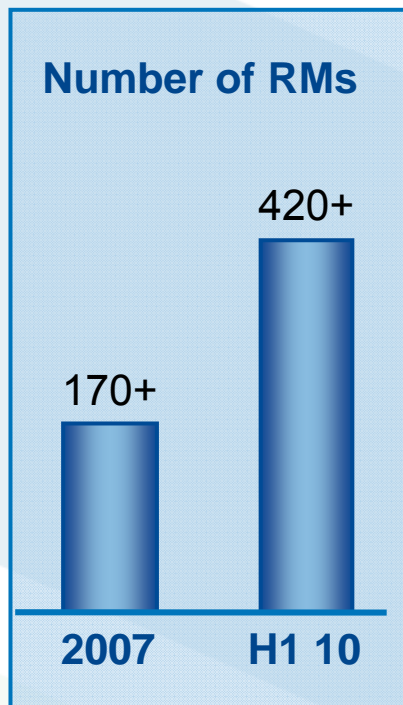
North America Europe Asia Middle East Africa Latin America

Source: \* Weldon 1998 † MLCG World Wealth 2010 ‡ MLCG World Wealth 2009

# Successful launch and strong growth

Continued to strengthen the  
Private Banking franchise...

...with recognition from peers



# Clear strategy and strong Customer Value Proposition

## PARTICIPATION MODEL

- In and for Asia, Africa and the Middle East
- Differentiated client segments

## CUSTOMER FOCUS

- Service excellence
- Holistic solutions
- Deepen relationships
- Trusted advisor

## ‘BACK TO BASICS’

- Strong governance and risk control
- Improve productivity
- Invest in people
- Global platform

# One bank as source for competitive advantage

## One Bank collaboration

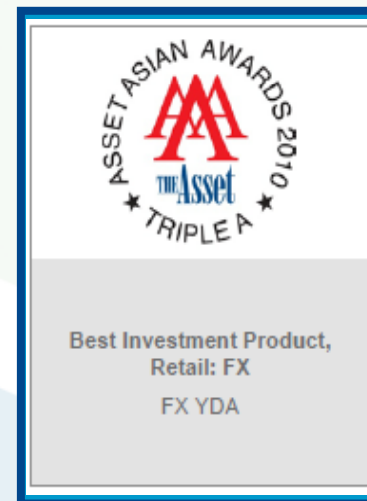
### PB collaboration with other divisions

- Consumer Banking
- Priority Banking
  - SME Banking
  - Wholesale Banking

### Collaboration benefits

- Deepen client relationships
- Build value propositions
- Platform efficiencies

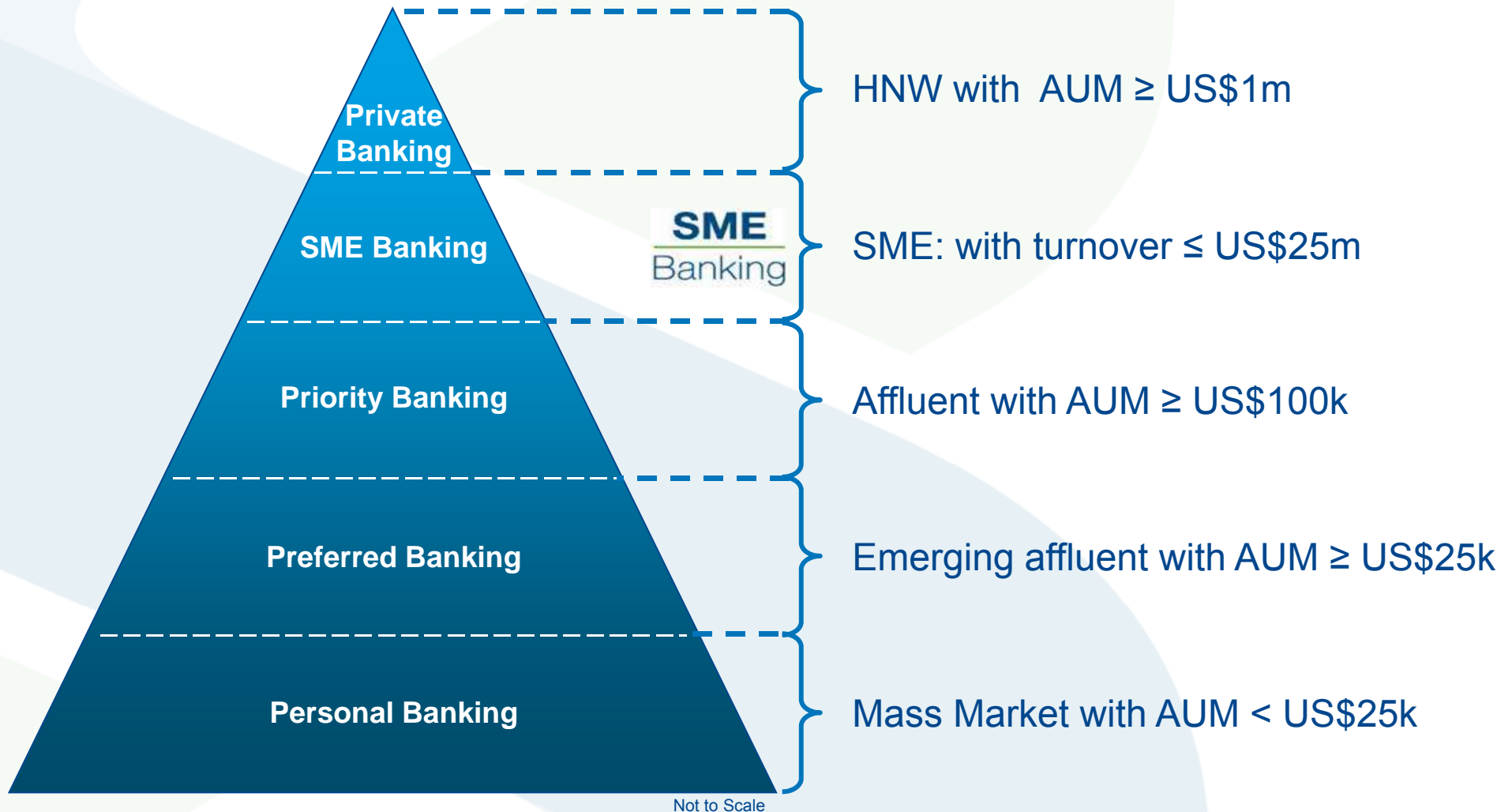
## External recognition



# Focus on high value segments - SME Banking



## Program criteria

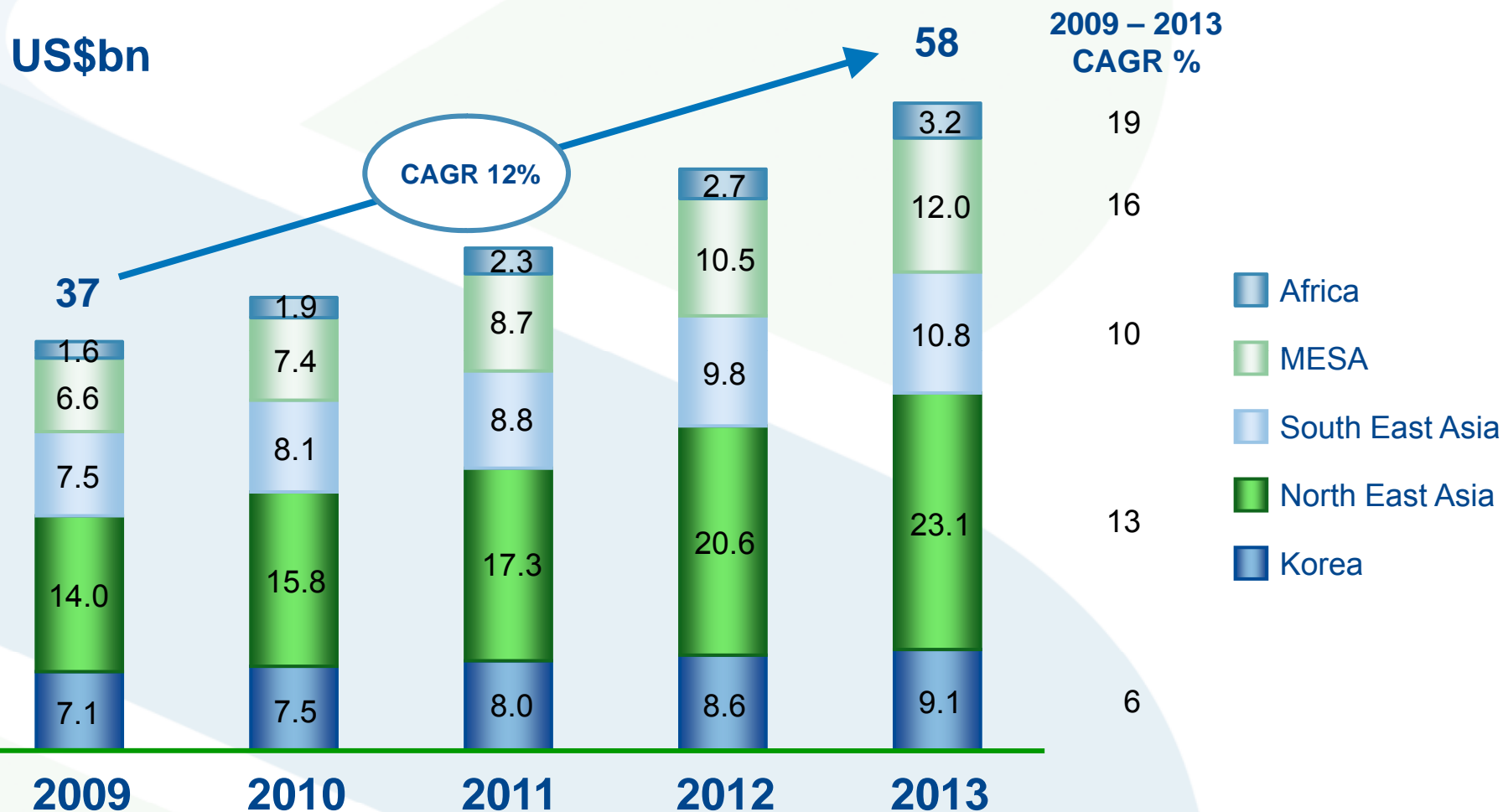


Note: Program criteria are indicative and vary by countries based on local market environment



# Substantial opportunity in our markets

## SME market pool projections for 5 regions (18 countries)



Source: SCB internal estimates. Market pool projections applicable only in regions/cities where SME Banking operates.

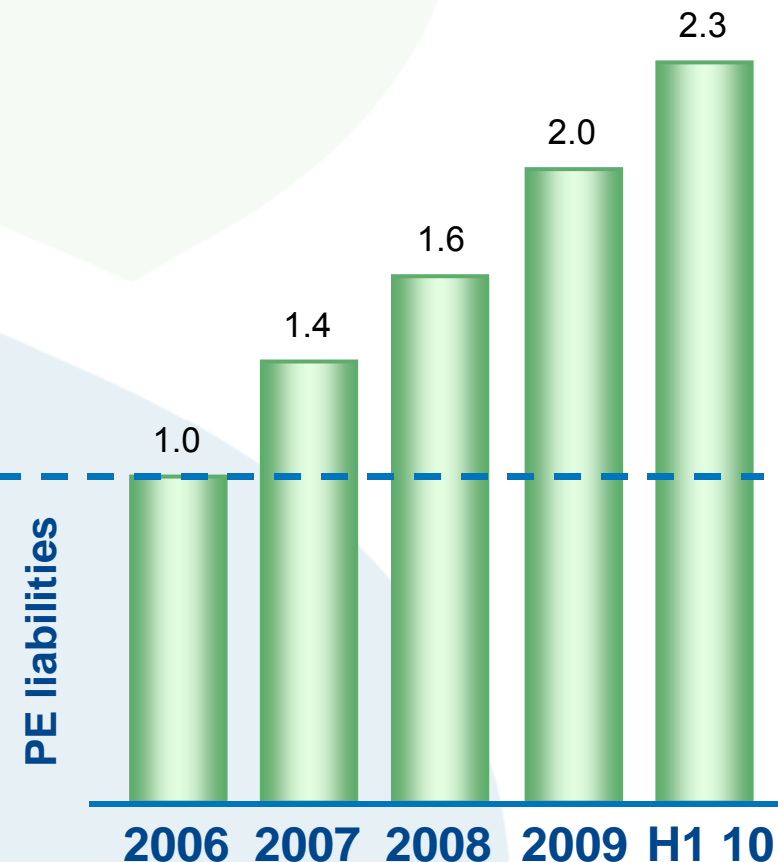
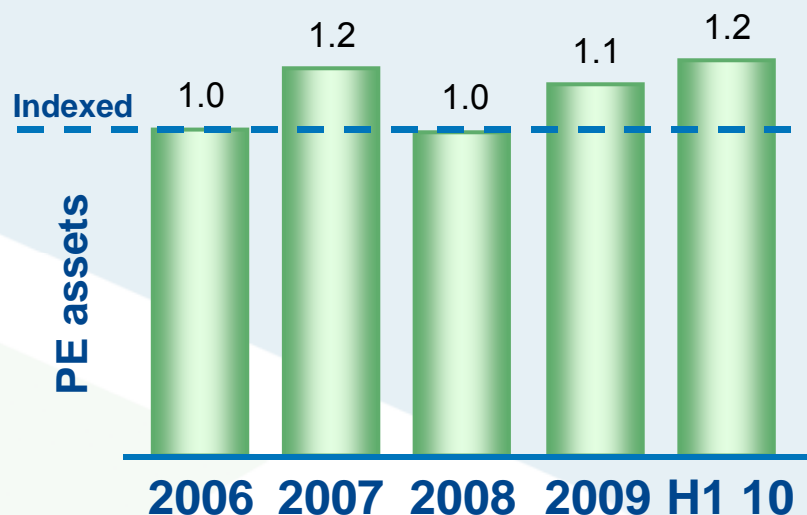
# SME Banking: robust balance sheet momentum

## Reshaping asset portfolio

- Collaborate in government guarantee schemes
- De-risking of unsecured assets
- Growth in trade balances

## Deposit led growth

- Improving deposit mix
- Transactional convenience



Source: SCB data

# Shifting to customer focused strategy

## PARTICIPATION MODEL

- Cross border, trade & industry focus
- Deployment of hub-and-spoke structures leveraging shared utilities
- Alignment of risk appetite to the participation models

## CUSTOMER FOCUS

- Superior service by specialists
- Differentiated customer value propositions for medium enterprises and smaller businesses
- Valued total relationships

## ‘BACK TO BASICS’

- Improving turnaround time for selected services
- Developing market leading RMs and maximising branches for sales and servicing
- Balanced business and superior risk management

# Propositions tailored around business needs

Working Capital

Business

Protection & Risk

Yield

We facilitate your cashflow mgmt so that you can focus on running your business

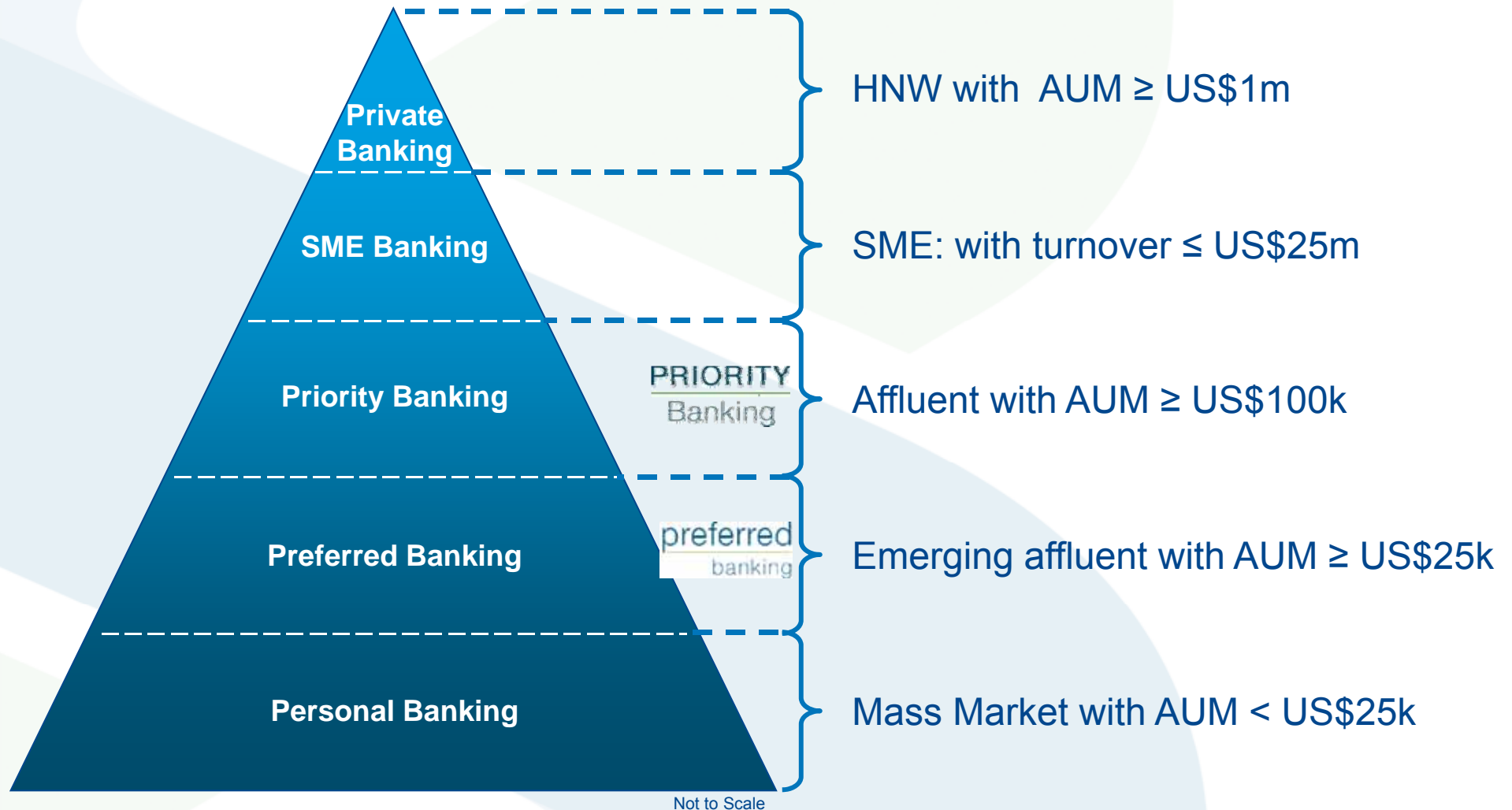
We provide fast turnaround so you get quick access to funds for your business expansion

We help you protect your business in an unpredictable world

We provide solutions that lets your surplus cash work for you

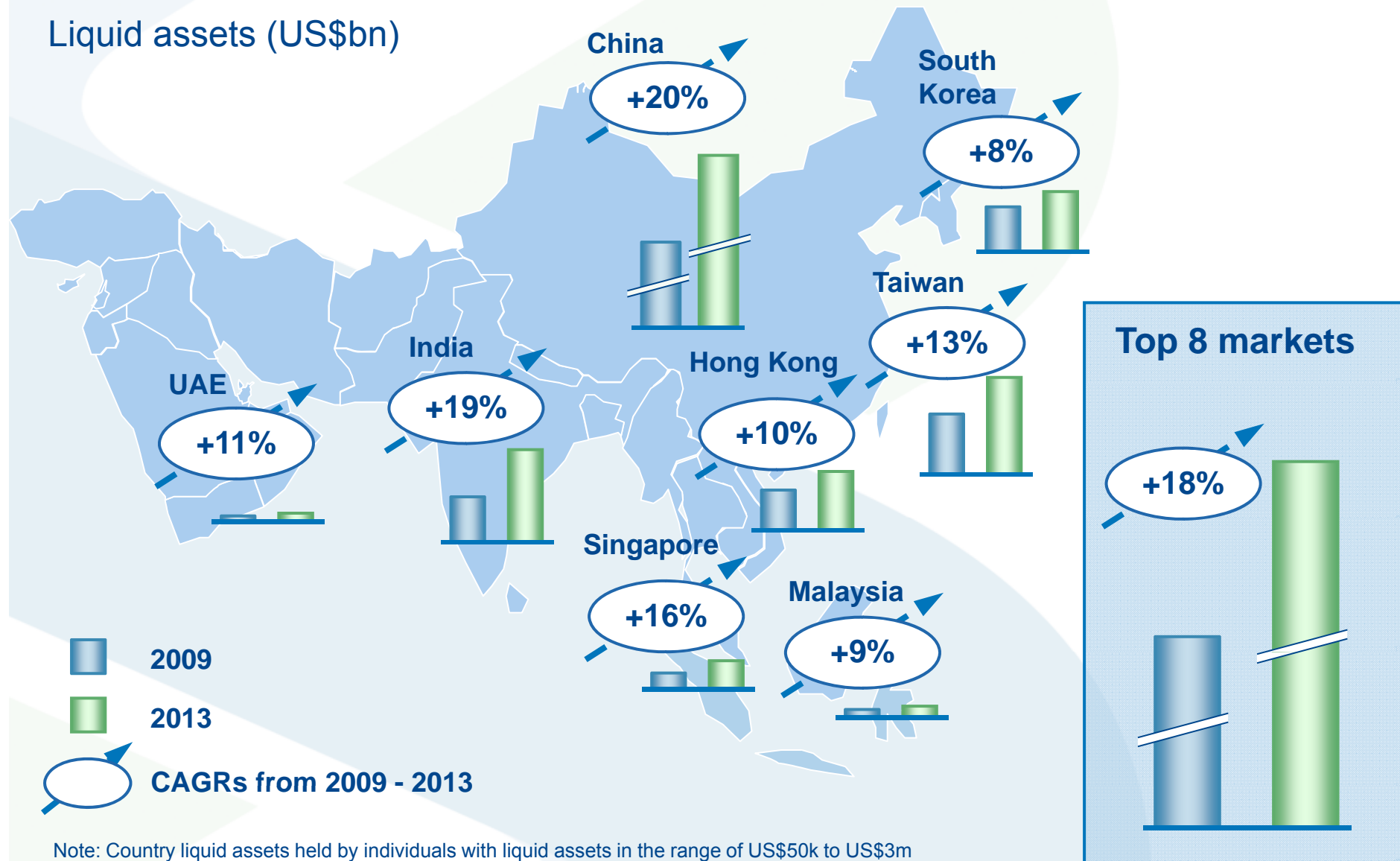
# Focused on High Value Segments - Premium Banking

## Program criteria



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

# Rapid affluent and emerging affluent segments growth



# Clear customer-focused strategy

## PARTICIPATION MODEL

- Core growth engine: affluent and emerging affluent segments
- International corridors
- Scalable, institutionalised RM force

## CUSTOMER FOCUS

- Distinctive and compelling customer value propositions
- Addressing international mobility needs
- RMs as trusted, holistic advisors

## ‘BACK TO BASICS’

- Service commitments and integrated across channels
- Seamless cross-border banking
- Systems and tools empowering RMs



# Successful global launch of Priority Banking



## PRIORITY Banking



**20  
markets**

**+ 39%  
customers**

**+ 35%  
NPS**

Source: SCB Analysis; Compares June 2010 vs. Jun 2009

# Introducing a new class of banking for the emerging affluent

banking

**more Personal**



**more Convenient**



**more Rewarding**



# Key messages

- Strong growth opportunities and uniquely positioned
- Clearly articulated strategy and capturing synergies
- Results on track

# Delivering customer-focused banking

**James Galloway**

Group Head, Personal Banking &  
Chief Marketing Officer

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



- Continued improvement to customer experience and service quality by embedding the Customer Charter
- Translating service improvements into value through bundle solutions
- Customer value propositions and service commitments support our **Here for good** brand promise

# Consumer Banking Customer Charter



**Our team is here to give you...**

**Friendly, fast and accurate service**

**Solutions to your financial needs**

**Recognition of your overall banking relationship**

**Our goal is to be the Bank YOU RECOMMEND  
to friends and colleagues**

# Our Customer Charter is being integrated into our business

## People

- 1,591 'Here for customer' workshops for ~39,000 participants
- Day one readiness, branch plans, more empowerment

## Product

- Solutions and bundles
- SCB Way sales framework

## Place

- Branch re-design and better e-channels
- VOC & CVP inform service and standards in all channels

## Price

- Pricing based on customer behaviors and risk
- Rewards & recognition – pan-bank rewards

## Promotion

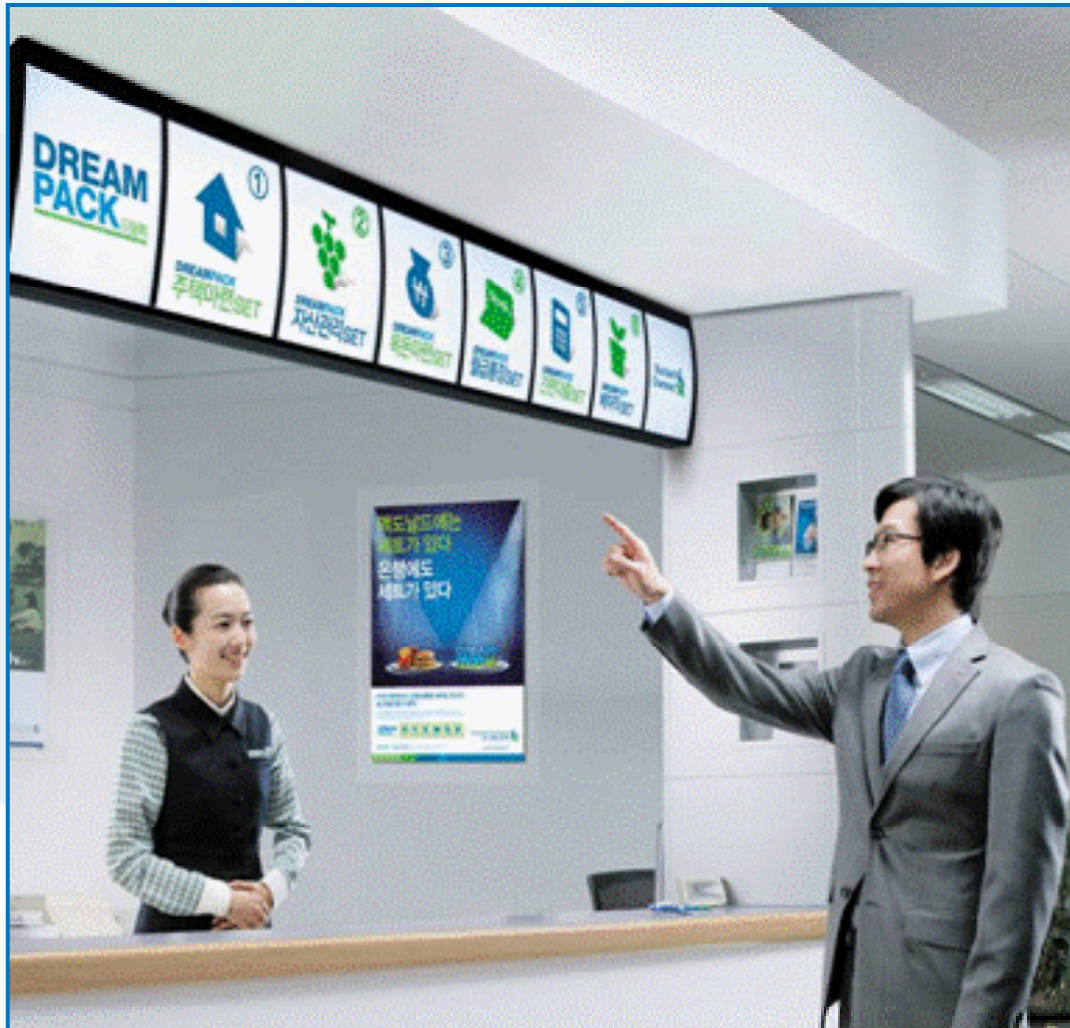
- 'Here for good' and 'Customer Charter'
- Customer Charter proofs ads

## Process

- Re-engineering for service quality
- Addressing critical moments of truth



# Product bundles address customers' needs with added convenience



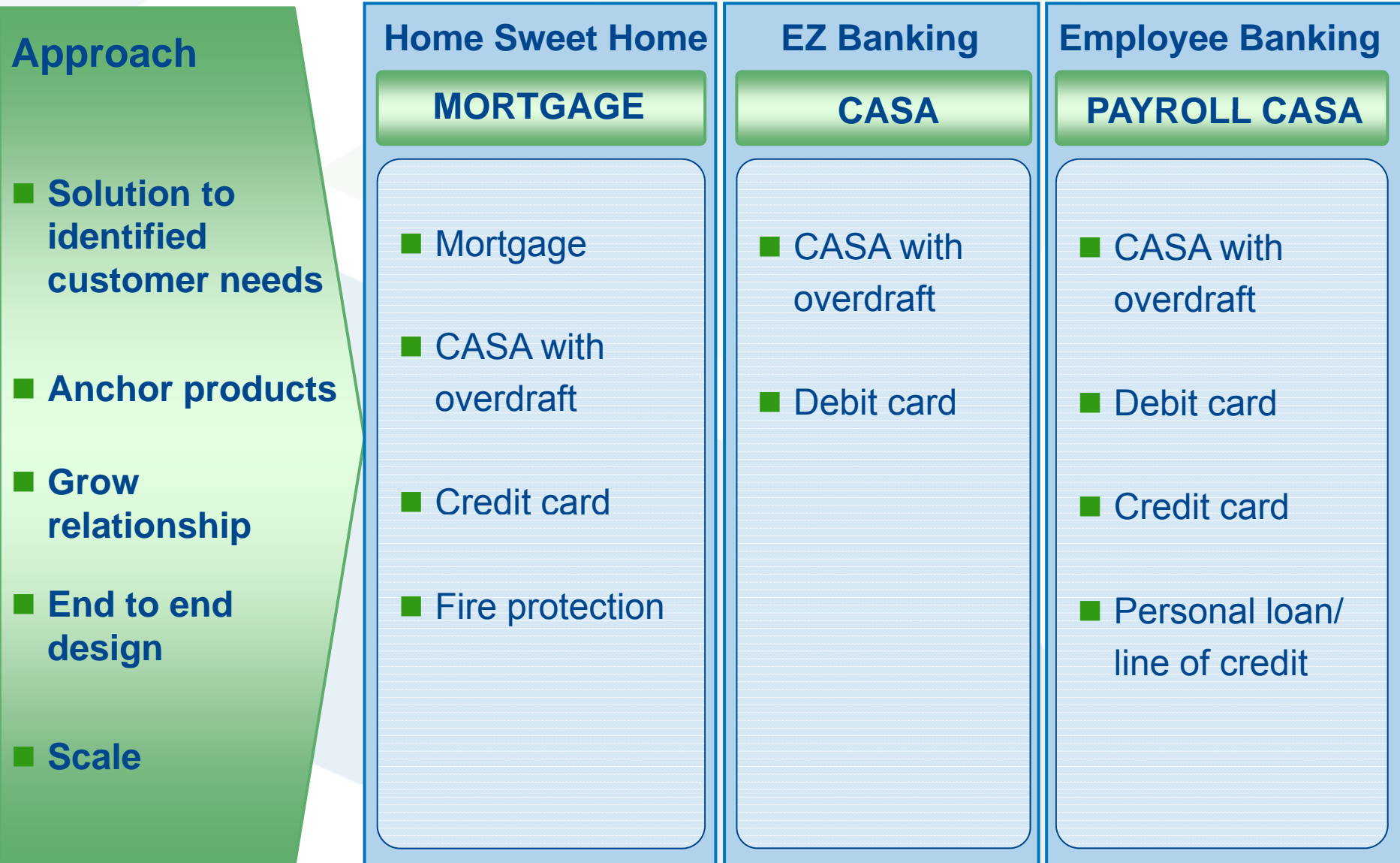
## What are bundles?

- Set of products to address customers' key life events or segment needs

## Benefits to customers?

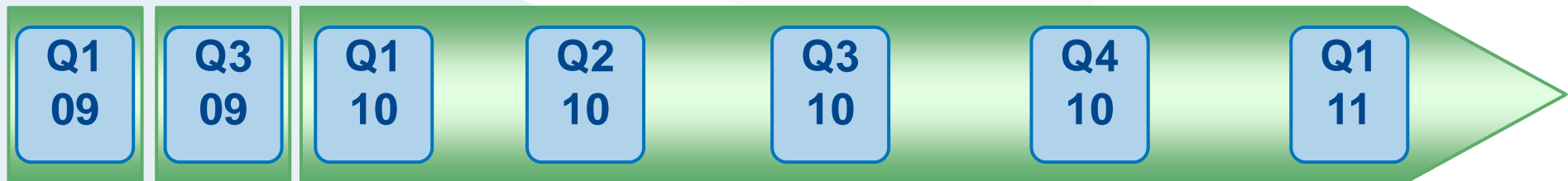
- Convenience
- Value

# Implementing 'Real Bundles'



# Significant increase in marketing activity

## Strategy and Customer Value Propositions...



**Sales,  
service &  
branding**



Customer  
Charter &  
SC Way



Here for good



LFC sponsorship

**Proof-based  
advertising**

- Continued improvement to customer experience and service quality by embedding the Customer Charter
- Translating service improvements into value through bundle solutions
- Customer value propositions and service commitments support our **Here for good** brand promise

## Q & A

# 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'**



**Deliver sustainable operating performance**



# Investor trip 2010

## Wholesale Banking

**Mike Rees**

Group Executive Director & CEO  
Wholesale Banking

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

Standard  
Chartered 



# Wholesale Banking agenda

<b>14:00 – 15:00</b>	<b>Wholesale Banking strategy</b>	<b>Mike Rees</b>
15:00 – 15:45	Wholesale Banking performance	Vivek Ahuja
15:45 – 16:00	Tea & coffee break	
16:00 – 16:45	Corporate values & culture	Lenny Feder, Sean Wallace, Karen Fawcett, Ray Ferguson
16:45 – 17:30	Wholesale Banking Q&As & recap	WB management team
17:30 – 18:30	Free time	
18:30 – 19:00	Travel to Clarke Quay	
19:00 – 22:30	Team building, make your own dinner at the Coriander Leaf	Hosted by WB management team

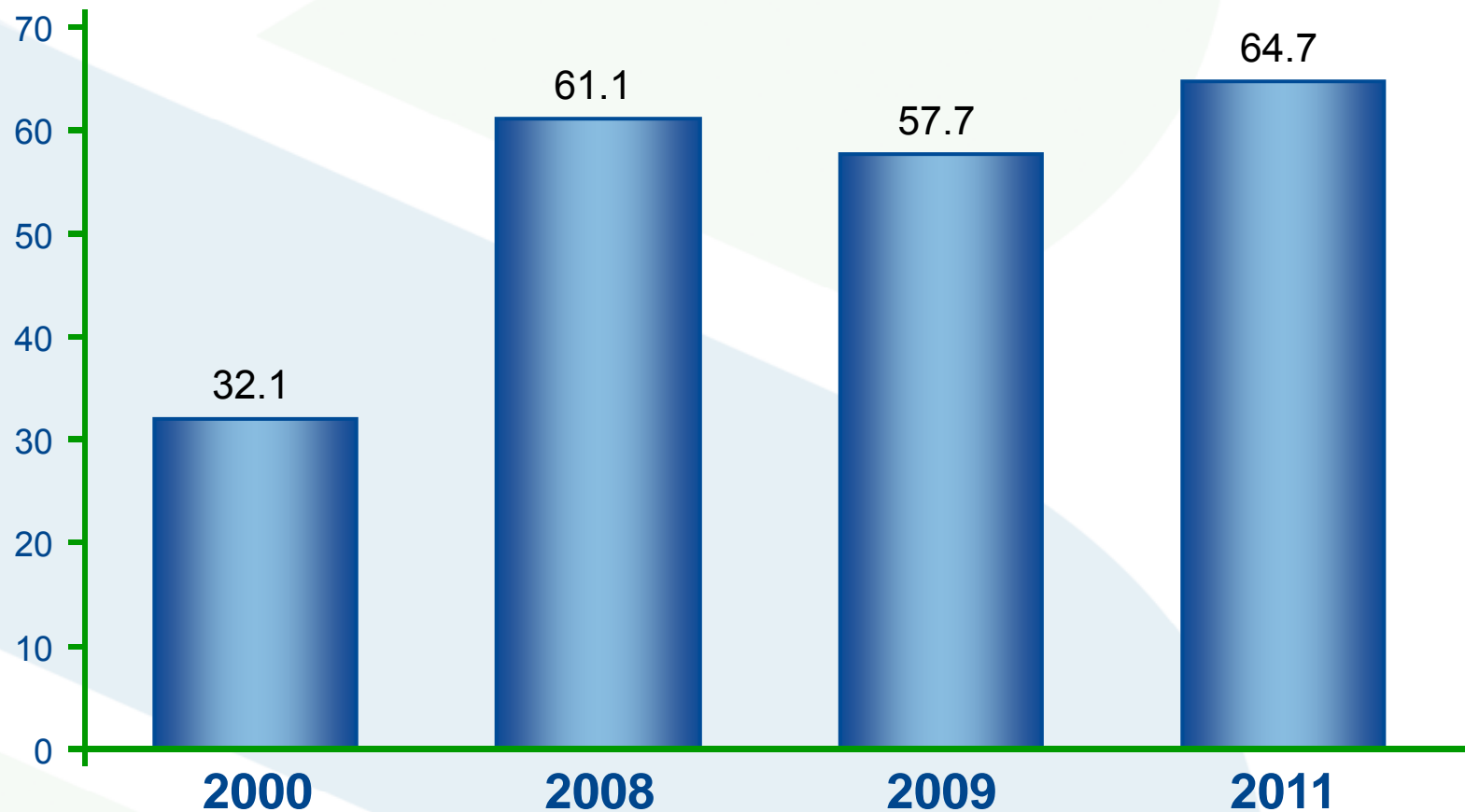


# Key messages

- We operate in attractive markets
- We have a clear and consistent strategy with significant upside potential
- Our Commercial Banking foundation provides us with the platform to deliver enhanced capabilities
- We have deepened our client relationships and delivered market leading transactions
- We are well-positioned and well invested for future growth as competition returns to our markets

# Growth in world nominal GDP

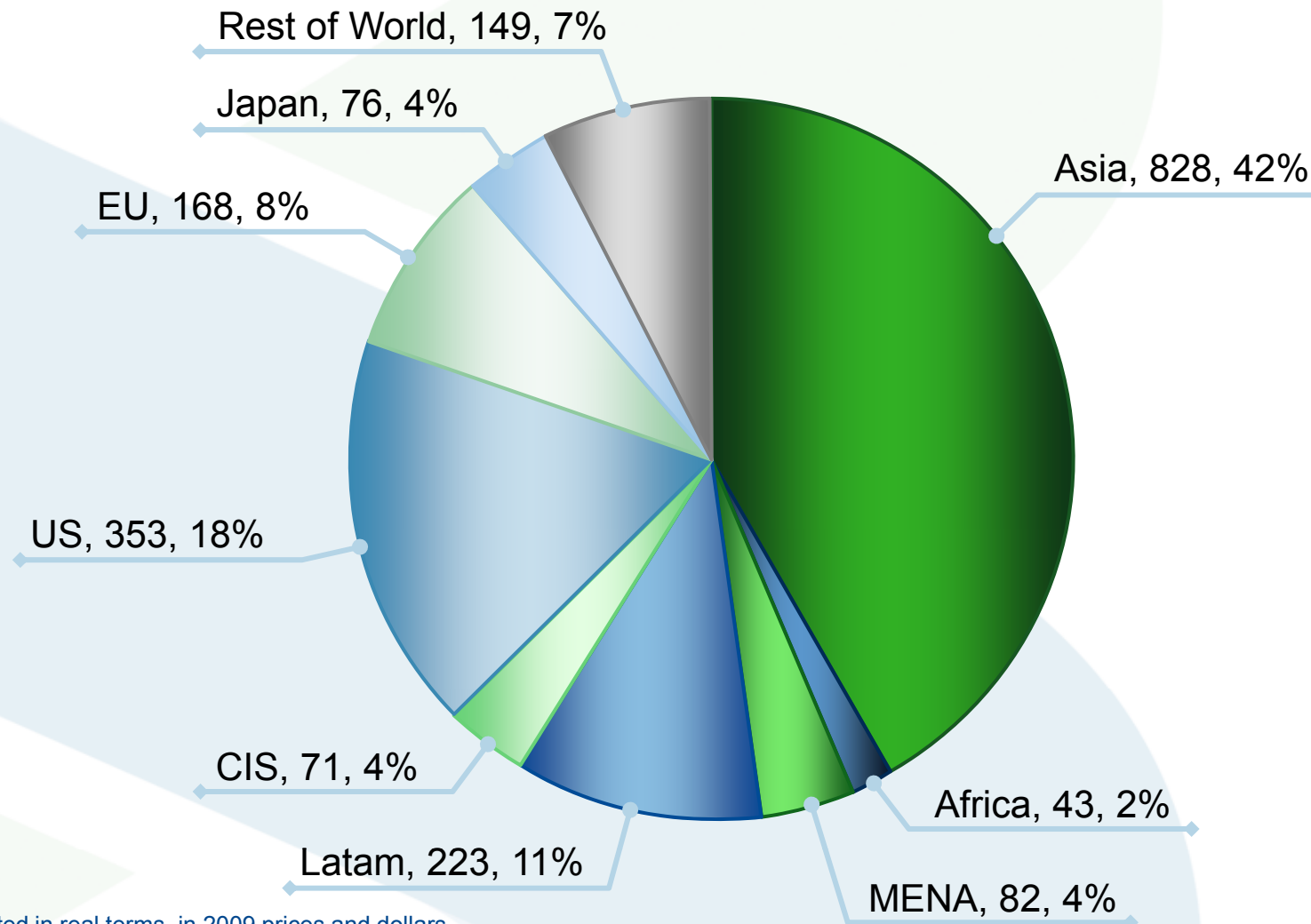
## World nominal GDP current cycle (US\$tn)



Source: IMF

# 70% of global growth this year is coming from Emerging Markets

## Contribution to global growth in 2010, US\$ bn and %



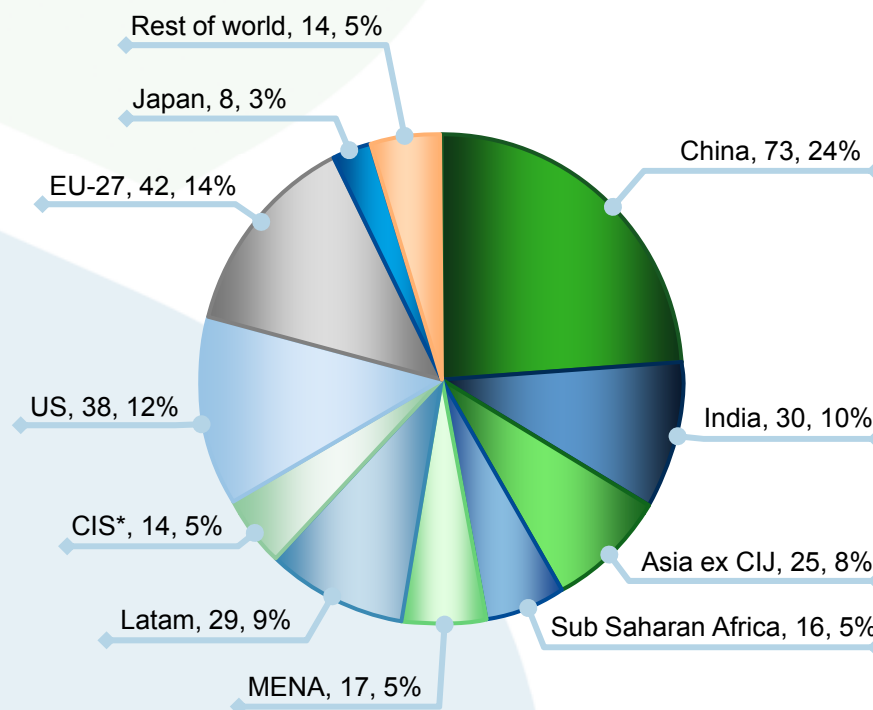
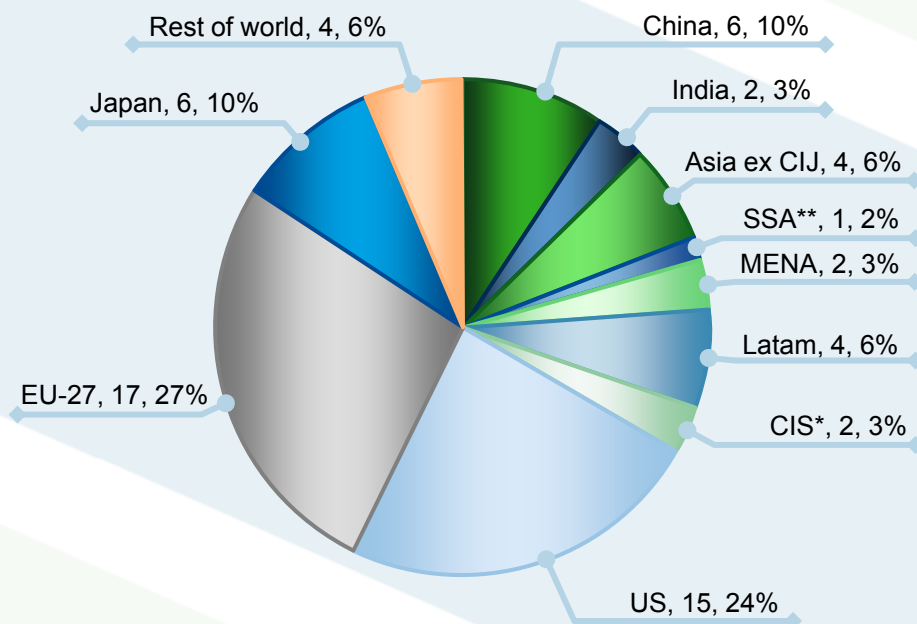
Note: Calculated in real terms, in 2009 prices and dollars.  
Sources: IMF, Standard Chartered Global Research

# Projected change in nominal GDP distribution

**Asia, Africa and the Middle East anticipated to be 50% of global GDP by 2030**

**Nominal GDP 2010, US\$62tn**  
(US\$tn, % of global)

**Nominal GDP 2030, US\$309tn**  
(US\$tn, % of global)



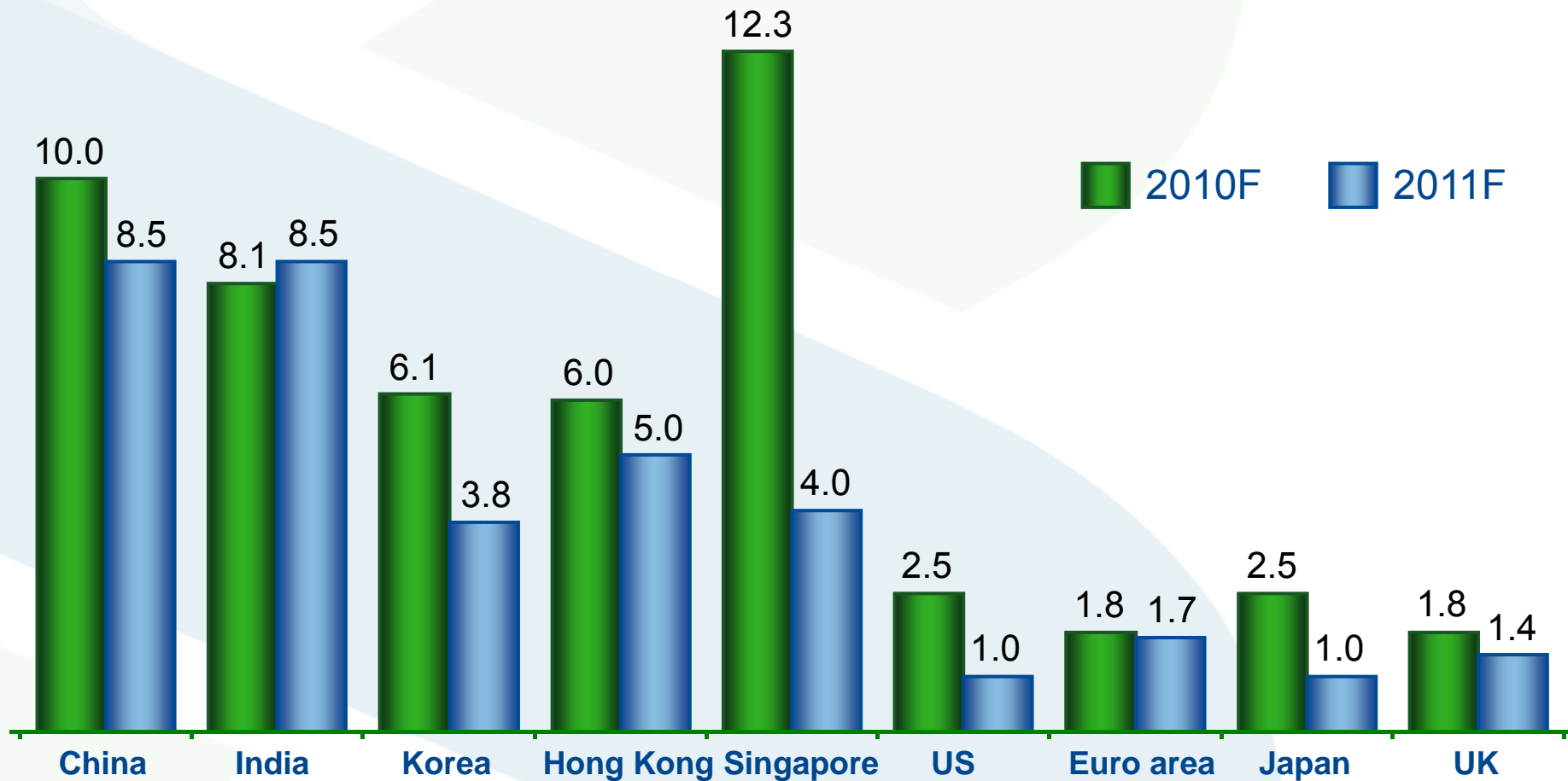
Sources: IMF, Standard Chartered Global Research

CIS – Commonwealth of Independent States

\*\* SSA – Sub Saharan Africa

# Our core markets are at the heart of global GDP growth

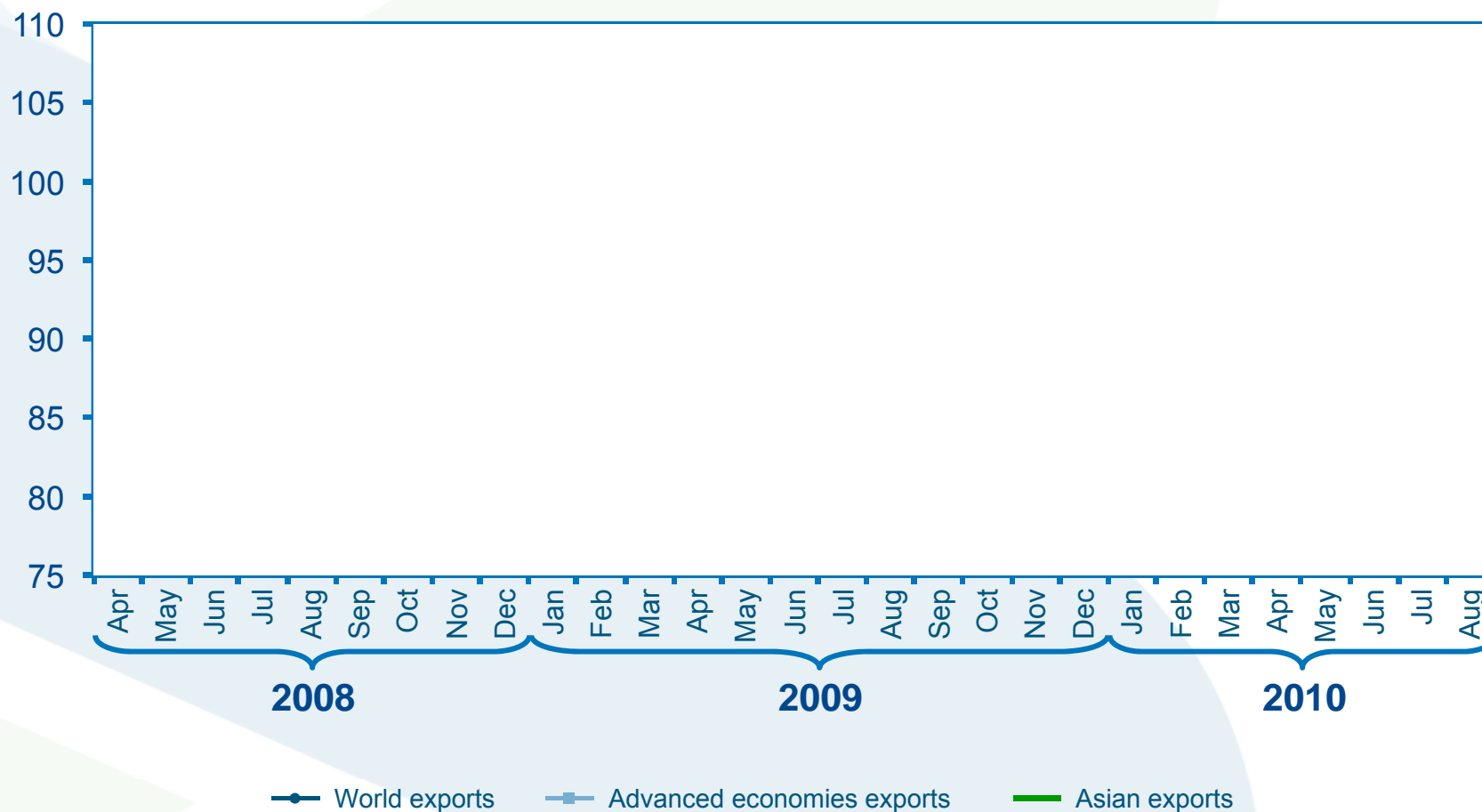
## GDP Growth Forecasts %



Source: Standard Chartered Global Research

# Trade has rebounded

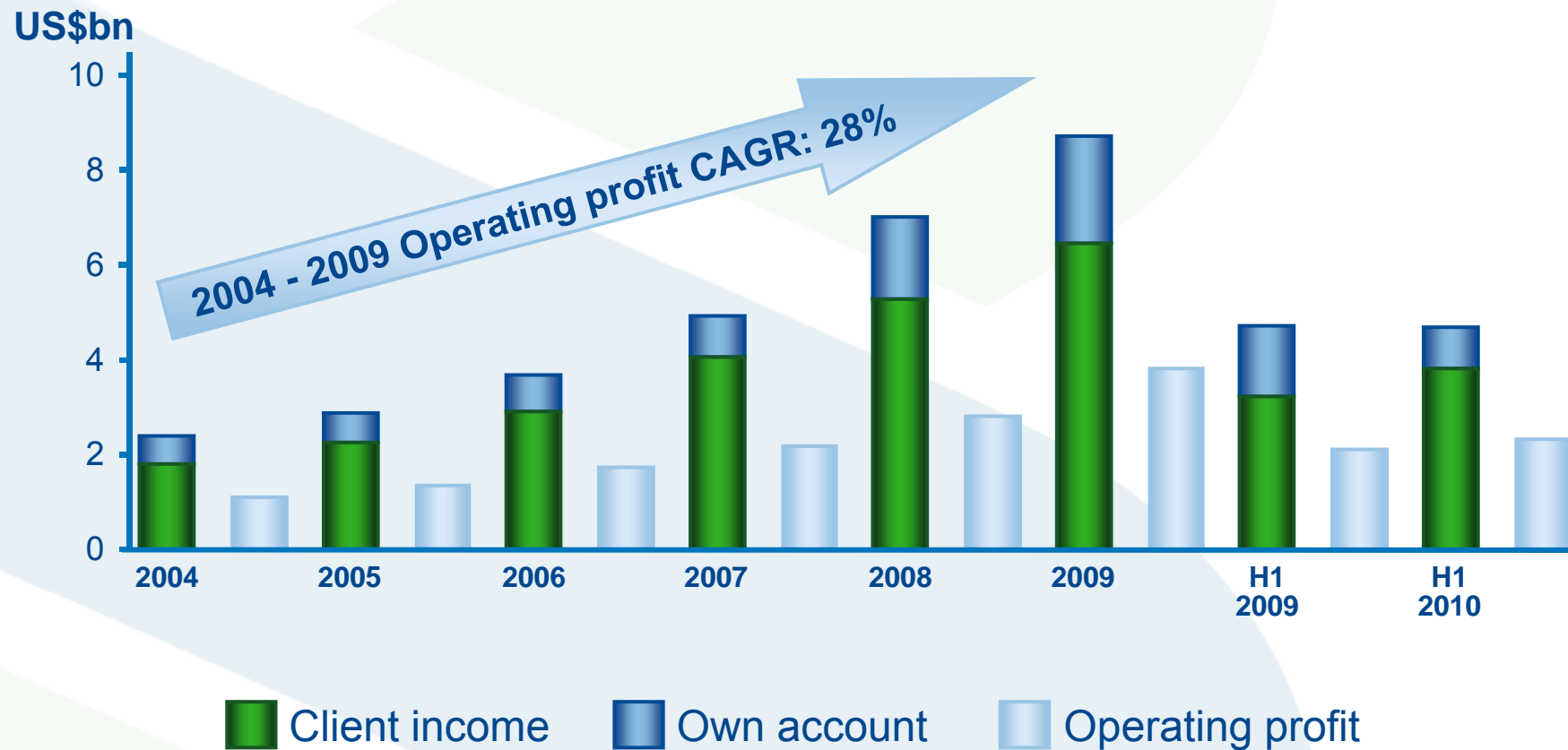
## Export volumes (indexed to pre-crisis peak, April 2008)



Sources: CPB Netherlands Bureau for Economic Policy Analysis, Standard Chartered Global Research

# Consistent financial performance ...

## Wholesale Banking total income and operating profit



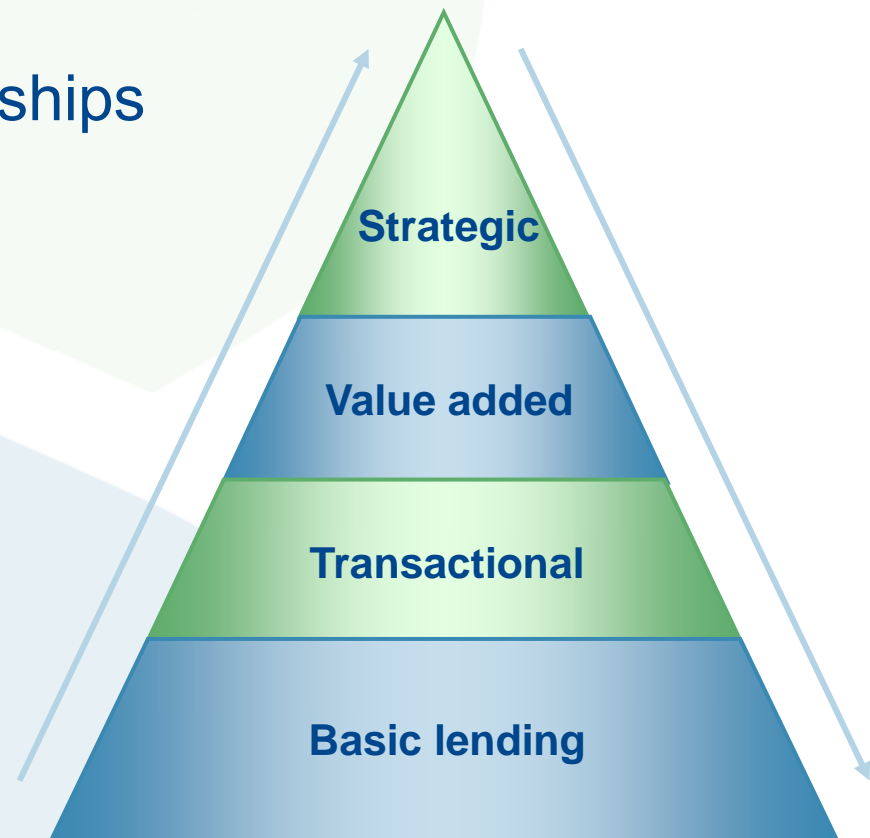


## Our strategy

- Deep 'core bank' client relationships
- Local scale and cross-border capabilities
- Balance sheet management

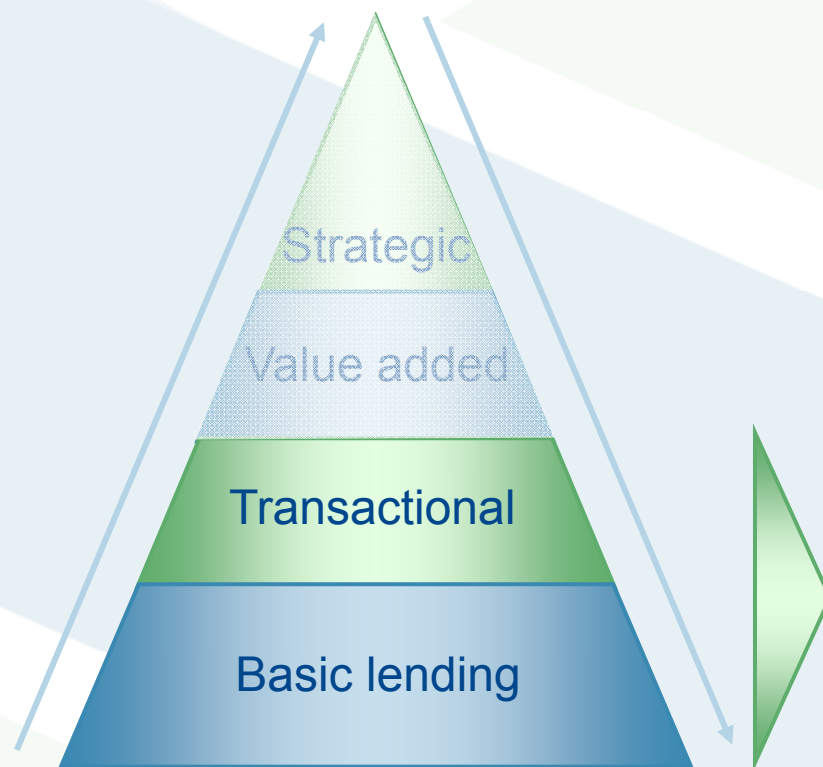
## Key enablers

- Infrastructure
- Values and culture





# Commercial banking is key to developing our client franchises

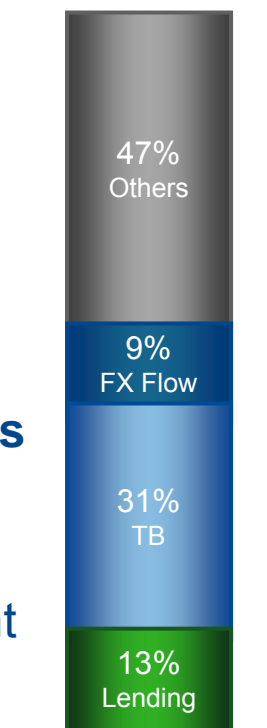


## Commercial Banking constituents

- FX flow
- Transaction Banking
- Lending & Portfolio Management

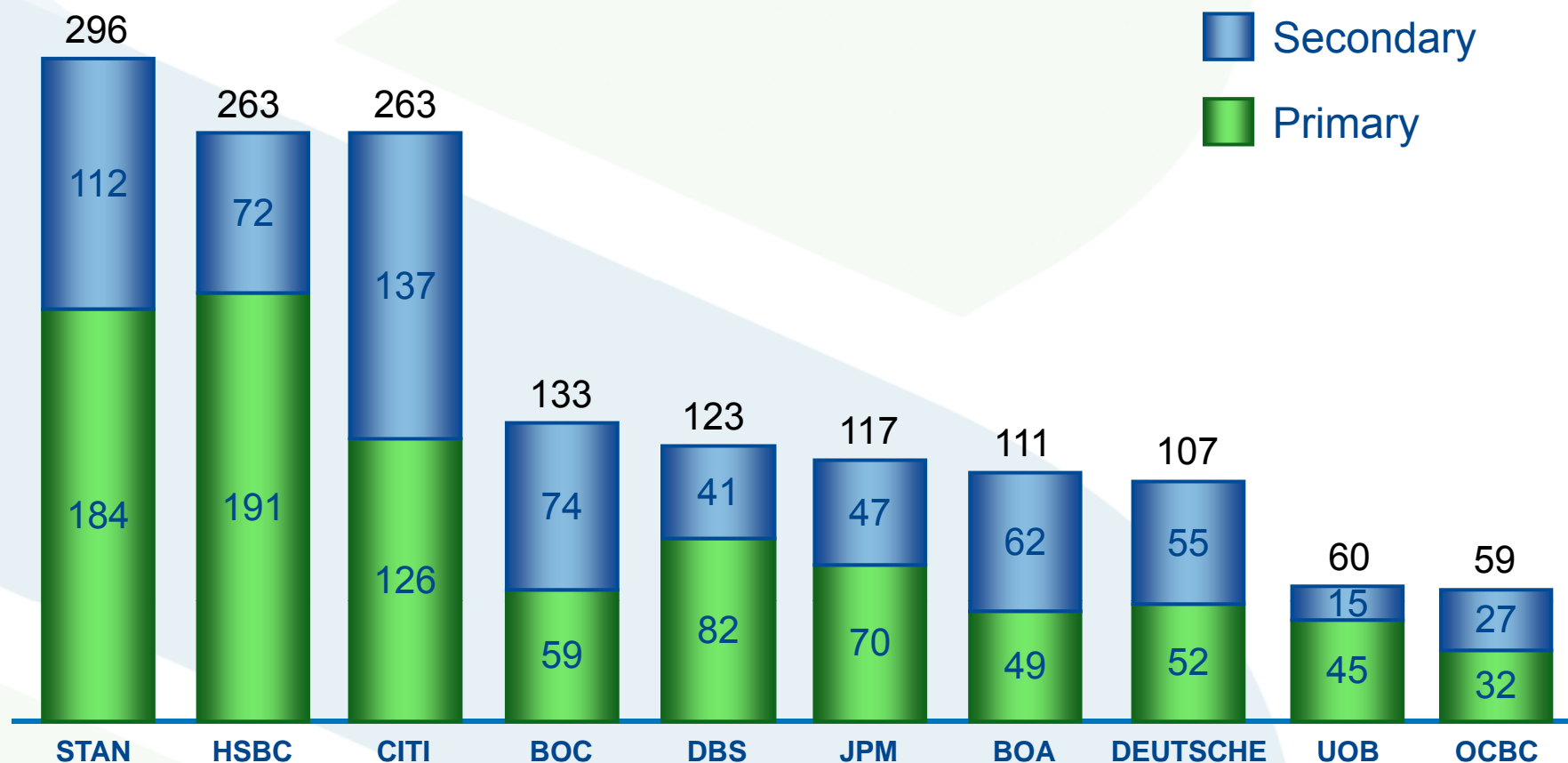
Client income

H1 10



# Cash Management - market share continues to increase

## Primary and secondary transaction banker (No of customers)

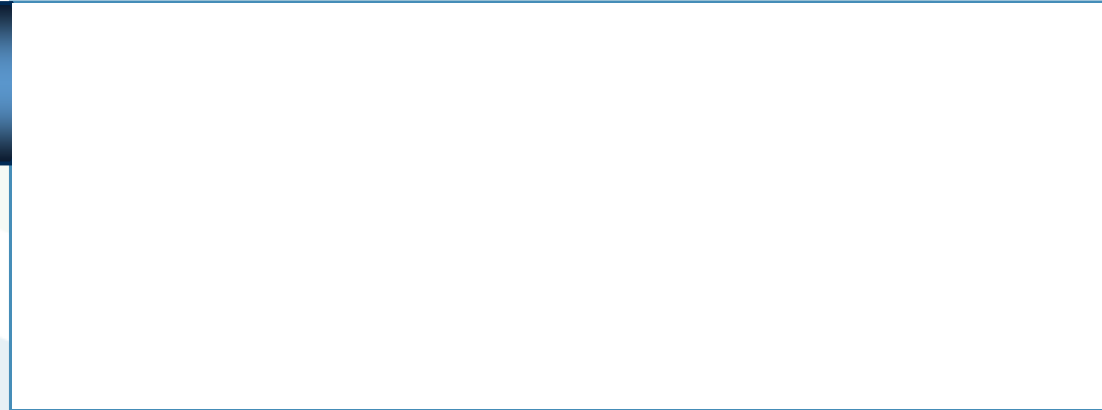


Source: East & Partners May '10 Asian Institutional Transaction Banking Markets

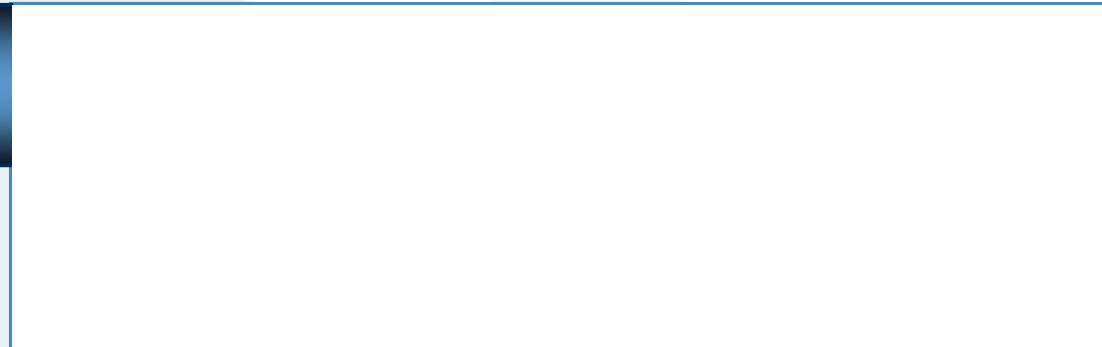
Users: 930 Corporates in Asia - China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, Korea, Taiwan, Thailand

# The diversity and innovation of our Transaction Banking business

**Cash  
Management**



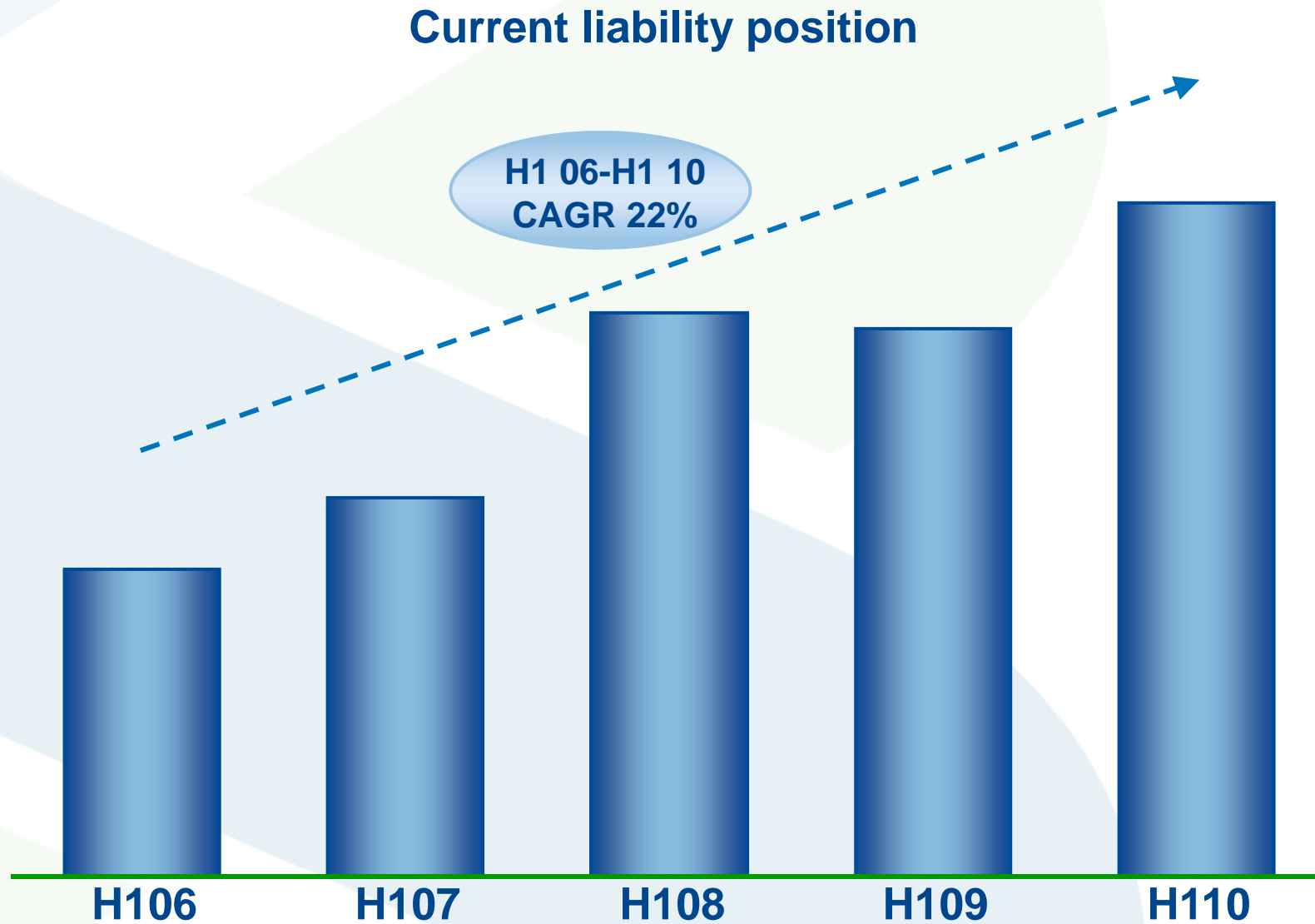
**Trade  
Finance**



**Securities  
Services**



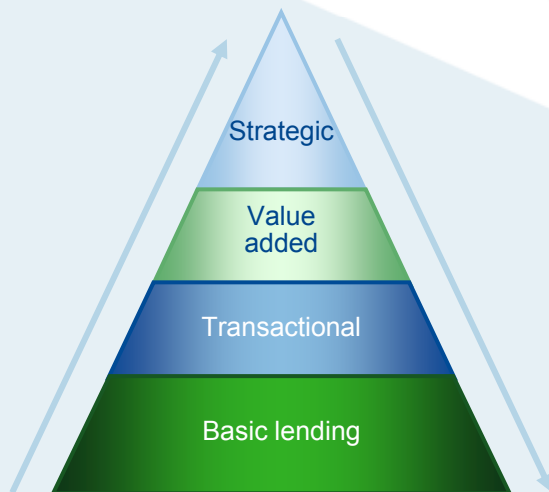
# Increasing liabilities in our key markets



Source: SCB data



- Huawei is one of the world's largest telecom solutions providers



- A receivables services deal led to:
  - Global US\$ liquidity bank
  - US\$ notional pooling in Singapore
  - US\$ and non-US\$ vendor payments (including related FX)
  - Buyer finance
- We are now their core transaction banking provider

# Leading the industry in Commercial Banking



## Global Bank Award 2010

- Best Global Bank in Emerging Markets



## Asset Asian Awards 2010

- Best Transaction Bank in Asia
- Best Structured Trade Finance Bank in Asia
- Best Trade Finance Bank in Asia
- Best Cash Management Bank in Southeast Asia
- Best Cash Management Bank in the Middle East



## EMEA Finance Treasury Services Awards 2010

- Best FX Services in Africa
- Best FX Services in the Middle East
- Best Cash Management Services in the Middle East
- Best Cash Management Services in EMEA



## FinanceAsia Country Awards for Achievement 2010

- Best Bank in India
- Best Bank in Bangladesh



## Best Treasury and Cash Management Provider Award 2010

- Best Bank for Liquidity Management in Asia
- Best Bank for Liquidity Management in Africa
- Best Bank for Liquidity Management in the Middle East



## Euromoney Awards for Excellence 2010

- Best Bank in Asia
- Best Bank in Africa
- Best Project Finance House in Africa
- Best at Risk Management in Africa



## Banker Middle East Industry Awards 2010

- Best Foreign Bank
- Best Mortgage/Home Finance House



## The Asian Banker Transaction Banking Awards 2010

- Best Transaction Banking Business in the Middle East
- The Asian Banker Achievement Award for Cash Management

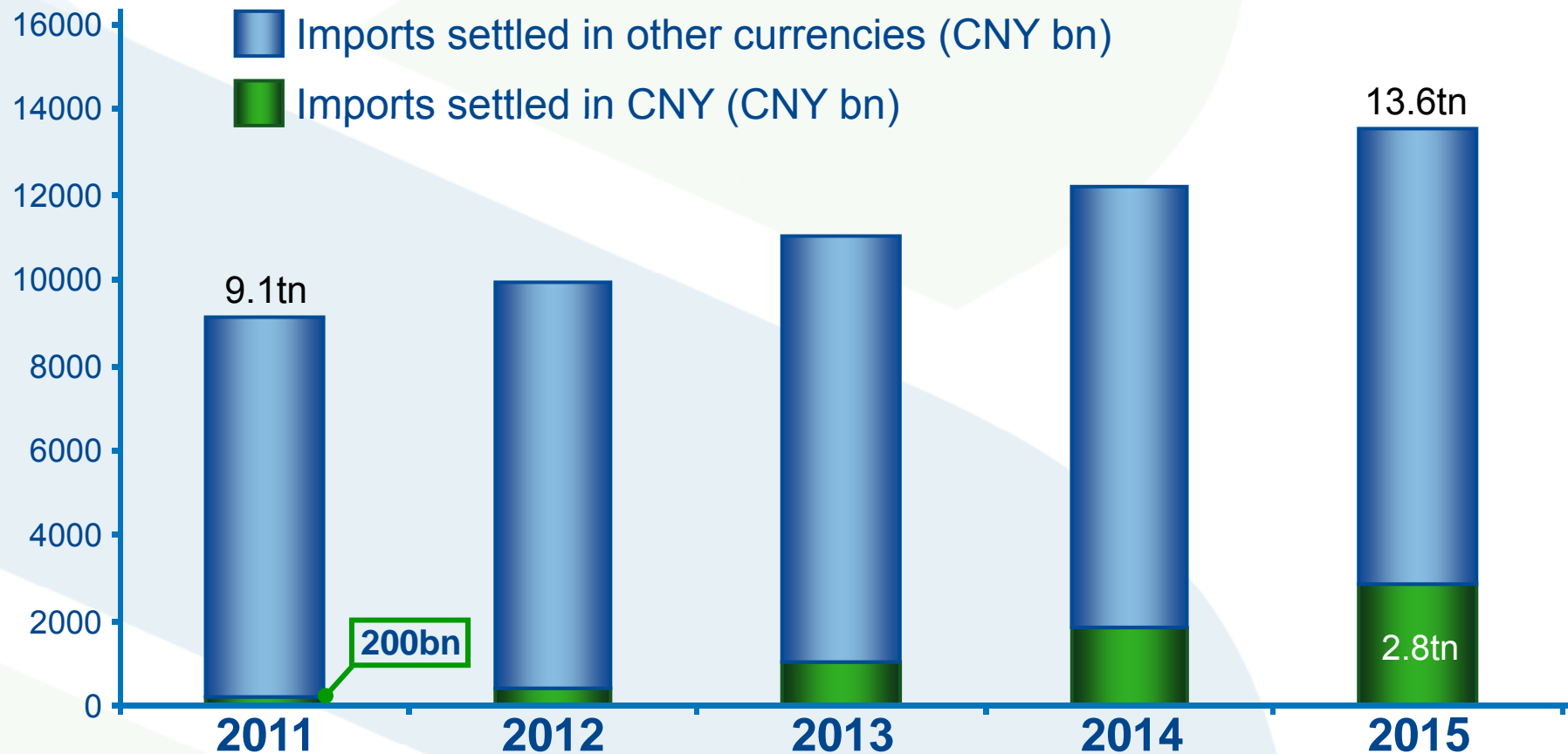


## Financial Insights Innovation Award

- Innovation in Payments

# Huge opportunity on RMB re-denomination

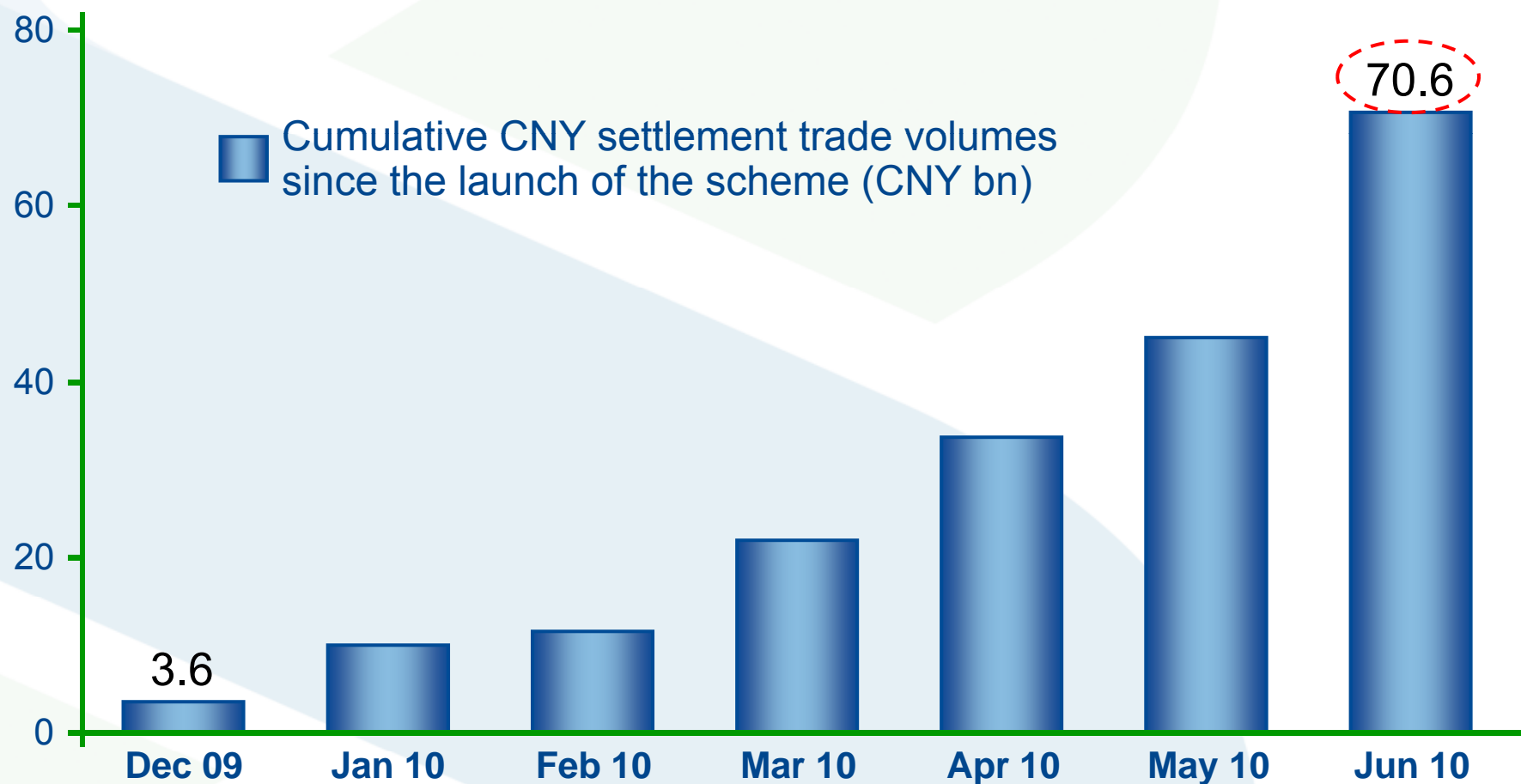
## Expected rise in share of China's imports settled in CNY



Sources: PBoC, Standard Chartered Global Research

# RMB trade settlement - rapid growth from a small base

Foot on pedal  
Naught to seventy (billion) in one year



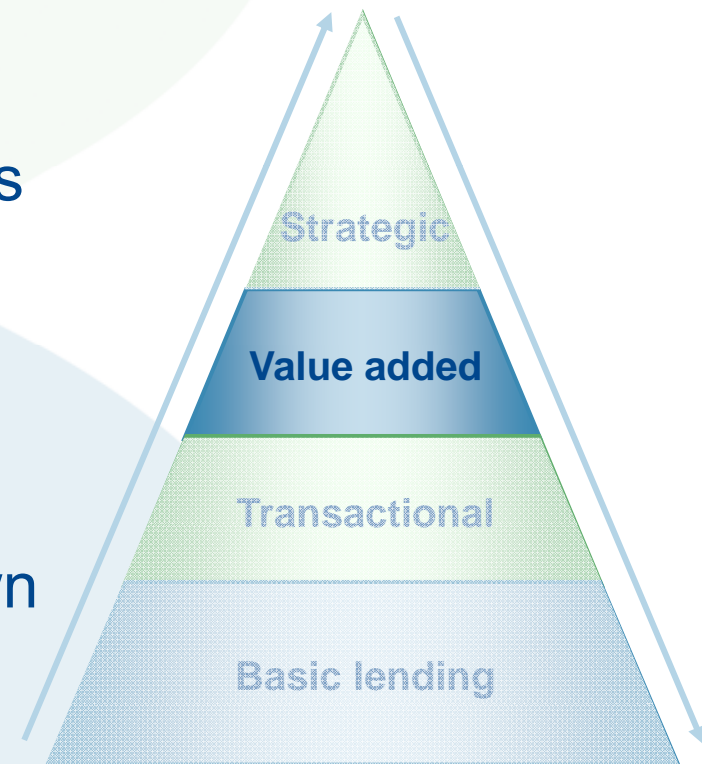
Sources: PBoC, Standard Chartered Global Research



# FM - continuing to add product capability



- FM incorporates Capital Markets, ALM, Equity and FICC
- Up-tiering of product capabilities in FM to continue to meet our client needs e.g. commodities and equities
- Our diversified asset classes drives diversity of our income stream
- Client income growth strong and own account income has normalised



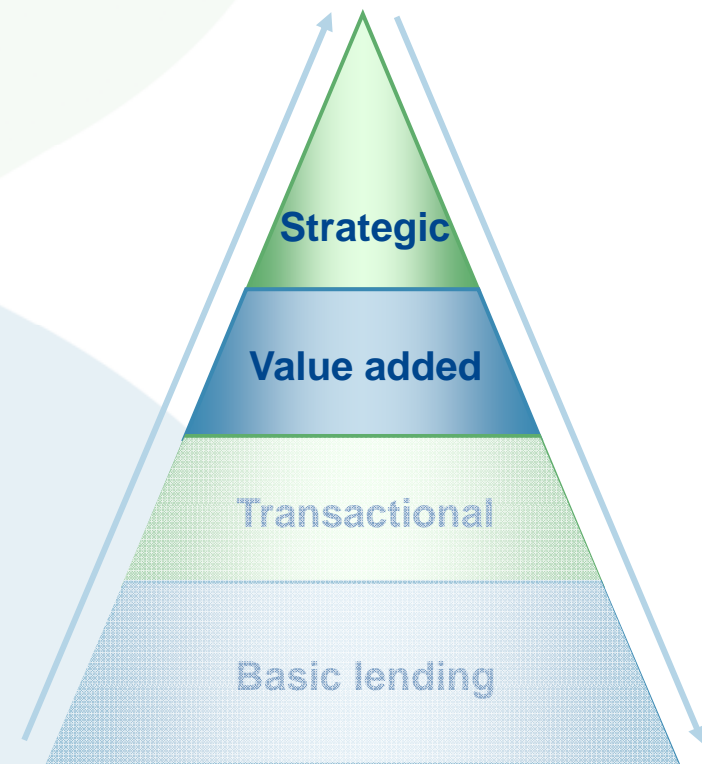
# And our capabilities are being recognised in the market

Top bookrunners of Asia-Pacific syndicated			
1	State Bank of India	31,395	20
2	Bank of Taiwan	14,442	9
3	IDBI	11,178	7
4	Axis	7,495	5
6	Bank of China	5,213	3
7	HSBC	5,035	3
8	IDFC	4,774	3
Top bookrunners of all Asian currencies			
Top bookrunners of global convertible			
1	Credit Suisse	2,419	16
2	CICC	1,839	12
4	JP Morgan	1,513	10
5	Guotai Junan Securities	1,226	8

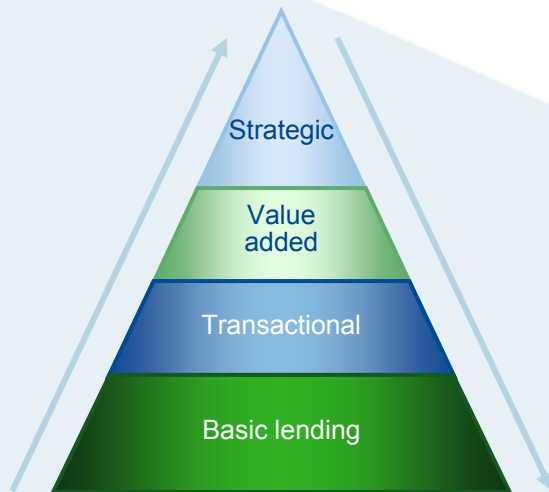
Source: Thomson Reuters

# What is Corporate Finance?

- Project & Export Finance
- Structured Trade Finance & Financing Solutions
- Structured Finance
- Corporate Advisory & Finance
  - Mergers & Acquisitions
  - Leveraged Finance
  - Equity Corporate Finance
  - Oil & Gas



# Client story: BP



- One of the top three global integrated oil companies
- Needed additional longer-term liquidity in order to strengthen liquidity
- Standard Chartered structured and co-underwrote a US\$ 2.5 billion term facility based on BP's crude oil production in Angola, drawing on our footprint and industry expertise
- By meeting BP's needs we have become a core bank and have built a much deeper client relationship in 2010

# Achieving milestone deals with our clients...



US\$ 10,700,000,000

Lead Financial Advisor and Mandated Lead Arranger to Bharti for acquisition of 100% stake in Zain Africa B.V.



INR 20,000,000,000

Short term financing in connection with sale of towers



GBP 3,500,000,000

Lead Arranger for Refinancing of Acquisition Debt



SGD 870,500,000

Sole Financial Advisor and Debt Provider to Overseas Union Enterprise on its acquisition of DBS Towers



US\$ 2,800,000,000

International Financial Advisor and Joint Mandated Lead Arranger to the UT Group on their privatisation of Tanjong PLC

## Project Oxygen & Carbon

US\$1,090,000,000

Financial Advisor and Sole Financier for a term loan facility to fund rights issue / refinance shareholder loans



SAN MIGUEL CORPORATION  
Top Frontier Holdings

US\$ 1,000,000,000

Sole Underwriter  
Mandated Lead Arranger



US\$ 1,000,000,000

Promoter financing for overseas investments



US\$ 2,500,000,000

Financial Advisor to BSGR on its sale of Guinea assets



US\$ 7,000,000,000

Sole Financial Advisor on the divestment of US, Canadian and Egyptian assets to Apache Corporation



US\$ 1,500,000,000

Farm-down of Tullow Oil Plc interests in Block 1, 2 and 3A in Uganda  
Financial Advisor



US\$ 1,300,000,000

Sole Financial Advisor on the divestment of its 20% interest in Block 32, offshore Angola, to CNOOC and Sinopec

# ...And competitively well positioned now

## M&A

1	UBS	9
2	JP Morgan	10
3	Deutsche Bank AG	11
4	China International Capital Co	4
5	Credit Suisse	2
6	Barclays Capital	27
7	Goldman Sachs & Co	8

Source: Thomson Reuters Emerging Markets M&A Financial Advisory Review

## M&A

1	<b>Standard Chartered</b>	<b>46</b>
2	UBS	9
3	Barclays Capital	-
4	Deutsche Bank AG	11
5	China International Capital Co	4
6	Credit Suisse	2
7	Barclays Capital	27
8	Goldman Sachs & Co	8

Source: Thomson Reuters Emerging Markets M&A Financial Advisory Review

## Project Finance

1	Standard Chartered	46
2	Samba Financial Group	-
3	HSBC	8
4	Banque Saudi Fransi	26
5	Public Investment Fund	-
6	KfW	5
7	Turkiye Garanti Bankasi	17
8	SB CIB	18

Source: Dealogic

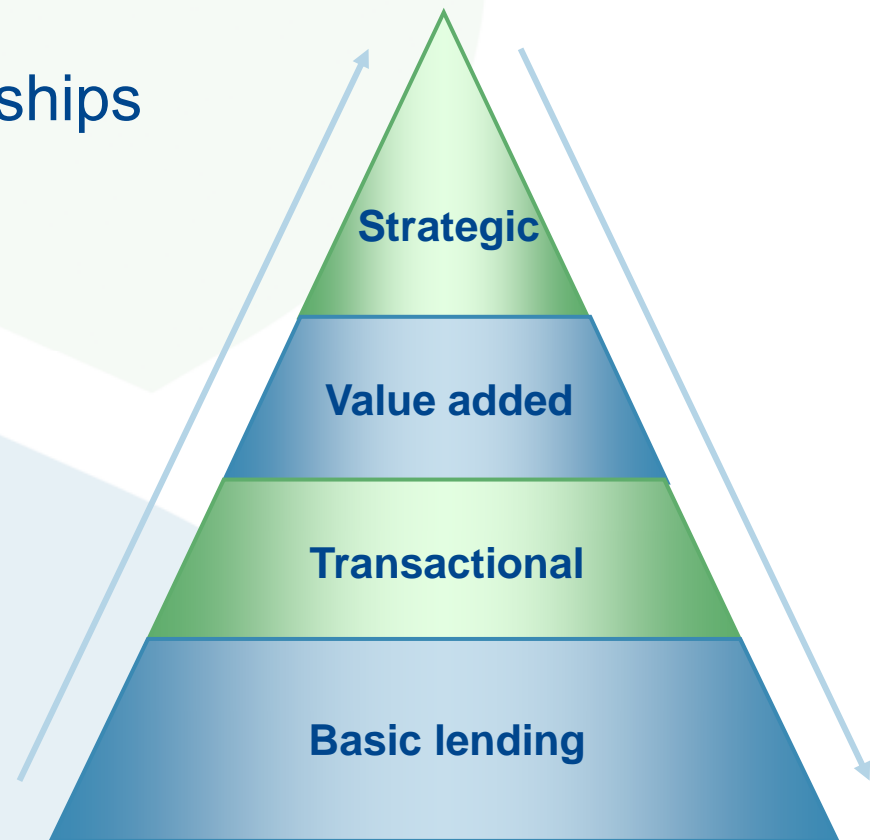
# Our client-focused strategy underpins performance

## Our strategy

- Deep 'core bank' client relationships
- Local scale and cross-border capabilities
- Balance sheet management

## Key enablers

- Infrastructure
- Values and culture



# India - longevity and breadth of branch coverage is a competitive advantage


- Longevity of presence
- Largest international bank by branches
- Deep client relationships with major India MNCs
- India is now the Bank's most profitable market
- Up-tiering product capability to capture opportunities
- Investment in infrastructure -  
Global Shared Service Centre



# China - innovation in RMB offerings is key competitive advantage

- Long history in China - first branch in Shanghai in 1858
- Branch network well distributed across four major regions in 15 cities
- Deep presence across Greater China - Taiwan and Hong Kong - to leverage opportunities and intra trade flows
- Strategic partnership with Agricultural Bank of China
- Leader in RMB internationalisation

# Africa China opportunity

Bank	Countries in Sub-Sahara	Network in China	Chinese partner	Chinese partner No. of branches
 <b>SCB</b>	14	60 outlets	ABC	23,624 <sup>†</sup>
<b>Standard Bank</b>	17	-	ICBC	16,210
<b>Citi</b>	13	39 outlets	-	-
<b>Barclays / Absa</b>	12	-	CDB	40
<b>Ecobank</b>	31	-	Bank of China	10,966

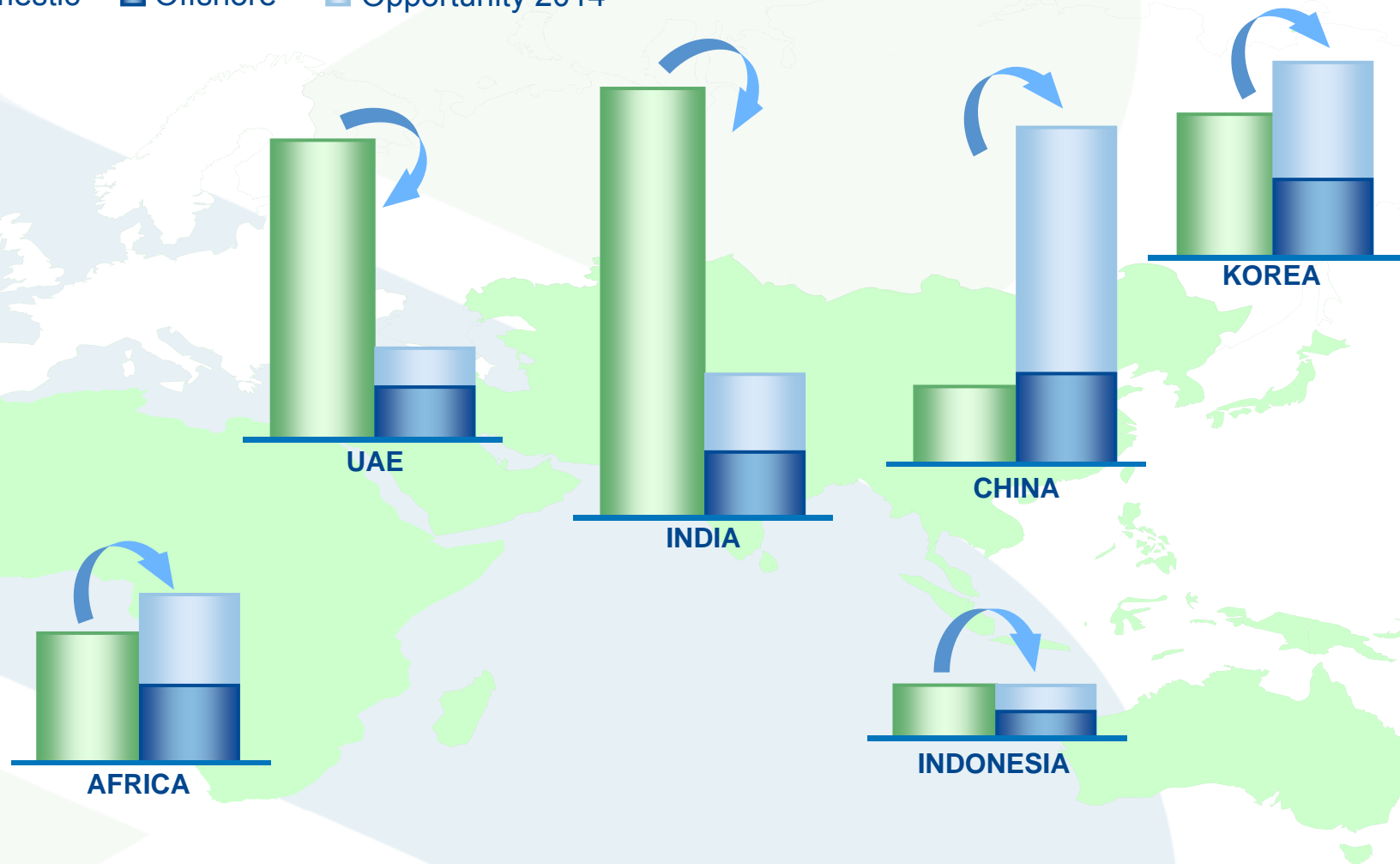
	Amount	Year
China - Africa trade volumes*	US\$79bn	2009
China - Africa FDI**	US\$2.5bn	2006-2009

SOURCE: \* WTO \*\* UNCTAD † 2009 annual report and Rest - Company websites (current as of 10th Nov'10)

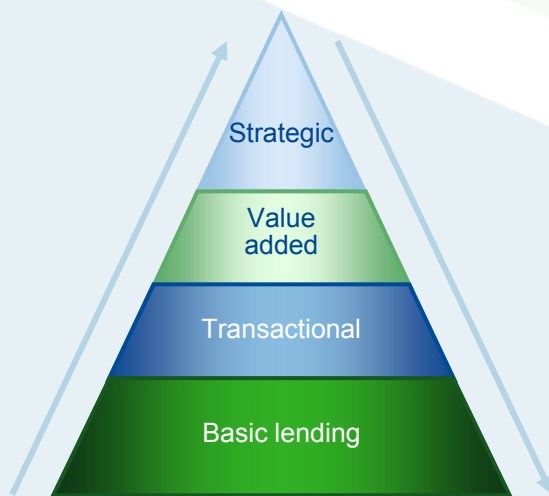
# Leveraging a strong network to grow our franchises across our core markets

## Domestic and offshore income

■ Domestic ■ Offshore ■ Opportunity 2014



# Client story: Hyundai Motor Company



- Hyundai Motor Company is the world's 6th largest auto maker
- We have been No.1 bank for Hyundai Motor India providing US\$160m of credit facility since 2007
- We achieved this by leveraging our relationship with Hyundai Korea
- Allowing us to diversify our banking relationship to dealer financing

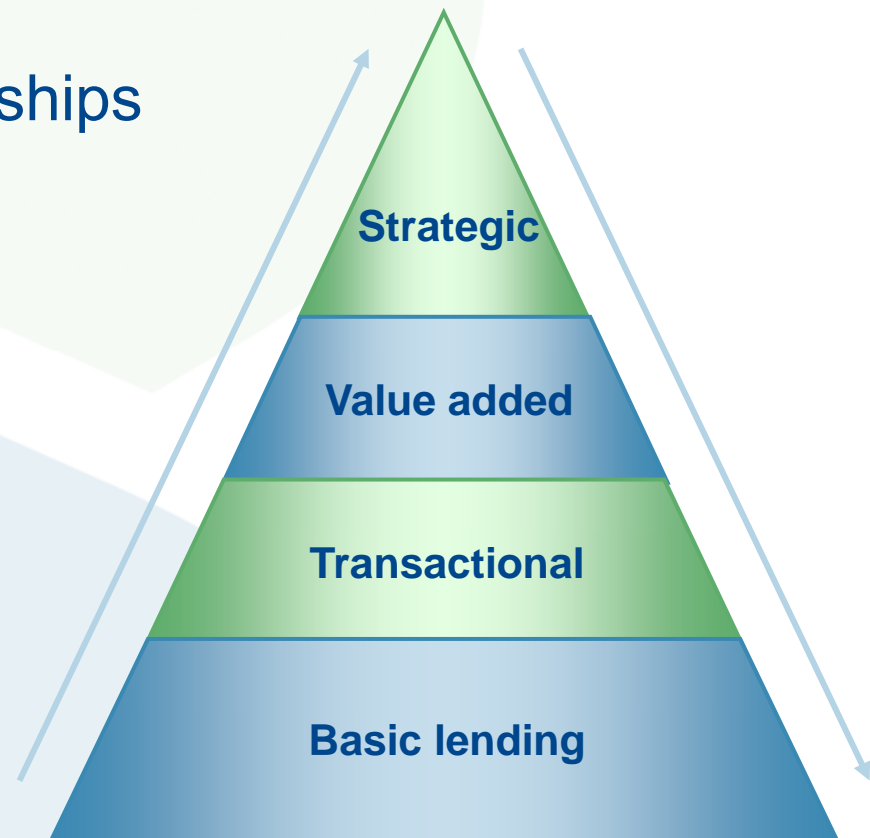
# Our client-focused strategy underpins performance

## Our strategy

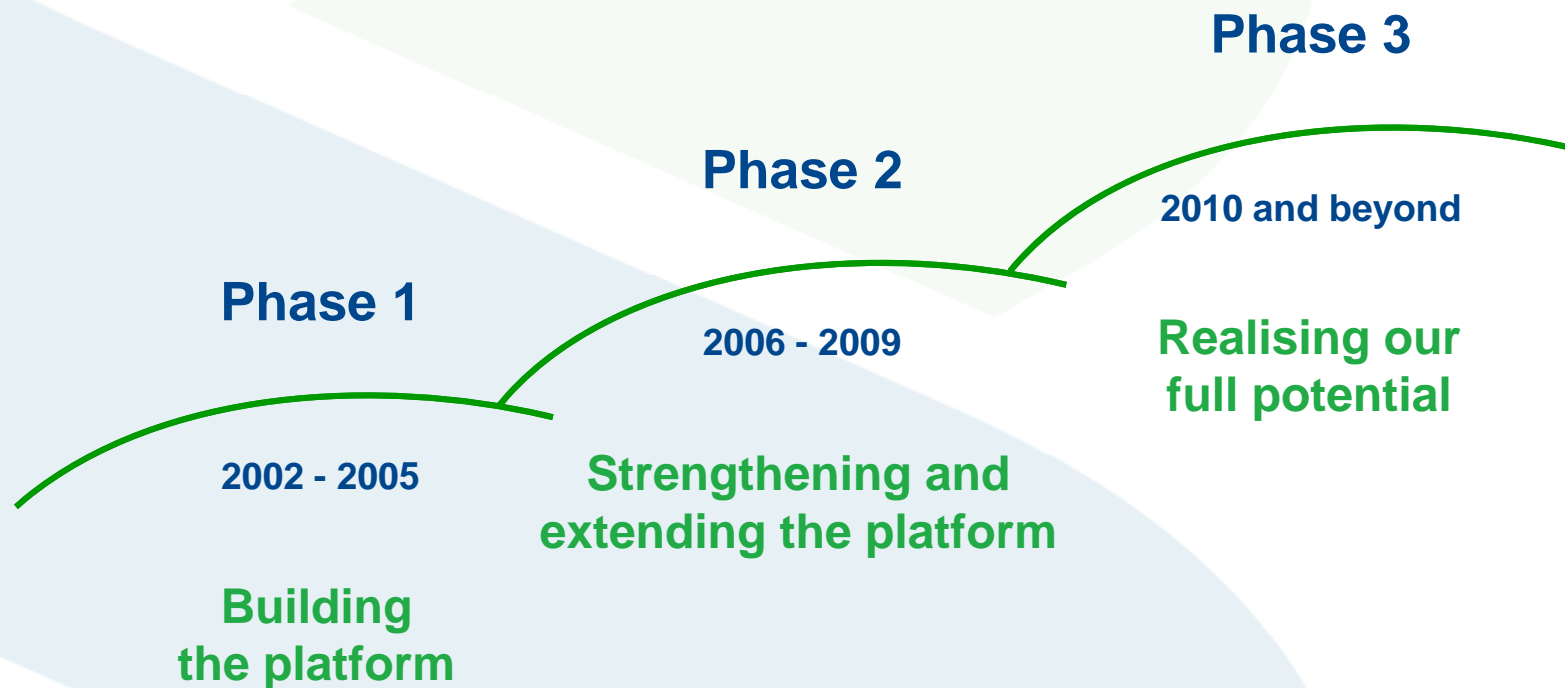
- Deep 'core bank' client relationships
- Local scale and cross-border capabilities
- Balance sheet management

## Key enablers

- Infrastructure
- Values and culture



# The Wholesale Banking journey



# Realising our potential through seven initiatives

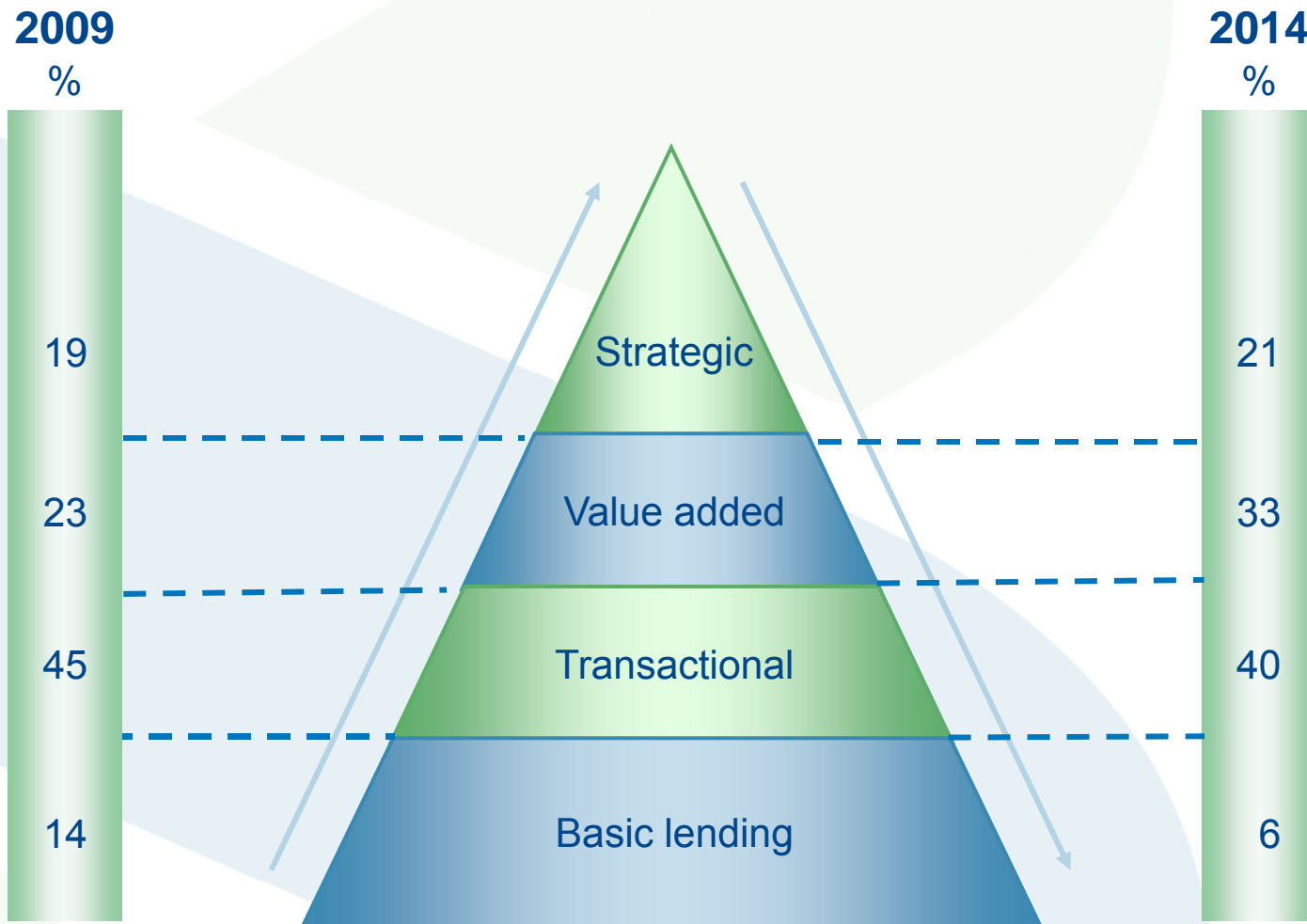
1. Next stage of client journey
2. Geographic priorities
3. Product build-out
4. Balance sheet and risk
5. Here for good
6. People and culture
7. Infrastructure and support

- Sustained double digit growth in client income
- Stable own account income
- Double the business in 4-5 years



# Commercial Banking will remain at the heart of the business in the future

## Client income by product



- Economic outlook
- Unemployment / political risk / currency
- Regulatory framework - level playing field
- Competition
- Values and culture

## Q & A



# Investor trip 2010

## Wholesale Banking financial and risk overview

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CFO, Wholesale Banking

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











# Financial & Risk overview – agenda

- Financial performance highlights
- Sustainability and diversity of income
- Expenses and investments
- Capital, Liquidity and Risk Management
- Outlook

# Key messages

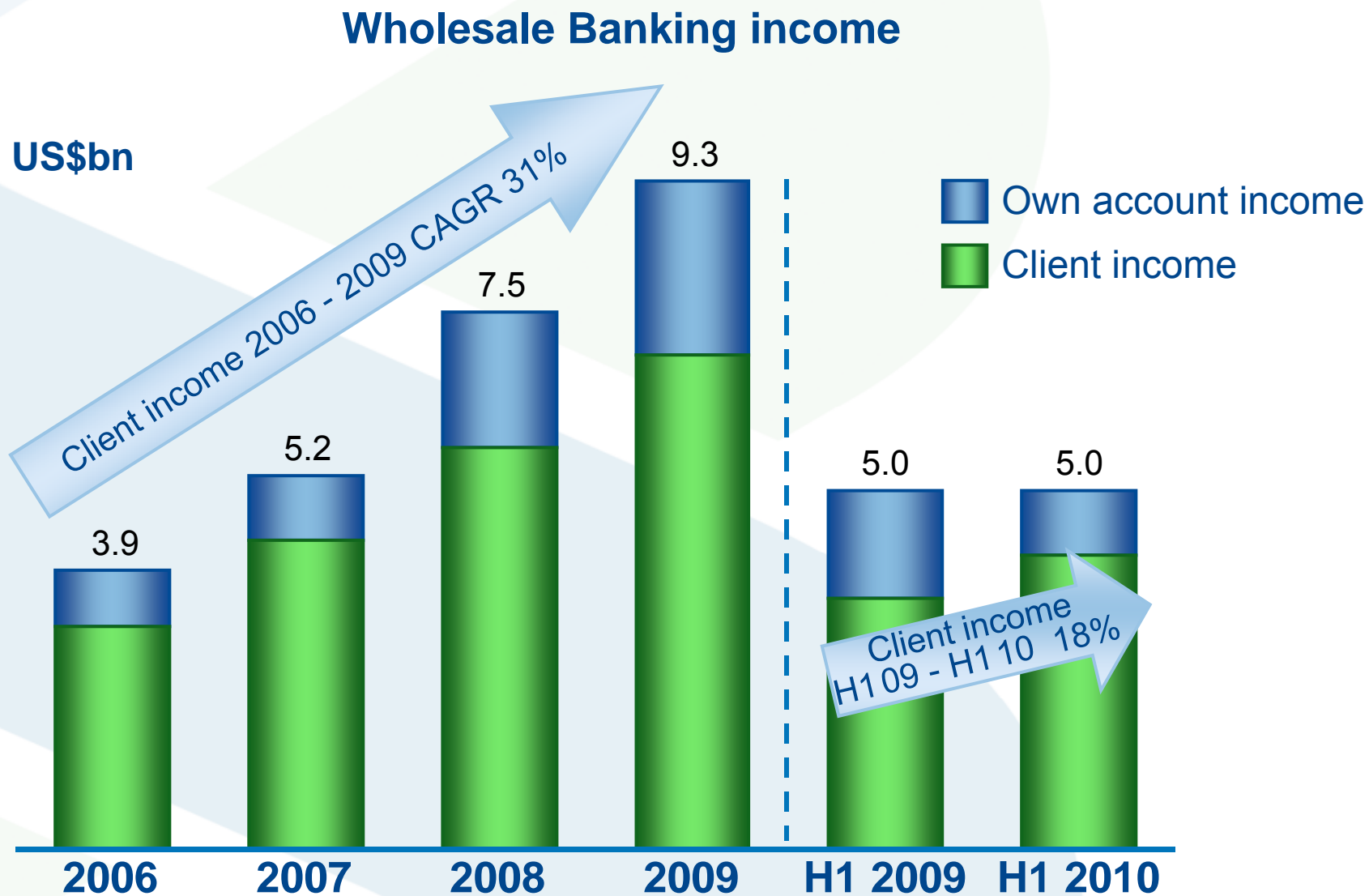
- We continue to achieve sustainable and consistent client income growth momentum
- Leveraging the depth of our client relationships, and the quality of our network and product capabilities have been the key drivers of success
- We have continued to diversify our income across client segments, geographies and products
- Our discipline around capital, balance sheet, risk and expense management is combined with a focused investment program
- We are focused on developing product capabilities, building infrastructure and reinforcing the bank's distinctive culture
- Our client-focused strategy underpins performance and is the platform for sustainable growth

# H1 2010 financial performance recap

	H1 10		Vs H1 09		Vs H2 09
Income	5.0 bn		(0%)		18%
Client income	4.1 bn		18%		19%
Operating profit	2.5 bn		10%		35%
RWA	174.6 bn		14%		9%
JAWS	(5%)				

Source: SCB data

# Client income remains the primary driver of growth

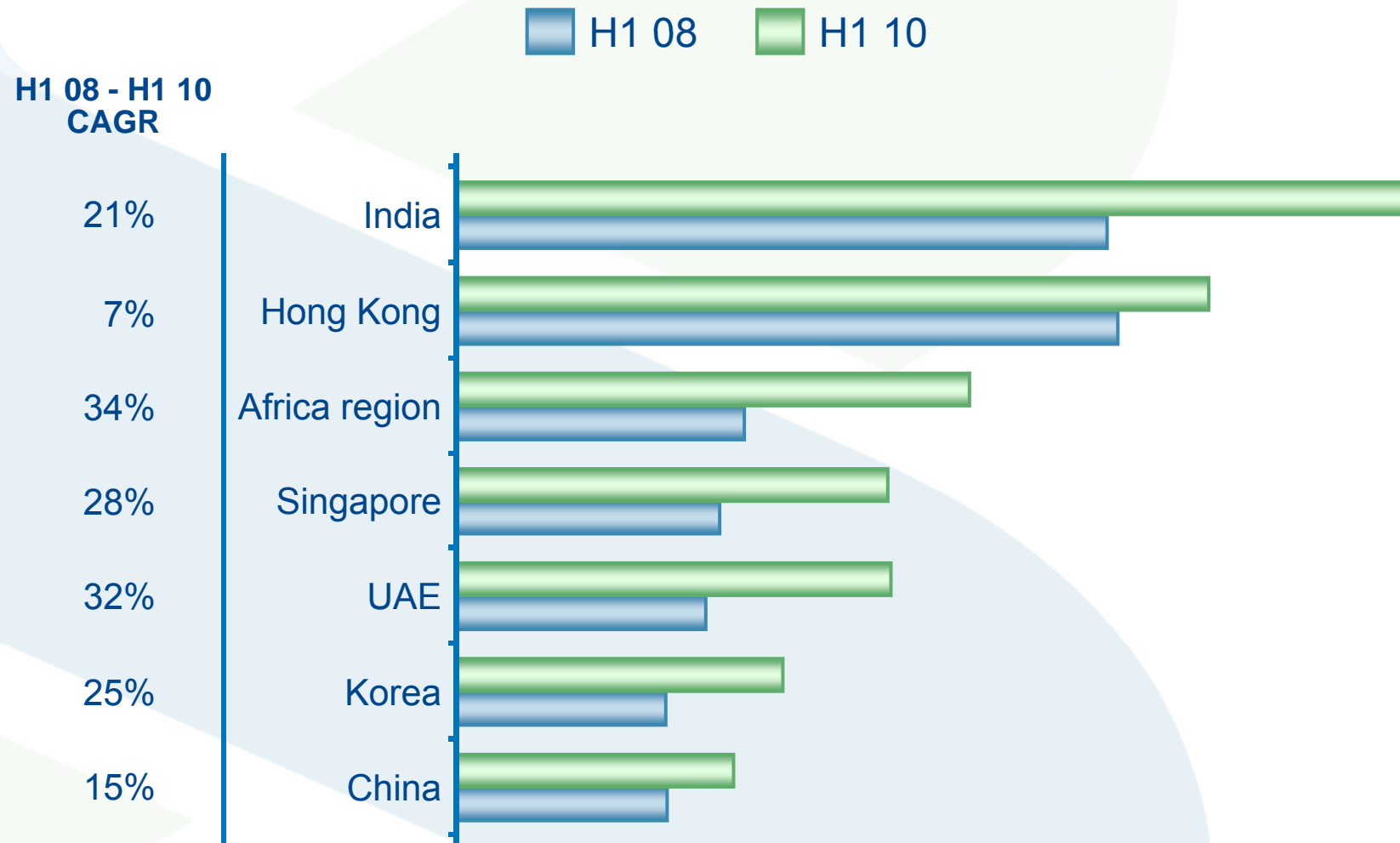


Source: SCB data



# ...which is well diversified across our footprint

## Total client income by key geographies



Source: SCB data

## ...and we are continuing to gain market share in our key markets

### Client income as % of estimated market income

	2007	2009
India	4.4	9.8
Hong Kong	6.6	8.4
Singapore	5.0	9.5
UAE	5.1	13.5
Korea	2.0	4.2
China	0.6	0.5

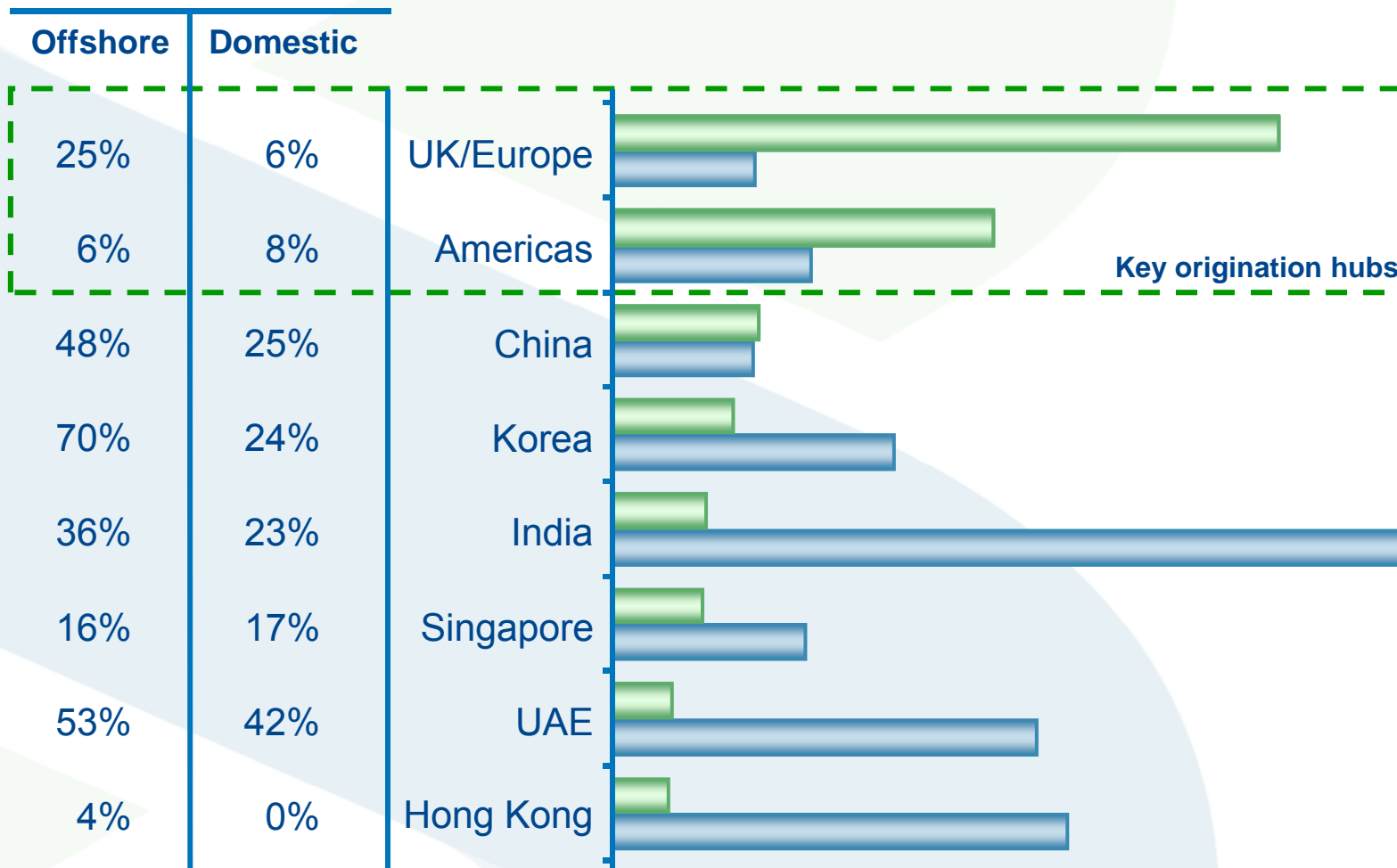
Source: SCB estimates

# We are also leveraging our deep client relationships and network to drive offshore income growth

## Originated income - domestic and offshore H1 10

Domestic Offshore

### H1 08 - H1 10 CAGR



Source: SCB data

# We continue to evolve product capabilities

## Total income

US\$ m

	H1 08	H1 10	% CAGR
<b>Lending &amp; Portfolio Management</b>	<b>246</b>	<b>465</b>	<b>37%</b>
<b>Transaction Banking</b>	<b>1,249</b>	<b>1,282</b>	<b>1%</b>
Cash management & custody	470	591	12%
Trade	779	691	(6%)
<b>Global Markets</b>	<b>2,169</b>	<b>3,265</b>	<b>23%</b>
Financial Markets	1,213	1,711	19%
Corporate Finance	365	932	60%
Principal Finance	77	134	32%
Balance sheet management	514	488	(3%)
<b>Total Wholesale Banking</b>	<b>3,664</b>	<b>5,012</b>	<b>17%</b>
<b>Client income as % of total income</b>	<b>76%</b>	<b>81%</b>	<b>21%<sup>(1)</sup></b>

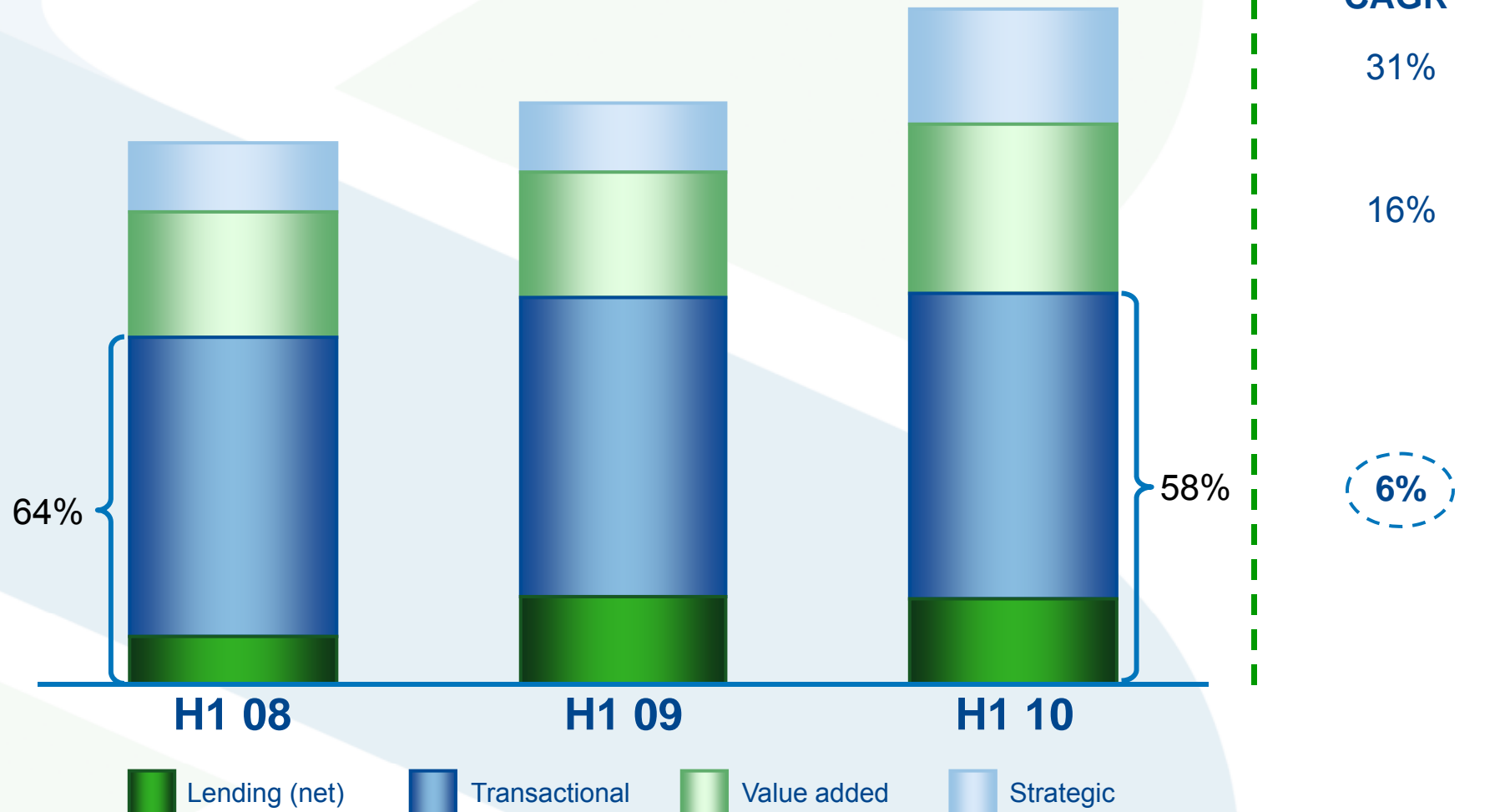
Source: SCB data

(1) Client Income growth CAGR

# ...however, Commercial Banking remains the bedrock of our business

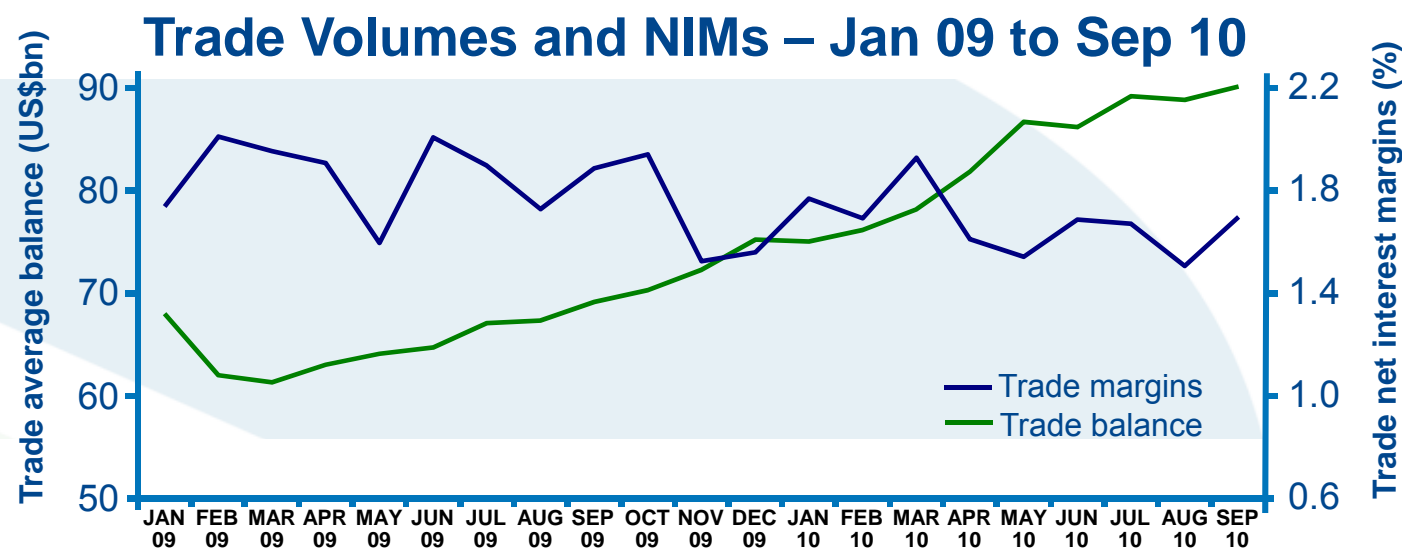
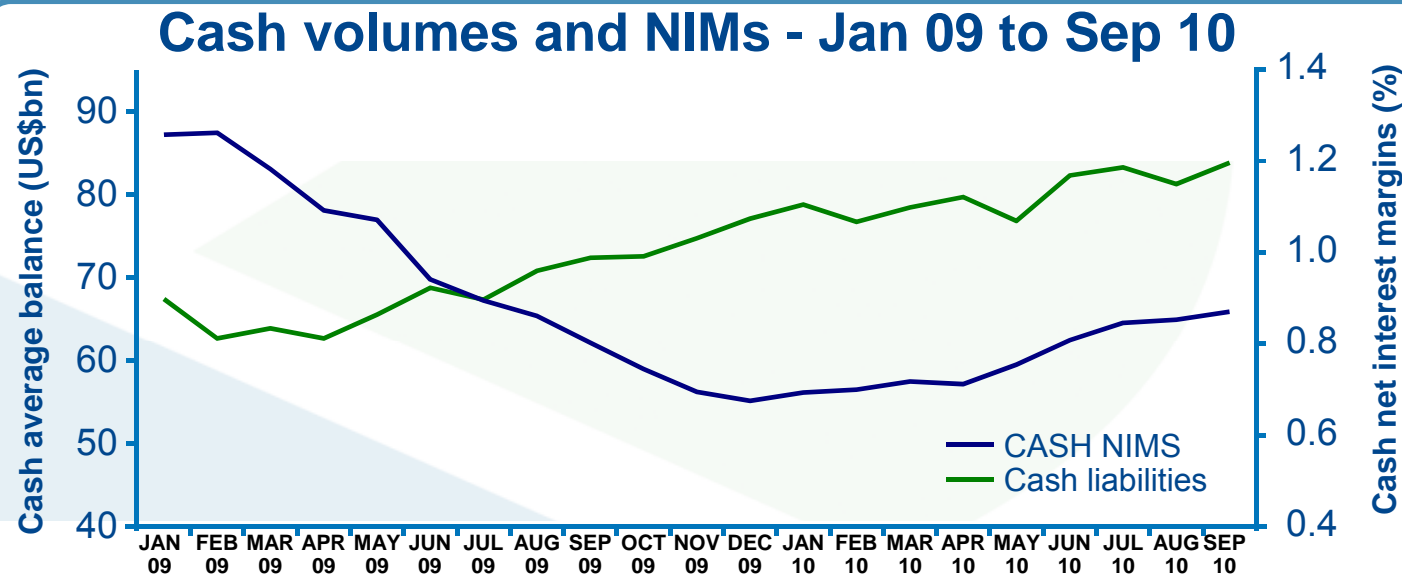
## Client income mix (H1 08 - H1 10)

US\$m



Source: SCB data, excludes Portfolio Management

# Cash and Trade volume growth reinforces market share gains and sustainability



Source: SCB data

# We have also significantly enhanced and up-tiered our FM product capabilities

## Financial Markets income US\$m

	H1 08	H1 10	CAGR
FX	716	646	(5%)
Rates	334	512	24%
Commodities & Equities		165	85%
Capital Markets	118	233	41%
Credit & Other	(3)	155	nm
ALM	514	488	(3%)
<b>Total Financial Markets</b>	<b>1,727</b>	<b>2,199</b>	<b>13%</b>

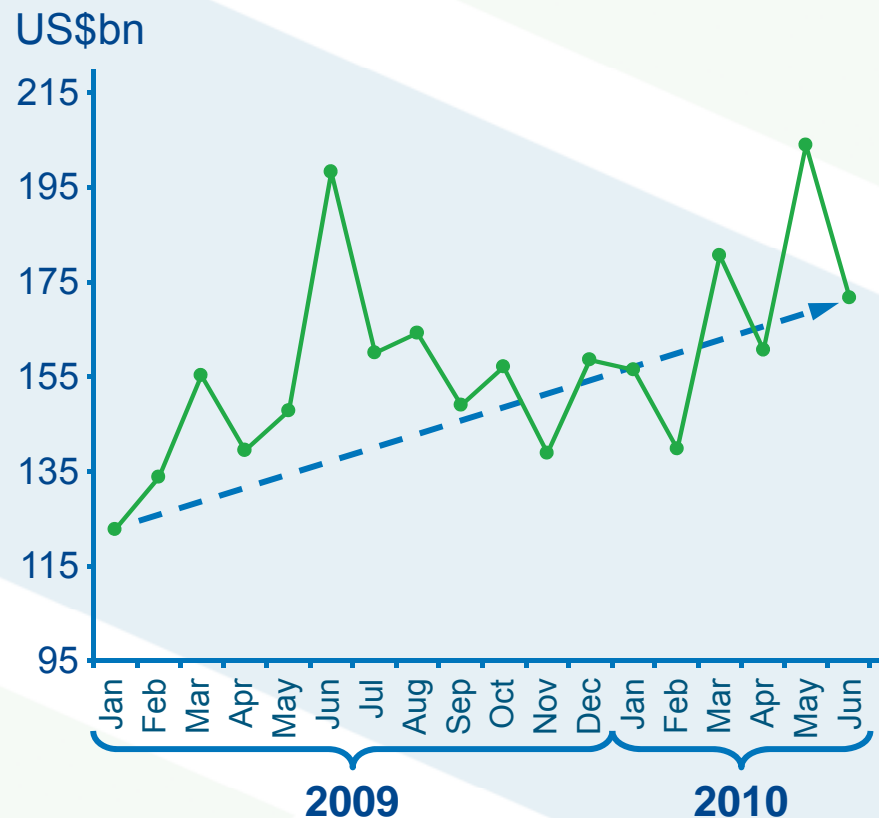
## FM product journey Key highlights

Capabilities/ position	2006	2010
<b>G3 Bonds</b>	N/A	<ul style="list-style-type: none"> <li>#1 in GCC G3 Bonds</li> <li>Bookrunner on 30 deals in 2010 across footprint</li> </ul>
<b>High Yield</b>	N/A	<ul style="list-style-type: none"> <li>#4 position in High Yield underwriting in Asia Pacific</li> <li>Executed 11 bookrunner deals in 2010</li> </ul>
<b>Convertible Bonds</b>	N/A	<ul style="list-style-type: none"> <li>#2 underwriter of convertible bonds in Asia Pacific</li> <li>Executed 8 bookrunner deals in 2010</li> </ul>
<b>Equity</b>	N/A	<ul style="list-style-type: none"> <li>Purchased Cazenove in 2009</li> <li>#3 underwriter of equities in South East Asia</li> <li>Executed 8 bookrunner deals in 2010</li> </ul>

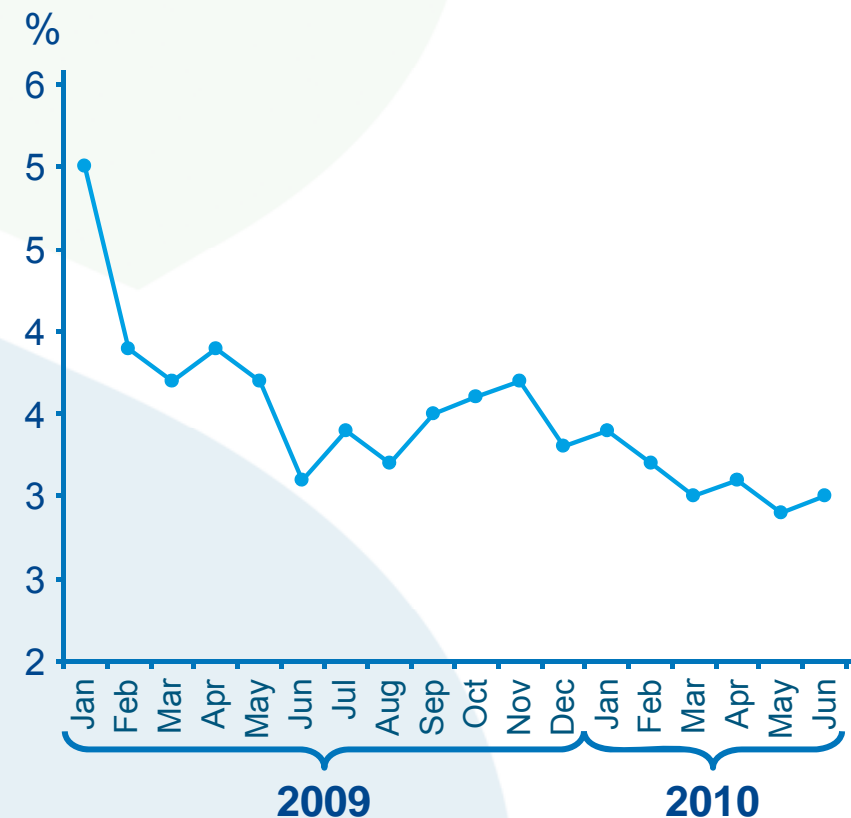
Source: SCB data

# Flow FX volume growth also reinforces market share gains and sustainability

## Flow FX notional volumes Jan 09 - Jun 10



## Flow FX margins Jan 09 - Jun 10



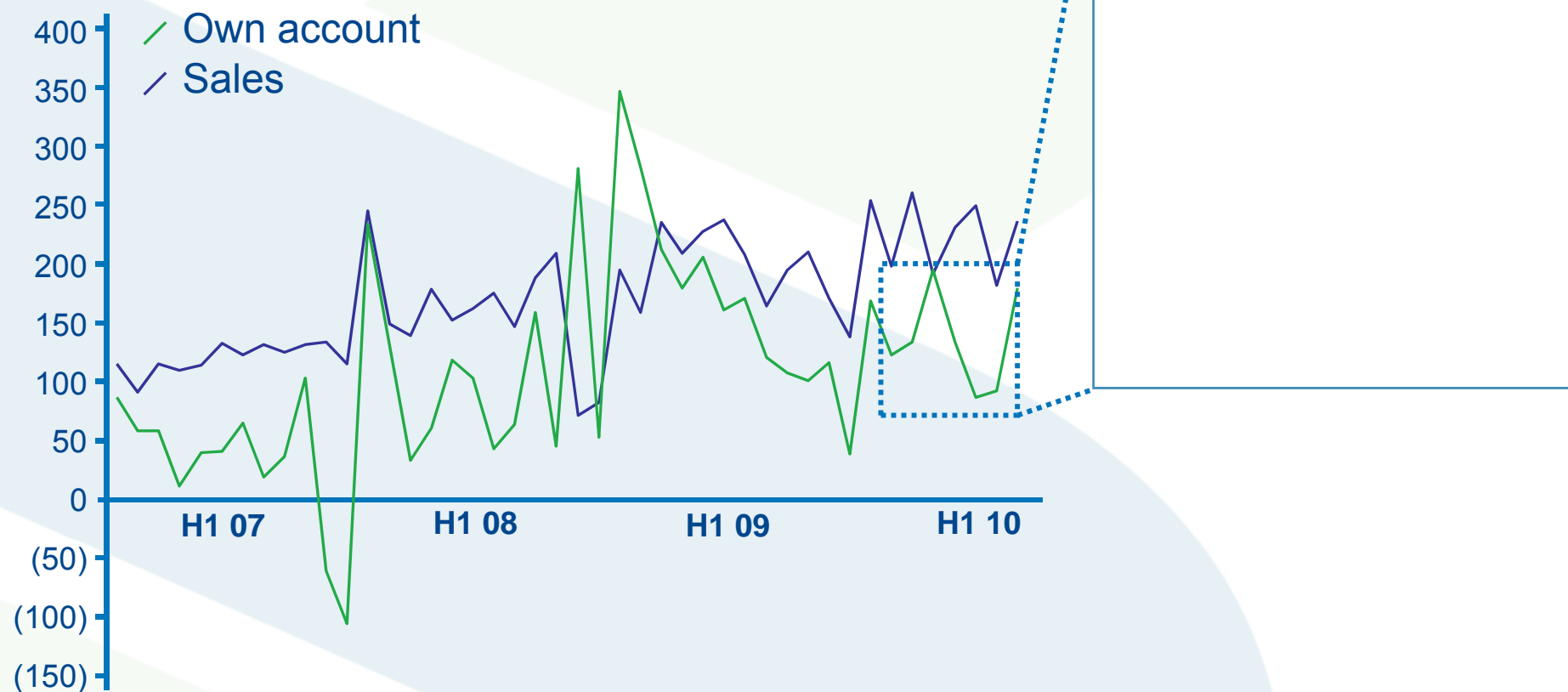
Source: SCB data



# FM trading is primarily based upon leveraging client flows and is normalising to historic trends

## FM Sales and own account income trend H1 07 - H1 10

US\$m



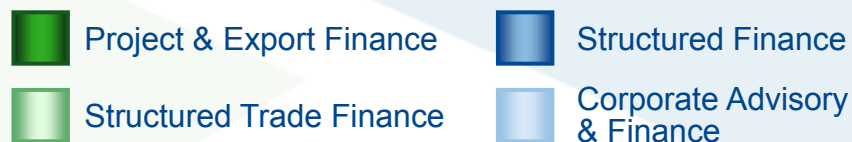
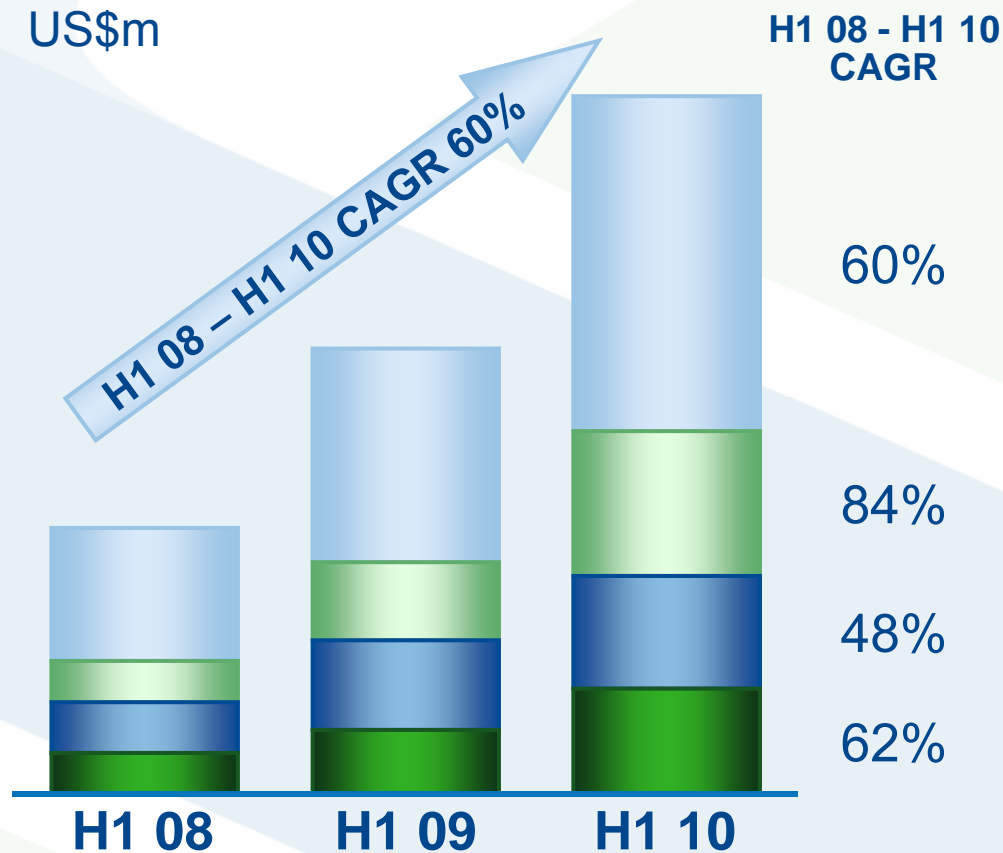
Source: SCB data

# Corporate Finance is growing consistently across products and with increasing geographic diversification...

## Corporate Finance income growth

H1 08 vs. H1 10

US\$m

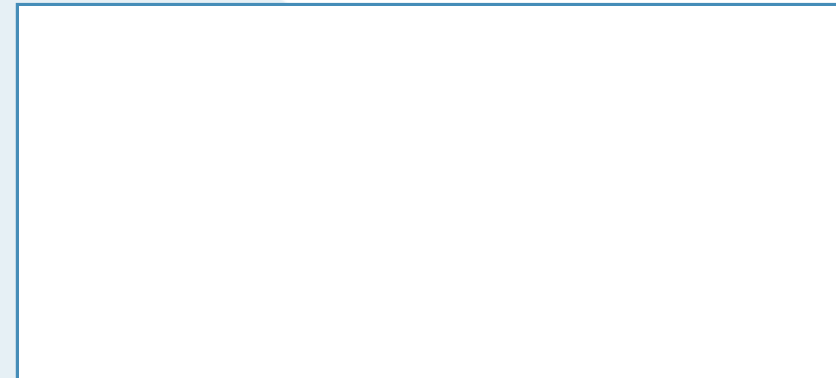


Source: SCB data

## CF income by geography

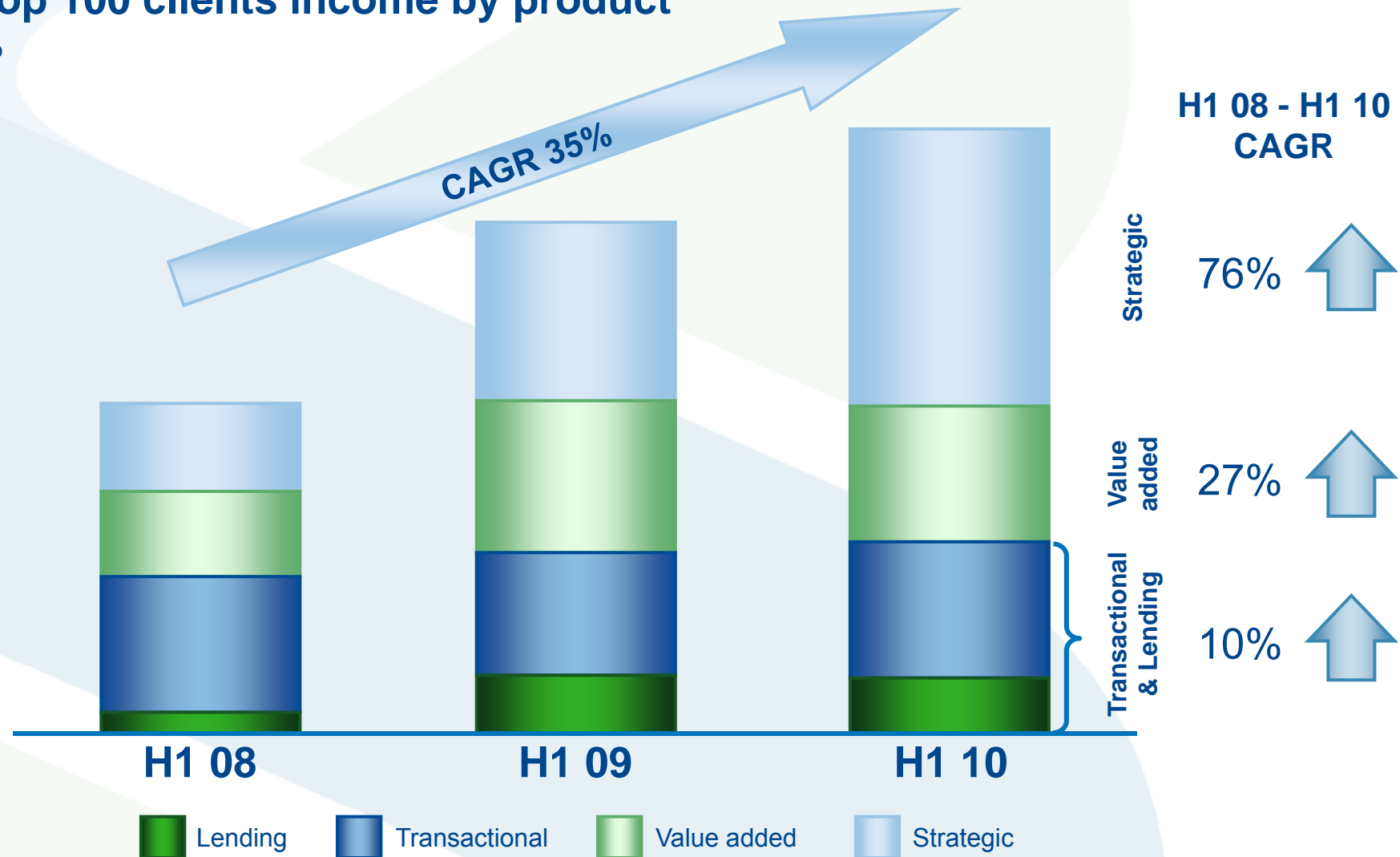


## CF income by segment



# ...and is also driving increased depth of relationship across our top clients

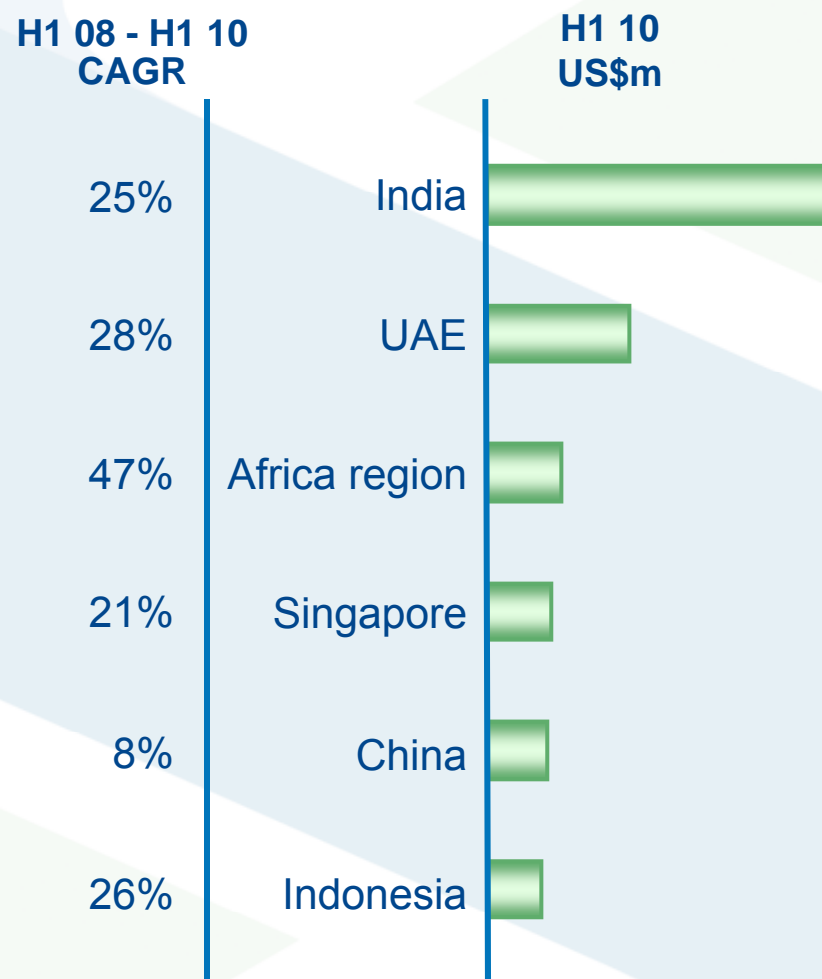
Top 100 clients income by product %



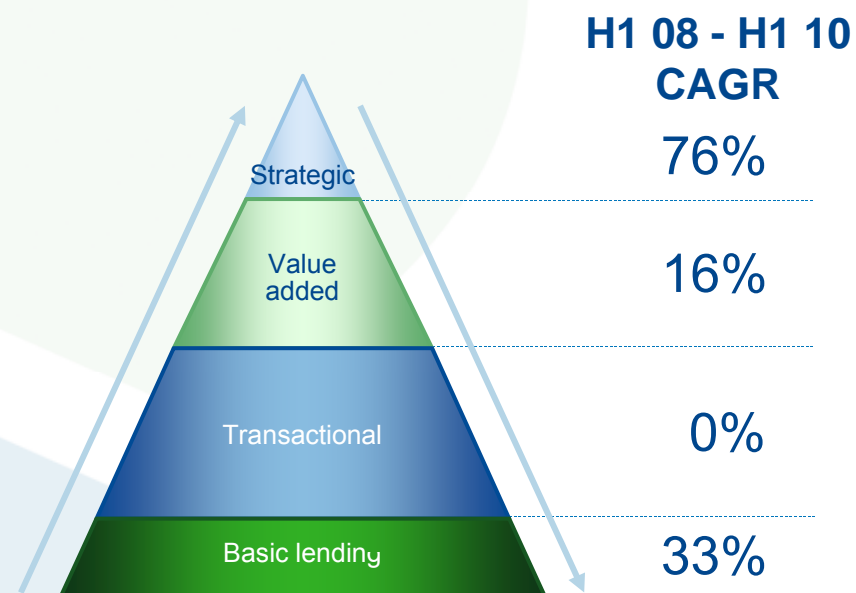
Source: SCB data

**We are deepening client relationships in the LC segment,  
focusing on strategic markets and broader product capabilities**

## Client income in key geographies



## Client income by product hierarchy H1 10

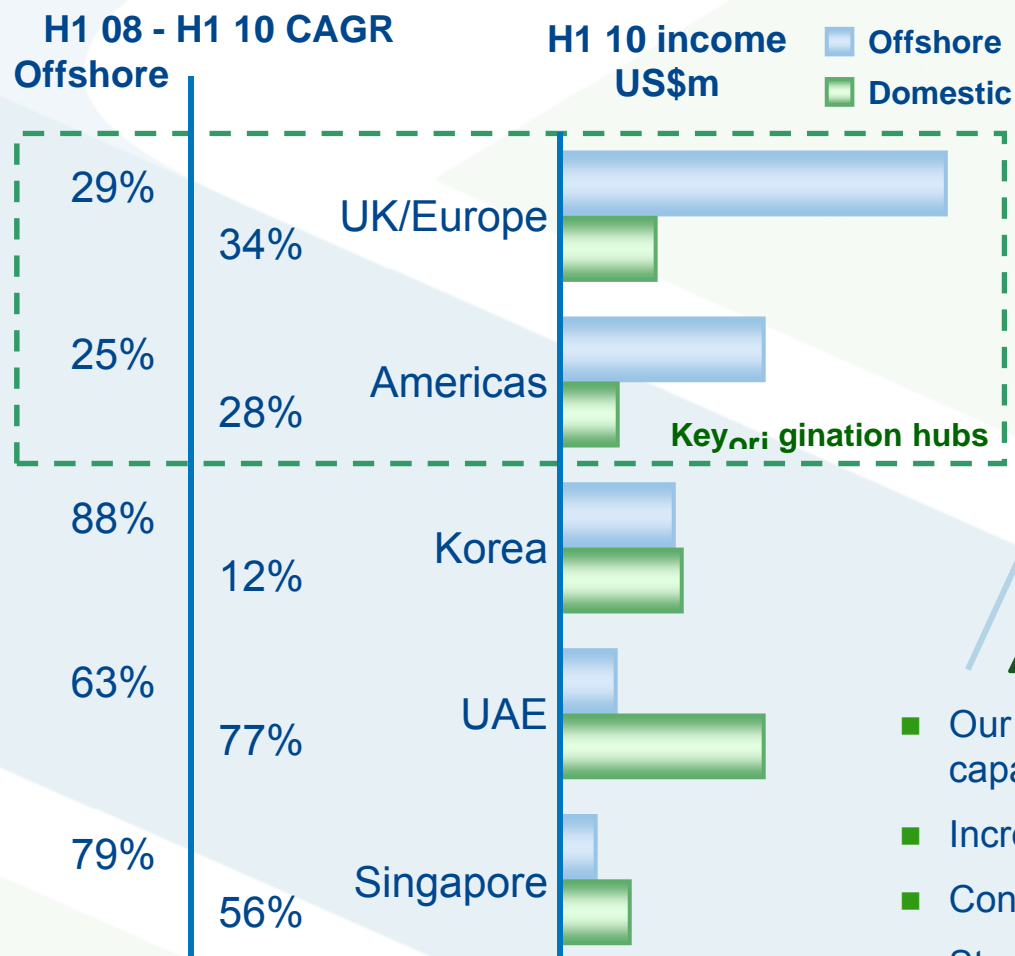


- Building strong local franchise
- Up-tiering our client relationships
- Disciplined portfolio client management
- 19% CAGR H1 08 - H1 10 for total LC

Source: SCB data \* Corporate Finance includes Principal Finance

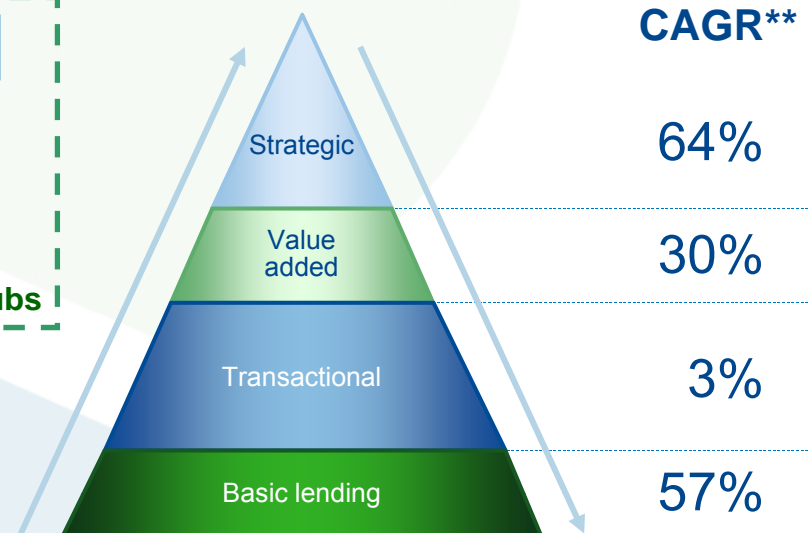
# The Global Corporate segment continues to deliver strong growth, maximizing our network and improved product capabilities

## Client income in key geographies\*



## Client income by product hierarchy H1 10

H1 08 - H1 10  
CAGR\*\*

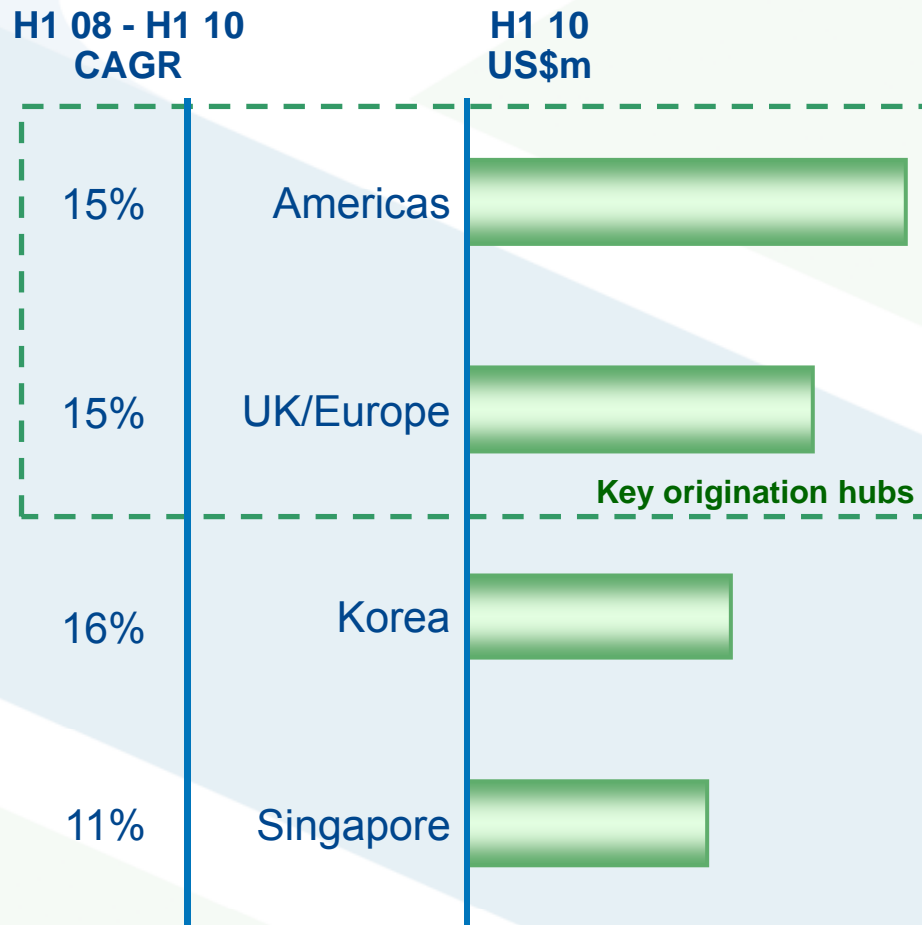


- Our network, renowned teamwork and improved product capabilities are the key competitive differentiators
- Increase focus on asset growth, distribution and returns
- Continued focus on deepening relationships
- Strong growth opportunities still exist as we continue to expand the number of meaningful clients
- 31% CAGR H1 08 - H1 10 for total GC

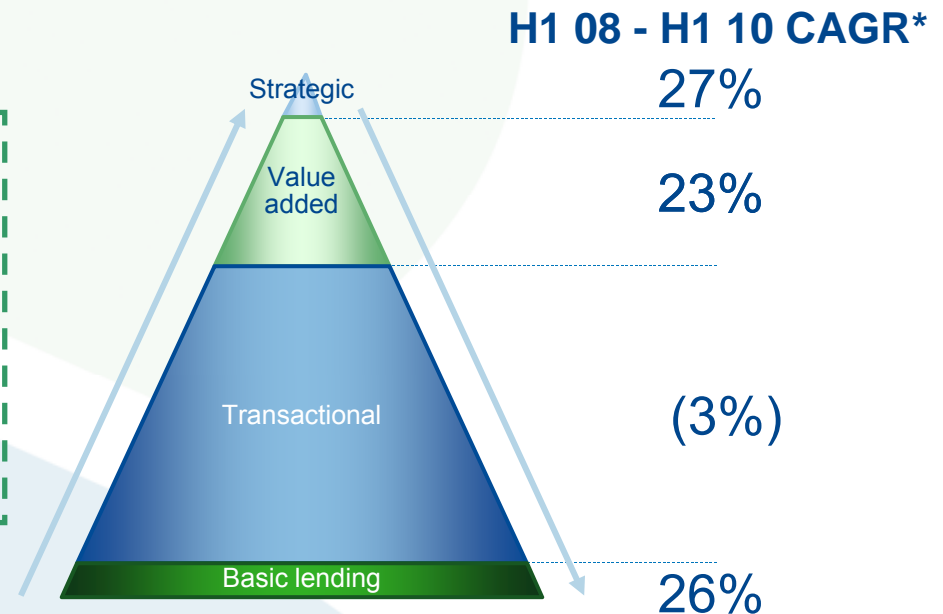
Source: SCB data \*Origination view \*\*Onshore view

# Our network and sophisticated product capability are competitive advantage for our Financial Institution clients

## Client income in key geographies



## Client income by product hierarchy H1 10

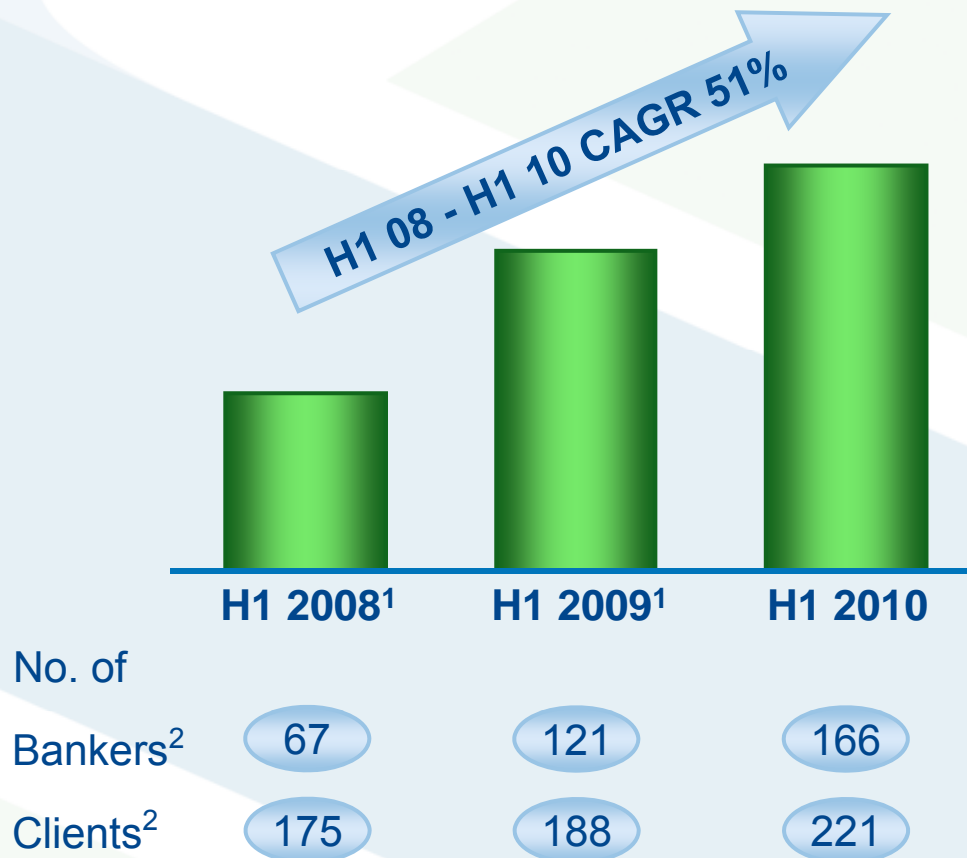


- Develop strategic and value-added products
- Global model with key originations hubs in US / Europe
- International connectivity with local distribution
- Focus on investor clients
- 6% CAGR H1 08 - H1 10 for total FI

Source: SCB data \* Includes Principal Finance

# SCCG concept proven and being expanded

## SCCG Client income growth H1 08 - H1 10



- Proven concept which has significantly enhanced depth of relationships
- Now being expanded to more clients
- Increased coverage in China and industry teams
- Broadening coverage into Africa, Korea and Financial Institutions

Note:

1. H1 2008 and H1 2009 is re-based for SCCG clients as on H1 2010

2. 2008 and 2009 represents numbers at the end of the year; Bankers includes CRE bankers

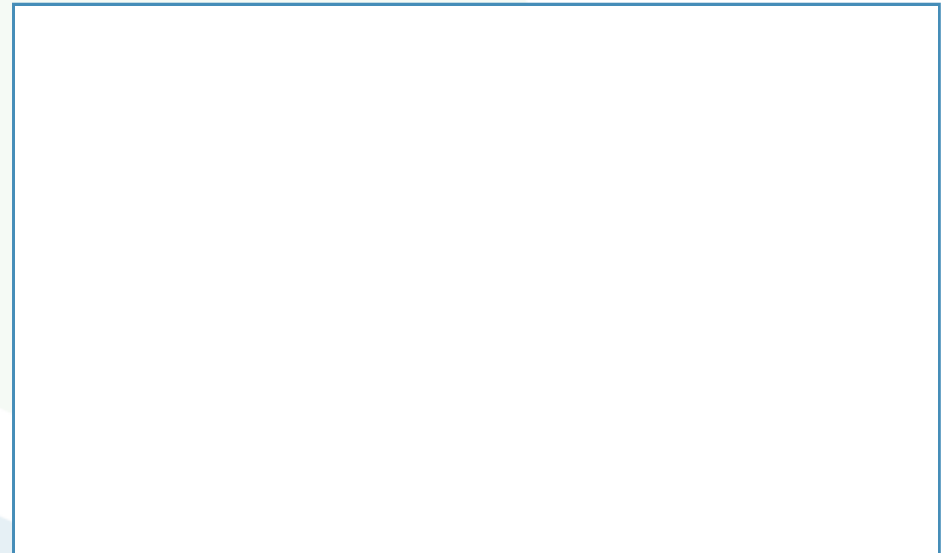
Source: SCB data

# Sustainable income growth diversified across product, geography and client

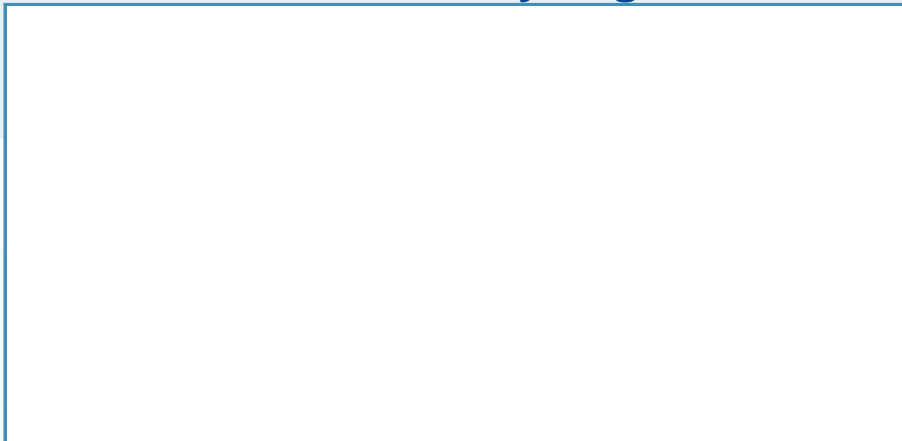
**Income by product**



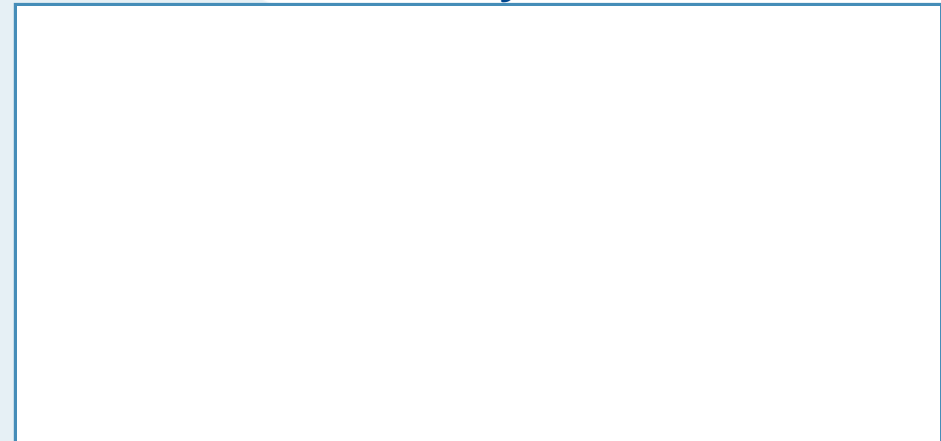
**Client income by key geographies**



**Client income by segment**



**Income by client**



Source: SCB data



# Disciplined BAU expense growth has resulted in improved Cost Income ratio

## Breakdown of Cost Income ratio

%

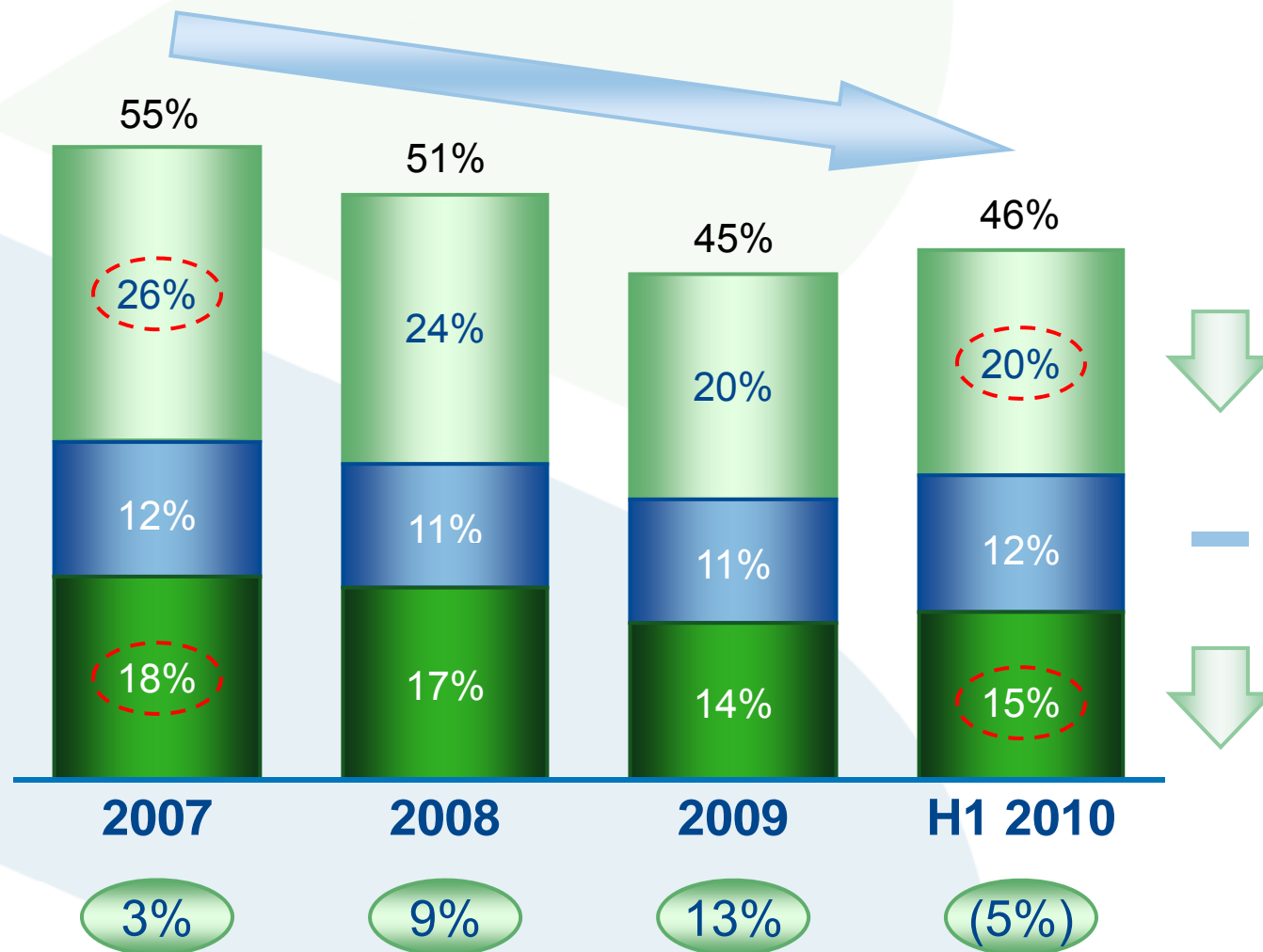
C/I ratio

Other expenses  
as % income

Variable compensation  
as % income

Fixed compensation  
as % income

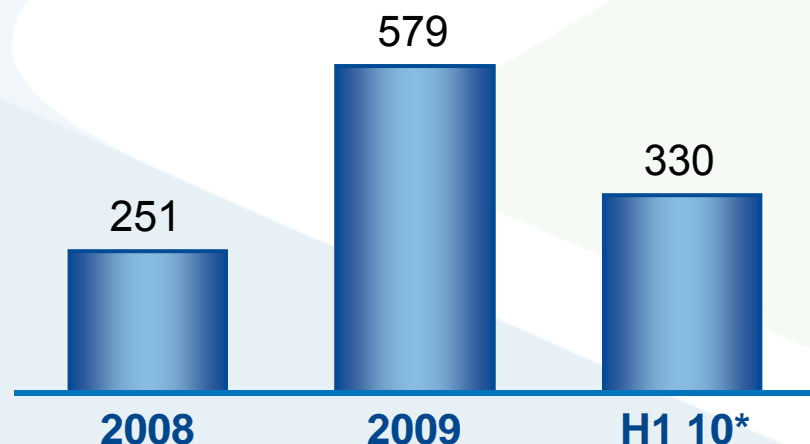
JAWS



Source: SCB data

# Investment spend has been focused across our big engines of growth

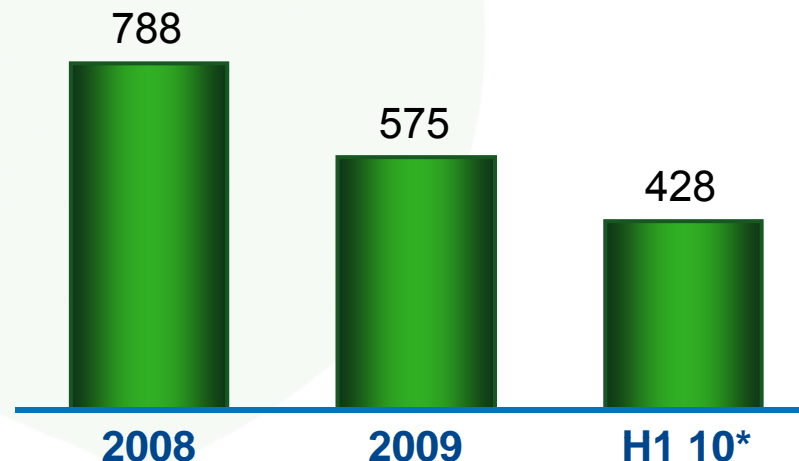
## New project spend approved (US\$m)



### Key investment highlights:

- **Trade Finance Magellan** – 29% increase in trade volumes vs. 8% increase in FTEs
- **FM E-Commerce** – Offer one bank client experience by integrating FM services with TB systems and Straight2Bank
- **Strategic Credit Risk Management System** – Provide and end to end systems solution for managing credit risk
- **ACBS** – Single global system for entire spectrum WB loans; covers > 50% of loan book

## New positions created (#FTE)



### Key investment highlights:

- **Significant new FTE investments made in the bank's core geographic priorities and SCCG client segment over the last 3 years**
  - **China/ HK** – 335 new FTEs
  - **India** – 163 new FTEs
  - **UAE** – 144 new FTEs
  - **SCCG** – 108 new FTEs

\*New project spend approved as at H110 Source: SCB data

# We have optimised capital usage by driving capital allocations to the best return opportunities...

## Client income and RWA growth (H1 09 - H1 10) %

H1 10  
RoRWA

H1 10 - H1 09  
change in  
RoRWA

Total Client Income 18%

7.3%

+72bps

Credit RWA 10%

Customer Assets 15%

Lending (net) 27%

2.3%

+48bps

Transaction Banking (net) 3%

9.1%

(84)bps

Financial Markets 16%

13.5%

+365bps

Corporate Finance 56%

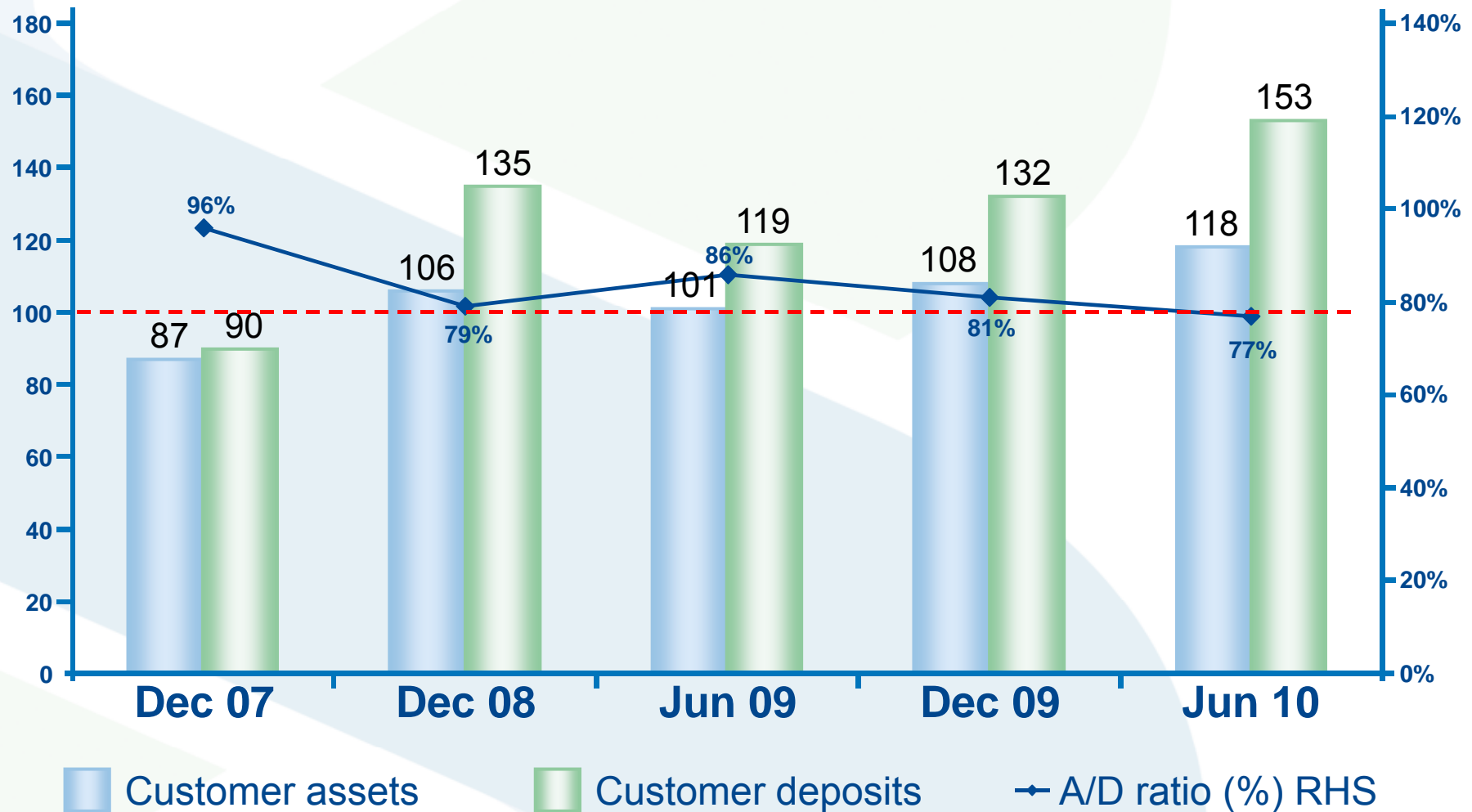
11%

+235bps

Source: SCB data. FM is ex ALM; Data is based on a 12month rolling average

...and our focus on disciplined asset growth is supported by a continued sourcing of quality deposits

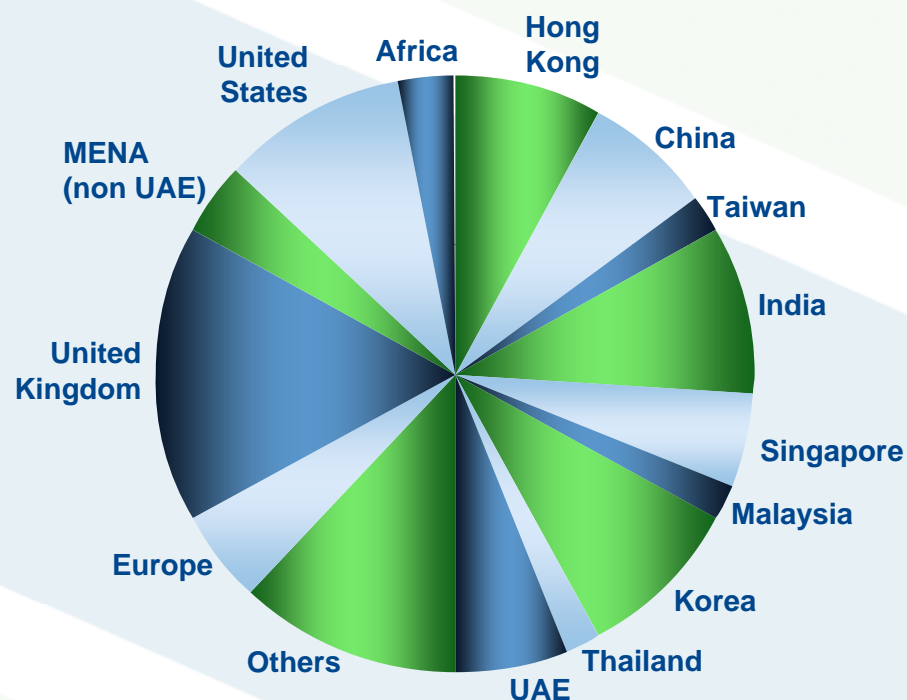
## Wholesale Banking AD ratio



Source: SCB data

# WB portfolio is well-diversified with limited concentration risk

## WB nominal portfolio distribution by geography as of June 30 2010



## WB Loan Portfolio Risk Trend

	WA LGD (%)	WA PD (bps)	WA Credit Grade
Dec 2007	39	60	6B
Dec 2008	31	68	6B
Jun 2009	32	82	7A
Dec 2009	31	97	7A
Jun 2010	31	91	7A

Source: SCB data

1 WB nominal is all outstanding assets & contingents for both Cat 1 & 2;

2 Geography is based on country of credit risk responsibility

3 Credit ratings above are based on an internal grading system using a PD measure.

4 Our WA CG of 7A is comparable to a portfolio of assets with a WA S&P rating of BB

WA: Weighted Average

# Provision and Impairment charges have significantly reduced...

## Provision & impairment trends

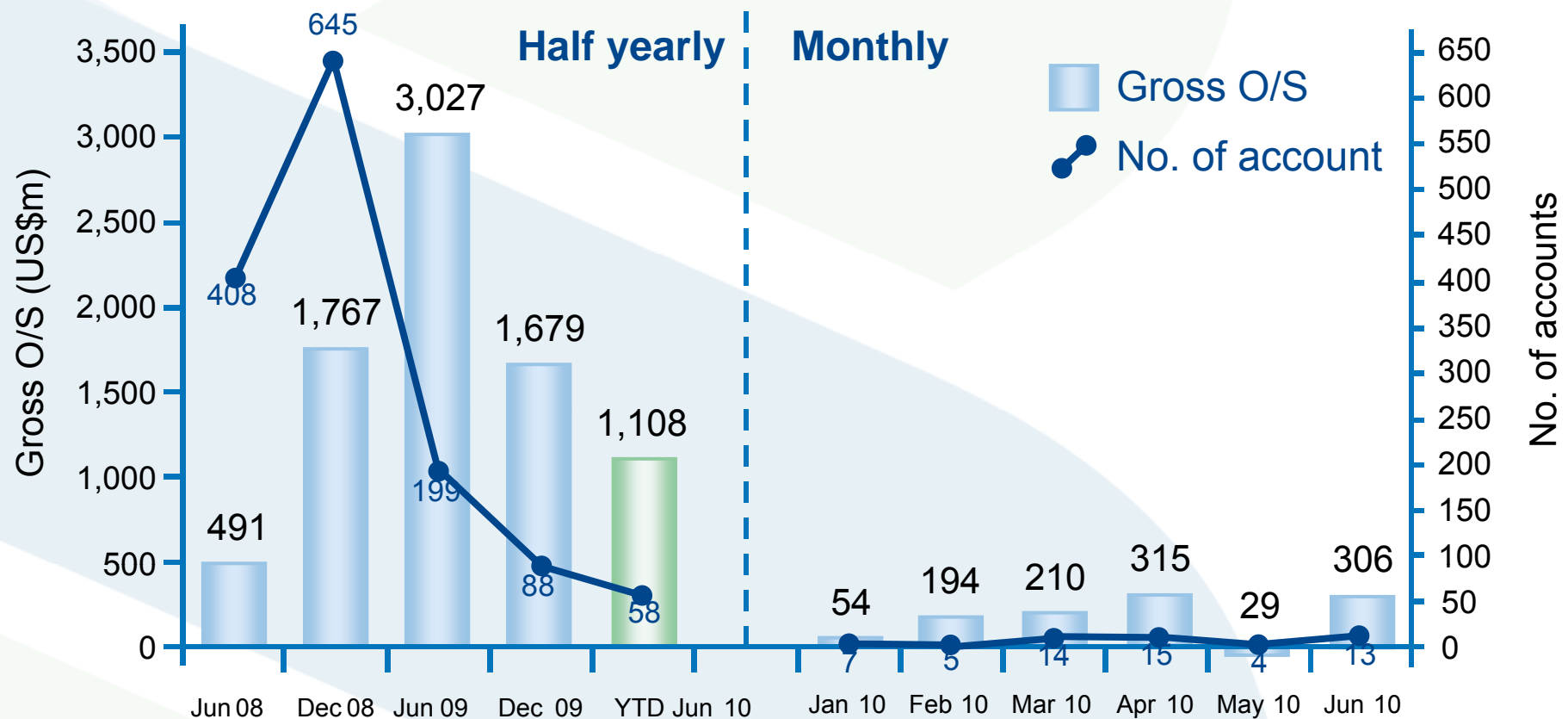
	H1 09	H2 09	H1 10	Growth H110 vs. H109	Growth H110 vs. H209
Gross impairment charge	498	384	204	(59%)	(47%)
Recoveries/provisions no longer required	(19)	(57)	(30)	58%	(47%)
<b>Net individual impairment charge</b>	<b>479</b>	<b>327</b>	<b>174</b>	<b>(64%)</b>	<b>(47%)</b>
Portfolio impairment provision charge / (release)	46	96	(36)	(178%)	(138%)
<b>Net impairment charge</b>	<b>525</b>	<b>423</b>	<b>138</b>	<b>(74%)</b>	<b>(67%)</b>

NOTE : Event Risk of US\$50m has been reported under CG 1 to 11

Source: SCB data

## ...and downgrades tailed off

### Portfolio downgrades for H110



Source: SCB data

# Key messages

- We have consistently delivered a strong financial performance and are well placed to continue to drive sustainable income momentum going forward
- Our client focused strategy underpins performance and will be the platform that will continue to drive growth
- We will continue to leverage the strength of our network, and evolve our product capabilities to meet our clients needs
- We are driving the development of our support and control infrastructure to make it a source of competitive advantage
- We will continue to have a conservative business model with robust foundations around risk capital & liquidity management



## Q & A