

Wholesale Banking and Consumer Banking Day 2012

Leading the way

in Asia, Africa and the Middle East

Steve Bertamini

Group Executive Director and CEO,
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



- Presence in 44 countries
- Over 13m customers
- Over 1,500 branches
- Nearly 6,000 ATMs
- 29 online and 33 mobile banking countries

Macro trends present clear growth opportunities

- Asia, Africa and the Middle East will contribute around 50% of total global revenue pool growth
- Asia and Africa will have larger private wealth than the US or Europe by 2016
- SMEs are a leading employer in Asia, Africa and the Middle East
- Rapid growth in new internet users in China, India and Nigeria
- More facebook users in Asia than in the US



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 (CVP) and world class relationship managers
- Main bank relationship and payroll driven
- Needs based bundling

'BACK TO BASICS'

- Re-engineering and centres of excellence
- Liquidity and secured lending
- Strong risk and cost discipline
- Performance management

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

Participation model

	Universal	Focus	Lean premium
What	National level	Major cities	Select cities
Offer	Comprehensive suite	Comprehensive suite for HVS	Limited suite
Focus	All segments	HVS	SME Priority and Employee Banking
Where	Hong Kong, Singapore, Korea, Indonesia, Pakistan, Bangladesh, United Arab Emirates	China, India, Malaysia, Nigeria, Taiwan, Thailand	Bahrain, Brunei, Vietnam, Jordan, Lebanon, Nepal, Oman, Philippines, Qatar, Sri Lanka, Japan, other African countries



Program criteria*

Private
Banking

High net worth
with $AUM \geq US\$2m$

SME Banking

SME with turnover $\leq US\$37.5m$

Priority Banking

Affluent with $AUM \geq US\$100k$

Personal Banking

Mass market and emerging
affluent with $AUM < US\$100k$

Not to Scale

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



Standard Chartered
Private Bank



LIKE ANY ENDURING LEGACY,
WEALTH IS BUILT ON THE LESSONS YOU SHARE.

Preparing children for what's to come depends on what they learn. To instill financial responsibility, shouldn't they acquire financial knowledge? That's why we provide financial education programmes, which give them a greater understanding of wealth. Helping them value the bottom line as well as the bigger picture. When it comes to our clients, our commitment lasts for generations.

To speak to one of our Private Bankers, call +65 6596 7000

- Private Banking in 8 countries in 22 offices globally
- One bank as a competitive advantage
- Among top 10 private banks in Asia

SME Banking

Standard Chartered
Here for good 



3 years since grand opening

5 new stores needed to meet demand

1 business dream to fulfill

It's good when your bank helps finance your growth ambitions

Speedy decisions for your applications.
Providing quick response on all your new business applications and growth ideas.

Lending solutions to fund your growth.
Providing financial support for all your expansion plans.

Committed to your business.
Giving you the ability to drive your growth further with additional capital.

SMS 'SME' to 2727 or Call 16233, 8332272

BUSINESS EXPANSION

- SME Banking in 30 countries
- Liability led business
- Deepening the share of wallet and being main bank



PRIORITY Banking
優先理財

Standard
Chartered
渣打銀行
Here for good

2 筆海外置產
3 趟商務旅程
5 項跨國投資的佈局

一心深耕與您的合作
助您緊抓全球新興市場的先機

- Priority Banking in 31 countries
- Liability and wealth led
- Augmented with International Banking



- Personal Banking in 35 countries
- Largest customer segment in Consumer Banking
- Key to Employee Banking proposition
- Needs based bundle solutions

Segment-led innovative propositions



- Differentiated service and solutions

Strategic alliances



- Innovative products
- Relationship rewards program

Campaigns and new products



- Alliances to drive scale

Wealth Management - trusted advisor proposition



Investment proposals

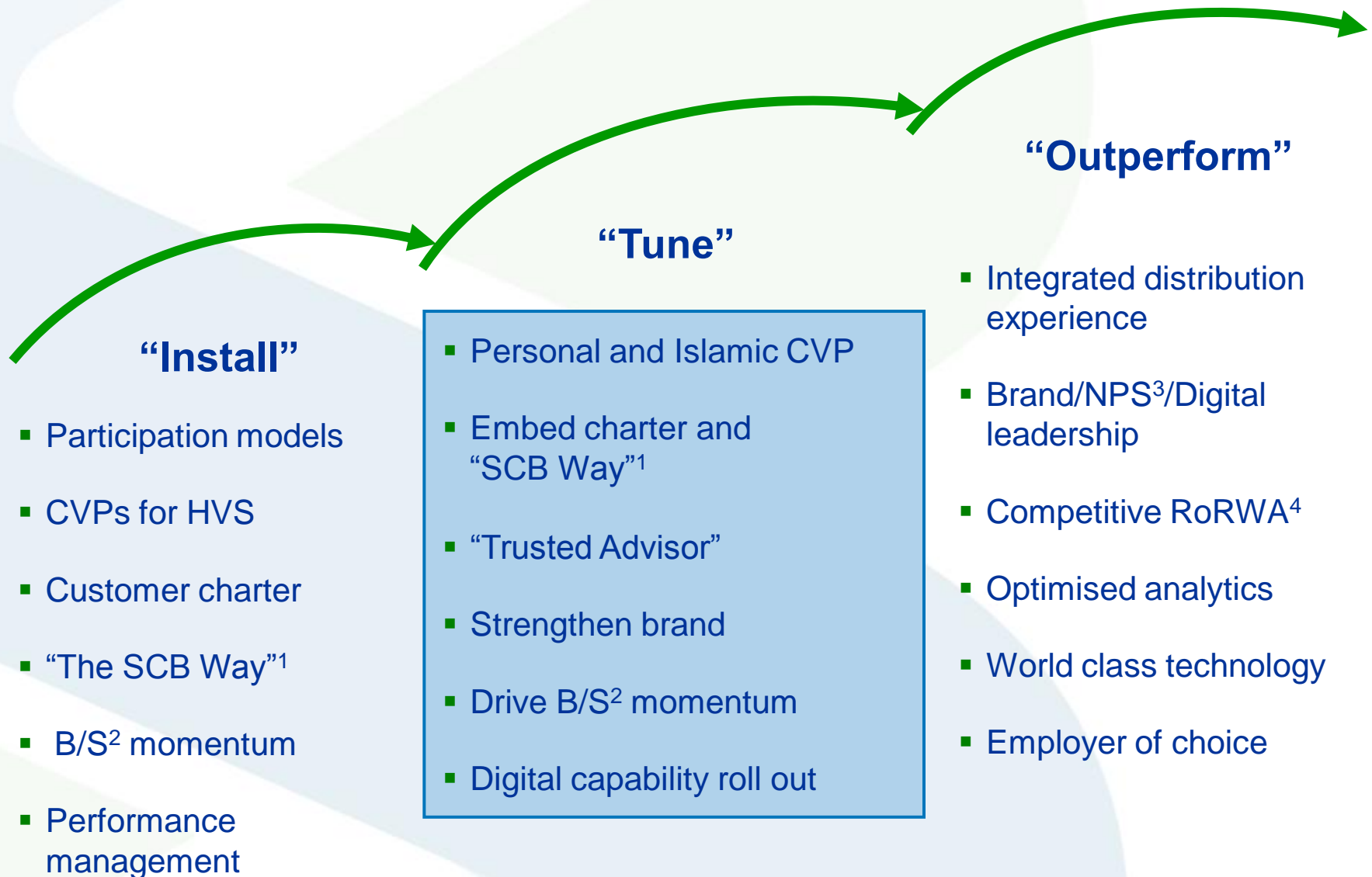


Investment needs calculator



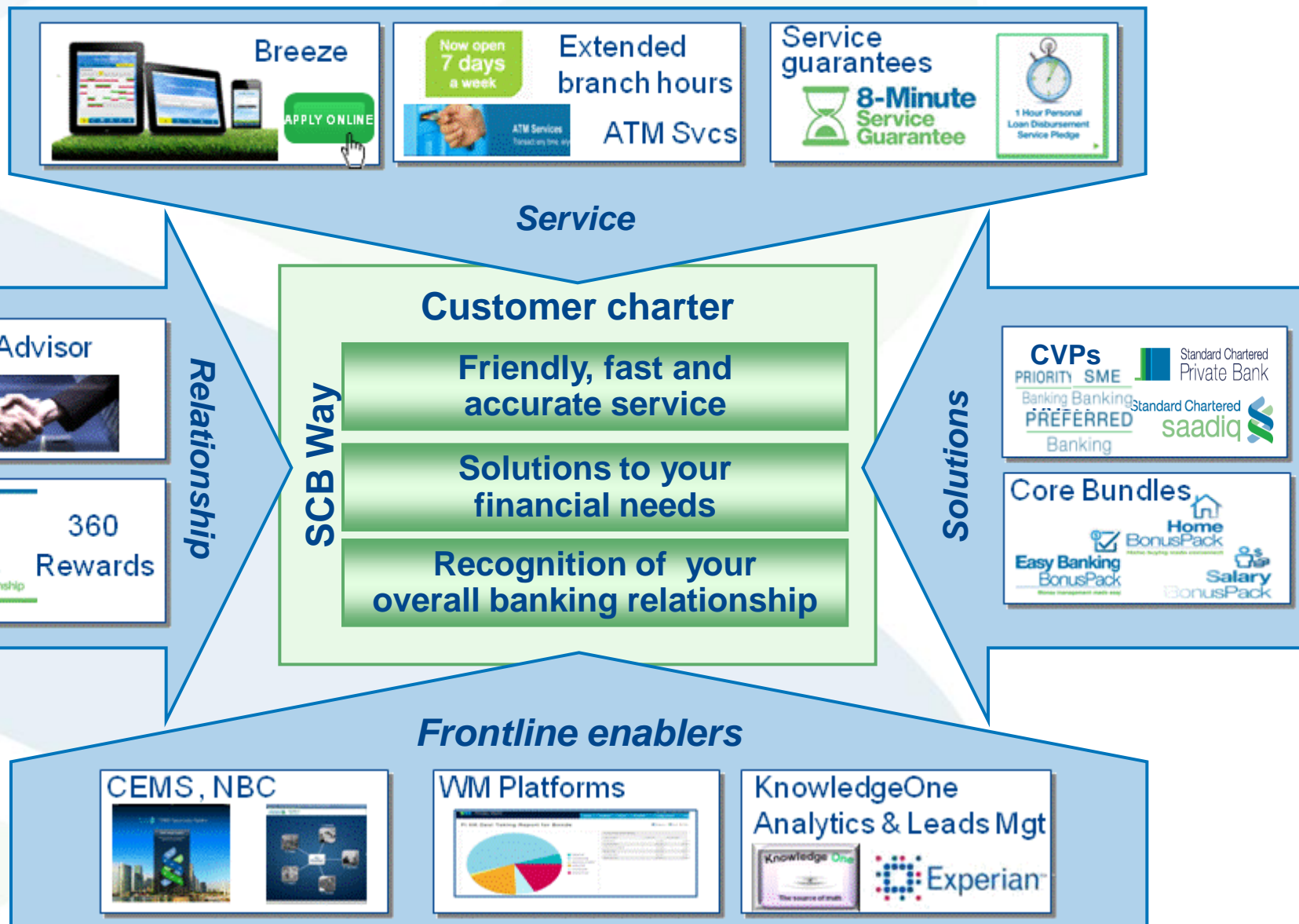
- Advice-led proposition
- Superior insights and Investment opportunities into our markets
- Best of breed solutions
- Digital-technology to empower customers and frontline

In the “Tune” phase of transformation



¹SCB Way – Standard Chartered Bank Way, ²B/S = balance sheet, ³NPS = Net Promoter Score, ⁴RoRWA= Return on Risk Weighted Assets

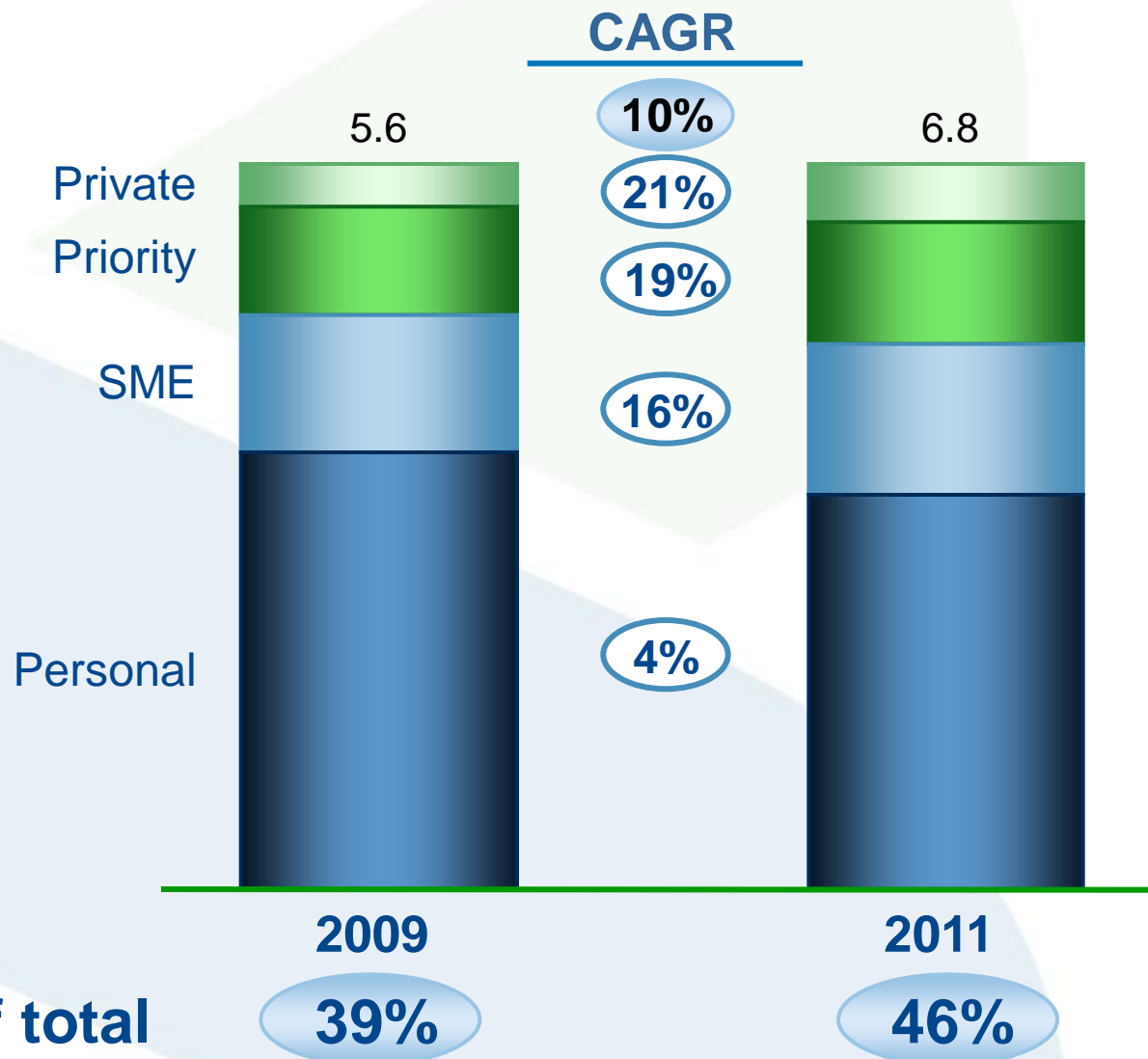
New capabilities in place or being deployed to deliver the Customer Charter



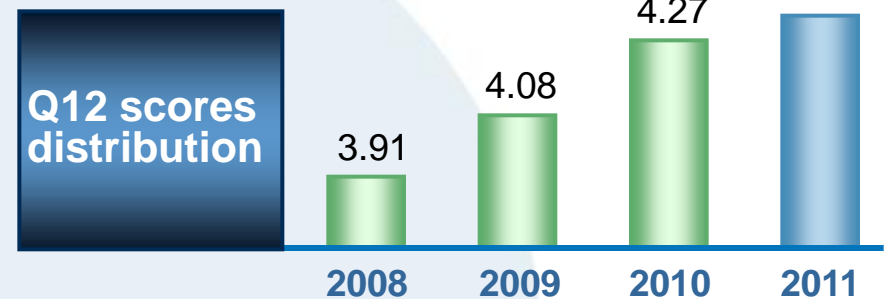
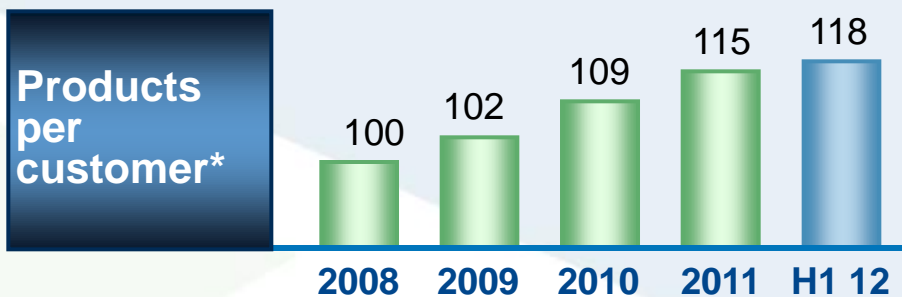
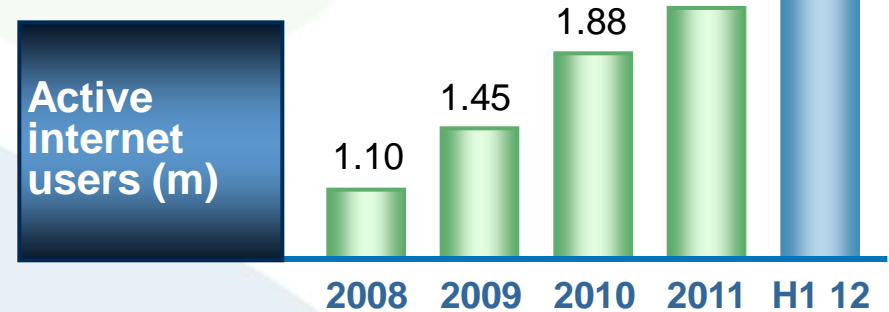
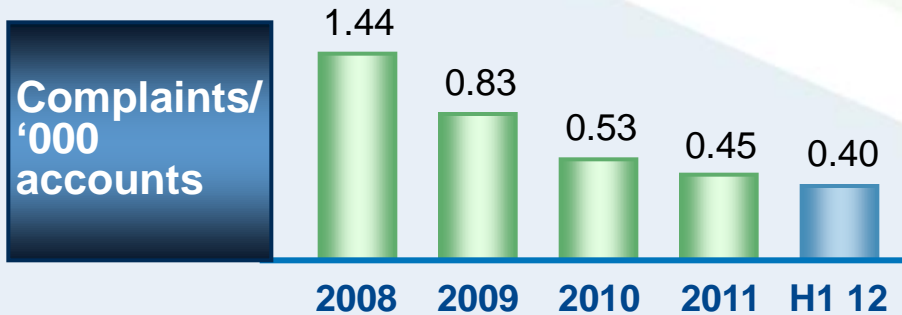
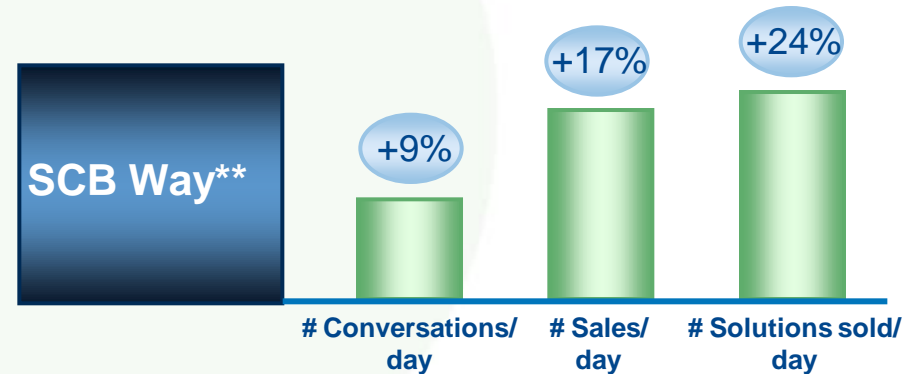
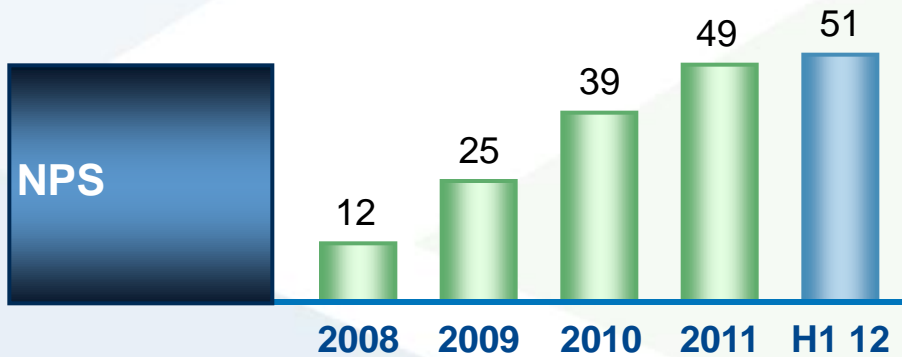
- Financials
- Risk and portfolio
- Product and segment
- Process and sales productivity
- Customer and service level

Revenue growth by segment

US\$bn



Continued progress in key customer metrics



*Products per customer (PPC) index, **Improvement rate % in Jun 12 YTD average vs that of 2011 YTD average

Awards in 2012



The Asian Banker
Excellence in Retail
Financial Services Awards



Citywealth Magic Circle Awards, 2012
Asian Advisor/Manager of the Year



Banker M.E. Product
Awards, 2012
Best SME Internet Bkg
Best SME Foreign
Exchange Service



Asian Banker Summit, 2012
Best Customer Relationship Mgmt
Best SaaS (software as a service) pgm



CNBC Financial Advisor
Awards, 2012
CNBC Financial Advisor
Awards for WM expertise
(India)



Global Finance Best Internet Banking
2012 Awards.
Best Consumer Internet Bank in
Singapore, Vietnam, Pakistan, UAE,
Bahrain and Zambia.



Capital Outstanding
Enterprise Awards
Best Performing Bank
Foreign, 2012



Retail Banker International Awards, 2012
Best Retail Bank (Global)
Best Online Banking Strategy



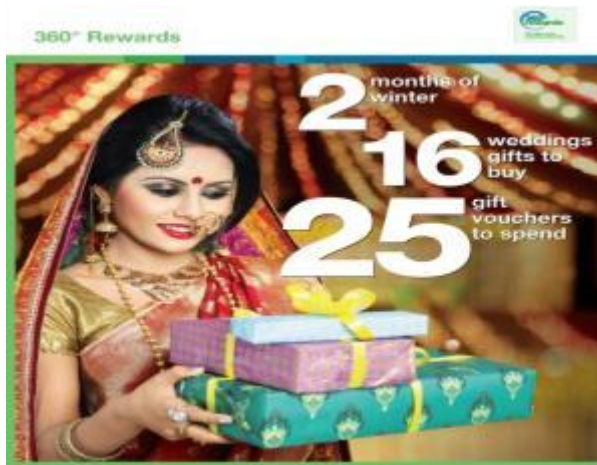
Gartner CRM
Excellence Awards
Best Customer Experience
Excellence Award



Bkg & Pmts Asia Trailblazer Awards, 2012
Process Excellence in Account Opening

Investing in franchise build and accelerating investment in H2 12

Branding and marketing spend



Mobile and online



Customer-focused systems



Branch projects



Frontline and sales staff



Regulatory and controls



Integrating distribution to redefine customer experience

Breeze



Express Banking Centres

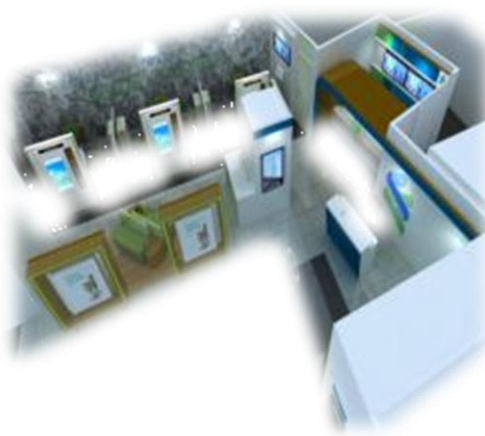


New branch design

Full branch



Smart / Mall branch



Pop-up branches



Business and geographic

- Balance sheet growth
- Korea: making steady progress
- China: ongoing investment

Regulation

- Pace of regulatory changes
- Lack of convergence

Competition

- Re-investment in our markets
- Pressure for talent and customers

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

PARTICIPATION MODEL

- Grow HVS and active customers
- Increase CASA* and unsecured mix
- Drive product per customer income via SCB 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
- 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

*CASA - Current Account Savings Account



**Digital
main
bank**

“To do”



1. Accelerate digital capability roll out
2. Enable CASA
3. Shift customer behavior
4. Integrate multi-channel capability
5. Create “digital first” solutions
6. Alliances to build scale

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

Leading the way in Asia, Africa and the Middle East

Kevin Hoffman-Smith
CFO, Consumer Banking

- Balanced growth across segments, products and geographies
- Lending mix shifting gradually to unsecured and SME
- Strong portfolio quality

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
Operating profit before impairment	2,043	1,920	(2)	2,186	7
Loan impairment	(721)	(1,052)	13	(524)	(29)
Other impairment	-	-	-	(12)	
Operating profit	1,322	867	(13)	1,650	38

Deposits US\$bn

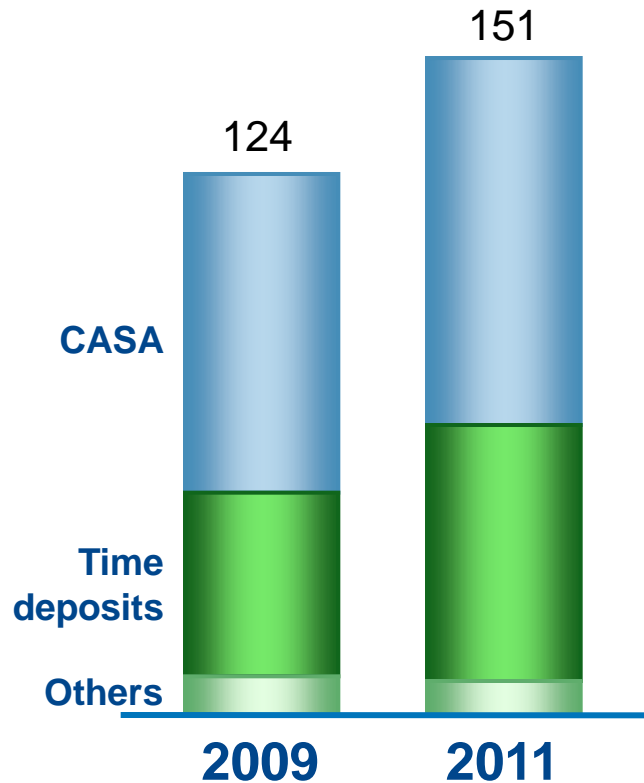
09- 11
CAGR %

10

7

19

(5)



Loans and advances US\$bn

09 - 11
CAGR %

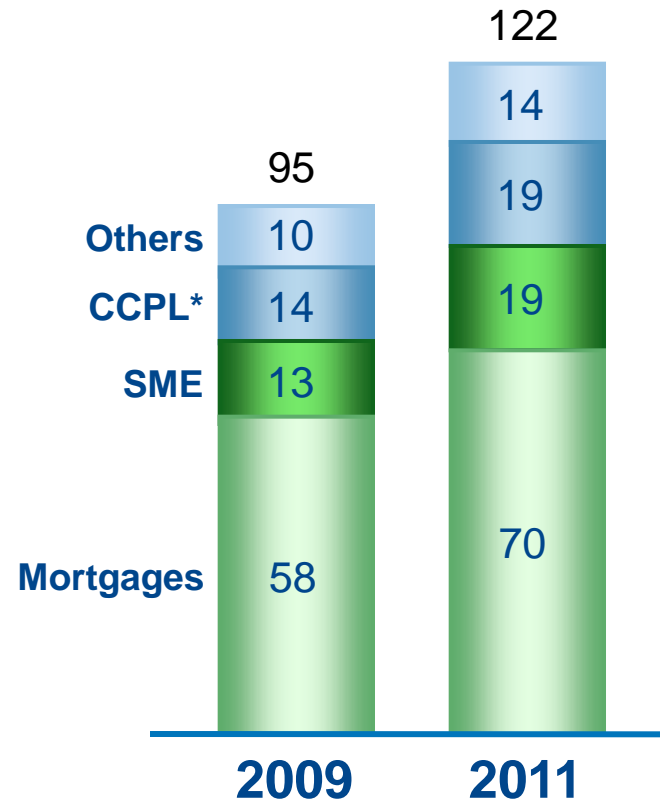
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22

17

20

10



*CCPL – Cards, Personal Loans and Unsecured Lending

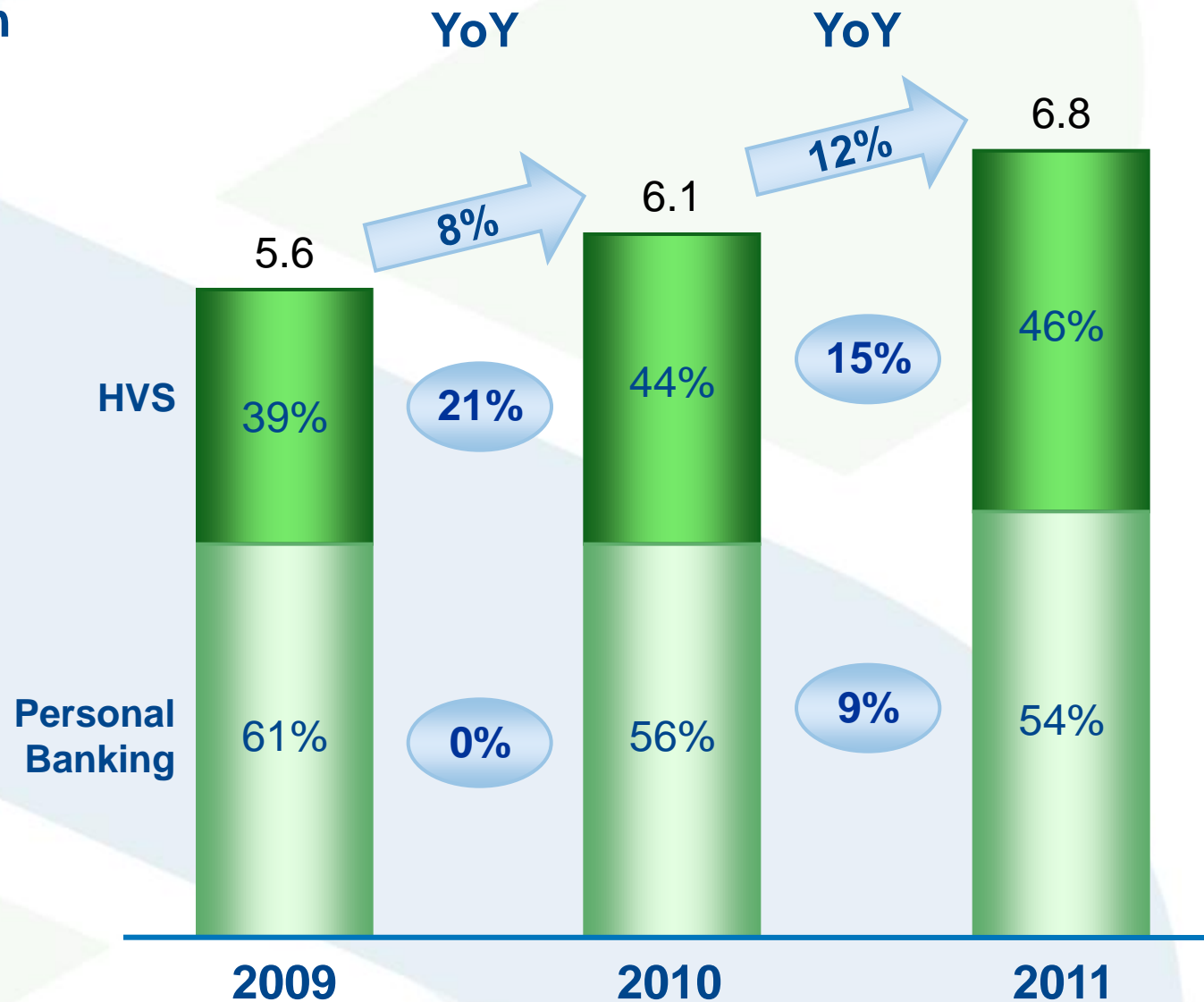
Financial performance - HoH

US\$m	H1 11	H2 11	H1 12	H1 12 vs H1 11		
				US\$m	%	Constant fx %
Income	3,337	3,454	3,515	178	5	8
Expenses	(2,109)	(2,496)	(2,307)	198	9	12
Operating profit before impairment	1,228	958	1,208	(20)	(2)	1
Loan impairment	(211)	(313)	(300)	89	42	48
Other impairment	(4)	(8)	(9)	5	125	125
Operating profit	1,013	637	899	(114)	(11)	(9)
<i>Excluding one-offs*</i>						
Income	3,337	3,454	3,476	139	4	7
Expenses	(2,195)	(2,317)	(2,307)	112	5	8
Operating profit before impairment	1,142	1,137	1,169	27	2	5
Loan impairment	(262)	(346)	(343)	81	31	35
Other impairment	(4)	(8)	(9)	5	125	125
Operating profit	876	783	817	(59)	(7)	(4)

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

Income by customer segment

US\$bn



Income by product

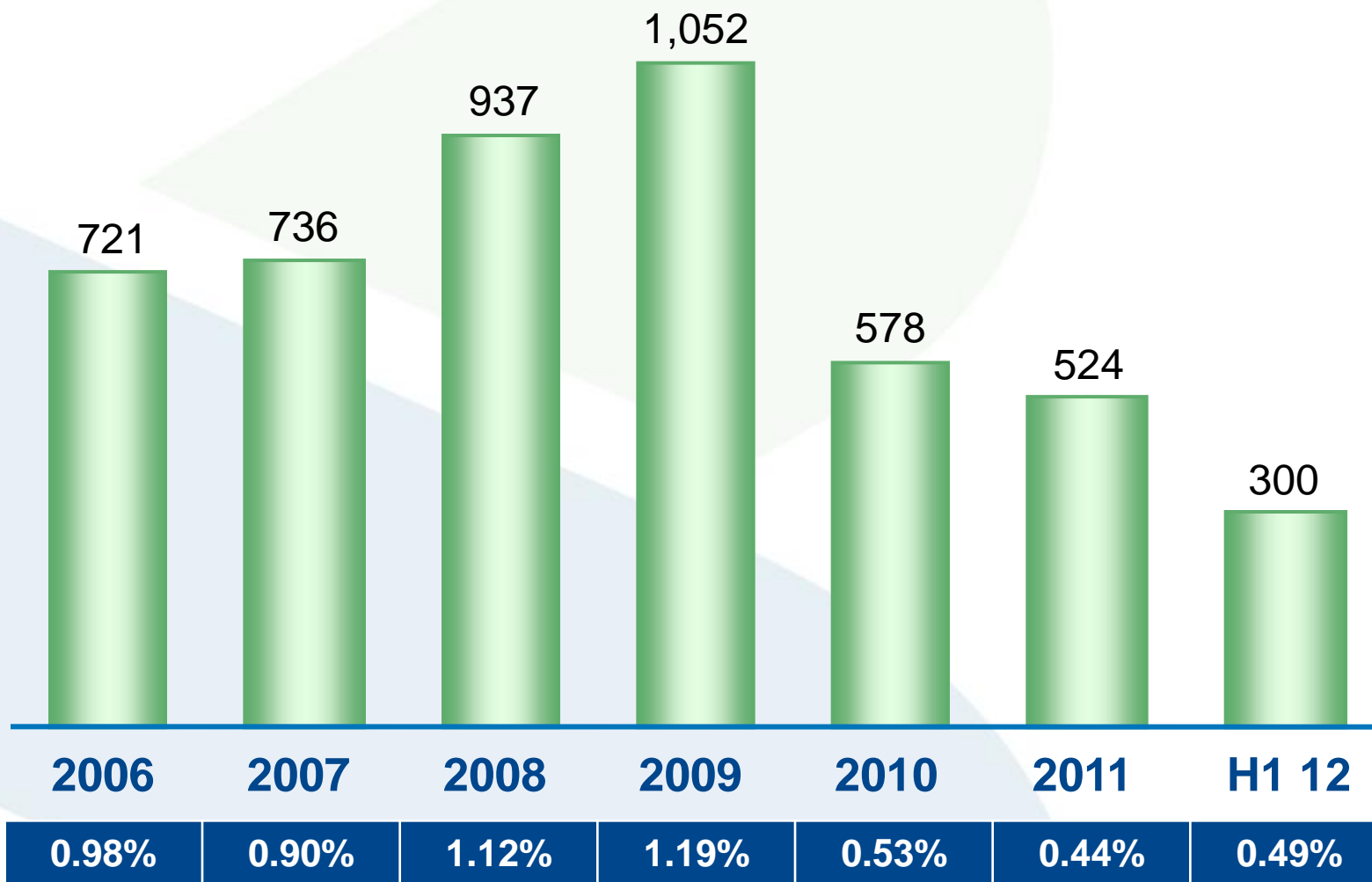
	US\$m			06 - 11 CAGR %	US \$m H1 12	H1 12 vs H1 11		
	2006	2009	2011			US\$m	%	Constant fx %
Deposits	1,404	1,311	1,409	0	786	95	14	18
Mortgage & Auto Finance	780	1,244	1,478	14	656	(95)	(13)	(10)
Cards, Personal Loans & Unsecured	1,799	1,992	2,422	6	1,297	148	13	16
Wealth Management	534	921	1,272	19	639	(18)	(3)	(1)
Others	167	161	210	5	137	48	54	57
Total income	4,684	5,629	6,791	8	3,515	178	5	8

Income by geography

	US\$m			06 - 11 CAGR %	H1 12 US\$m	H1 12 vs H1 11		
	2006	2009	2011			US\$m	%	Constant fx %
Hong Kong	1,019	1,082	1,326	5	674	32	5	5
Singapore	367	635	924	20	479	34	8	8
Korea	1,146	995	1,153	0	588	5	1	4
Other APR	950	1,283	1,613	11	846	49	6	8
India	323	444	482	8	223	(15)	(6)	8
MESA	545	678	723	6	371	12	3	7
Africa	257	351	422	10	235	33	16	24
Americas, UK & Europe	77	161	148	14	99	28	39	42
Total	4,684	5,629	6,791	8	3,515	178	5	8

Loan impairment

US\$m



*LI / ANR – Loan impairment / Average Net Receivables

- Balanced growth across segments, products and geographies
- Lending mix shifting gradually to unsecured and SME
- Strong portfolio quality

Leading the way

in Asia, Africa and the Middle East

Ray Duggins

Chief Risk Officer, Consumer Banking

- Credit quality remains strong and stable
- Lending mix gradually shifting gradually to unsecured and SME
- Established and proven credit risk management toolkit and processes

Consumer Banking loan impairment

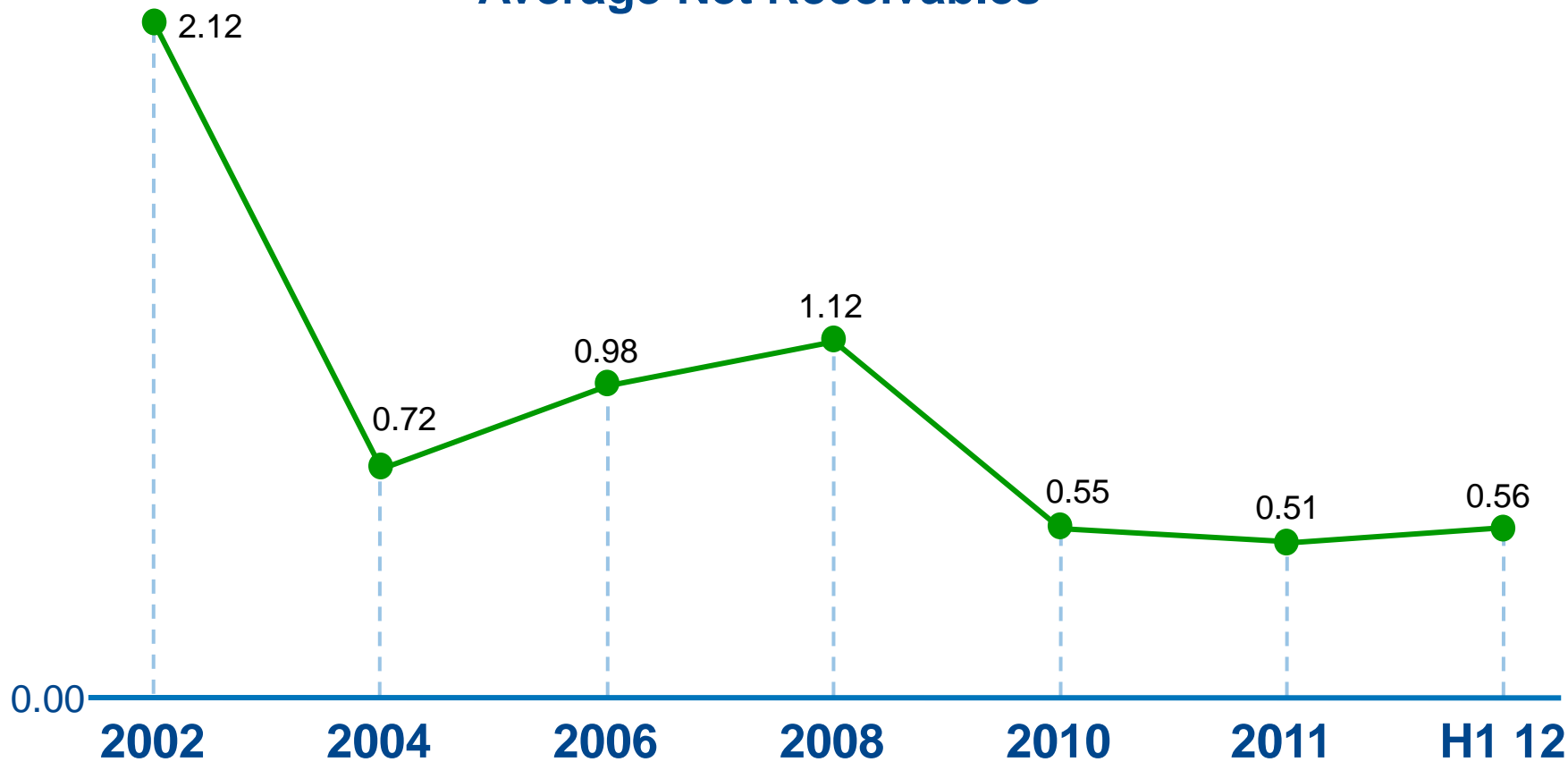
		H1 11	H2 11	FY 11	H1 12
Mortgages	LI/ANR	0.03%	0.01%	0.02%	(0.03%)
	30dpd/ENR*	0.59%	0.67%	0.67%	0.66%
	Loan book (US\$bn)	73	70	70	69
	LI (US\$m)	10	2	12	(9)
SME	LI/ANR	0.40%	0.60%	0.52%	0.50%
	90dpd/ENR*	0.58%	0.57%	0.57%	0.53%
	Loan book (US\$bn)	20	19	19	20
	LI (US\$m)	38	58	96	49
Other Including CCPL	LI/ANR	1.05%	1.52%	1.33 %	1.51 %
	30dpd/ENR*	2.12%	2.28%	2.28%	2.12%
	Loan book (US\$bn)	33	33	33	35*
	LI (US\$m)	163	253	416	260
Total	LI/ANR	0.35%	0.50%	0.44%	0.49%
	30dpd/ENR*	0.95%	1.08%	1.08%	1.02%
	Loan book (US\$bn)	126	122	122	124
	LI (US\$m)	211	313	524	300

*ENR - End period Net Receivables

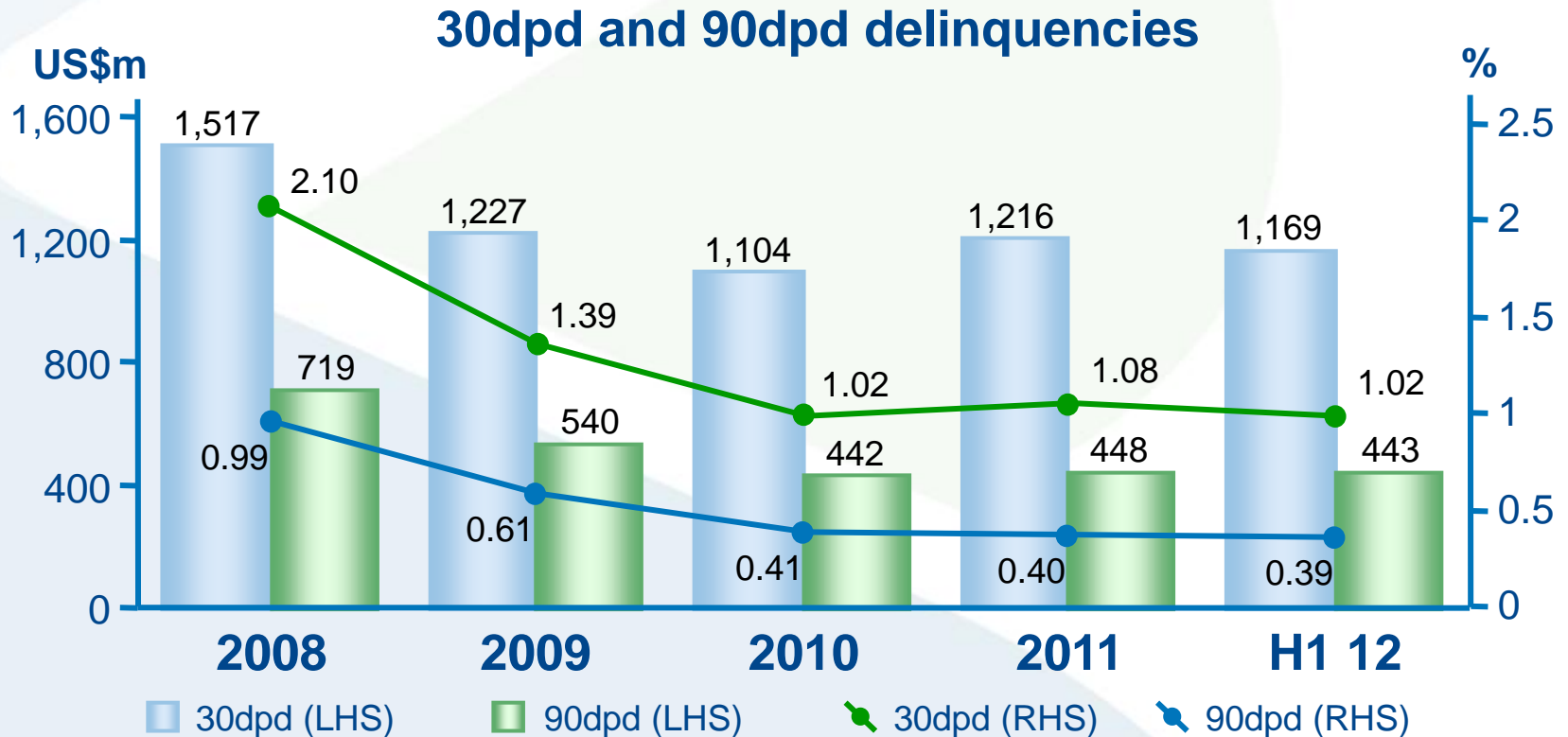
** Includes US\$20.4bn of CCPL



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



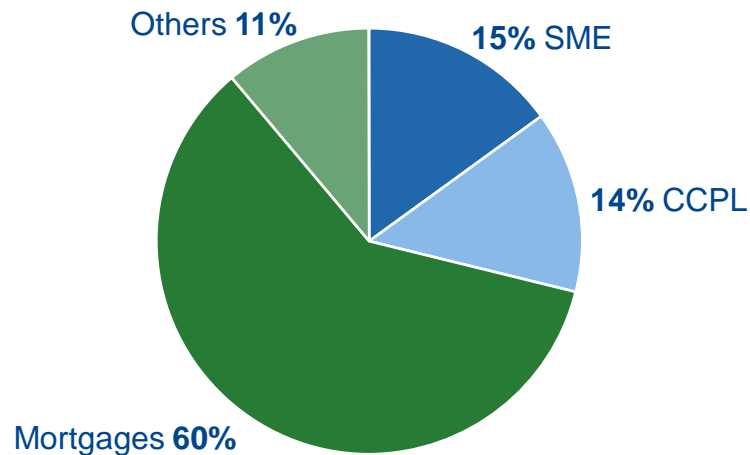
* Gross loan impairment excluding sales of loan portfolios



■ Selective actions taken

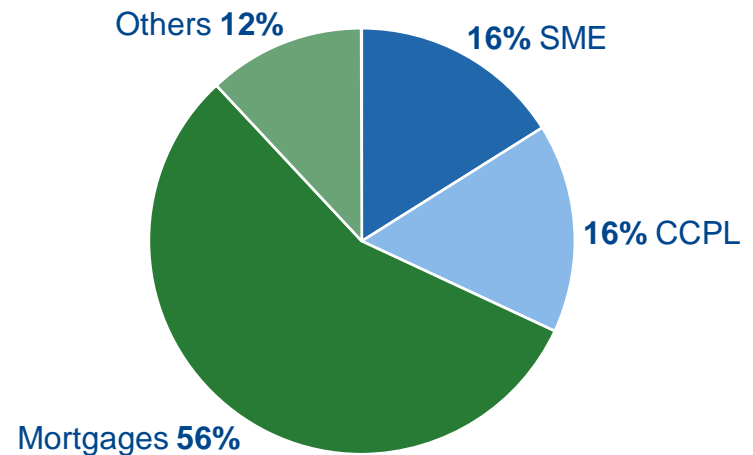
- Korea – Credit bureau scores to mitigate Personal Debt Rehabilitation Scheme impact
- Thailand – Intensified collection activity and debt restructuring after floods
- China – Limited origination from SMEs in higher risk sectors

2010



	Loan book US\$bn	Risk adjusted RoRWA	LI / ANR
CCPL	16	4.7%	2.80%
SME	17	5.7%	0.66%
Total	117	7.4%	0.53%

H1 2012



	Loan book US\$bn	Risk adjusted RoRWA	LI / ANR
CCPL	20	5.7%	2.56%
SME	20	8.0%	0.50%
Total	124	8.1%	0.49%

- Improving risk-reward profile as portfolio mix shifts

Regular stress tests to manage downside risk

Two types of Stress tests

- Scenario based stress tests
- Standard “1 in 25 severity” used to assess downside volatility

Performed Regularly

- Nine scenario based stress tests performed in last 12 months
- “1 in 25 severity” recession losses reviewed on a quarterly basis

Relevant stress assumptions

- Scenarios developed through an internal challenge process including bank economists, market experts and credit experts
- Market specific severities based on historical events

Downside volatility and mitigating plans

- Stress impairment rates range between current level and prior peak of 2008
- High risk segments identified and mitigation plans developed



- 94 application and behaviour scores in use with 25 SME scores recently developed



- 20 markets with full bureau and 7 markets with negative bureau



- Integrated new origination and account management decision systems with Straight Through Processing



- Advanced authorisation and fraud tools, optimised diallers and collection intensive care units
- Robust risk-reward framework (economic profitability, capital efficiency and downside volatility)



- Hands-on approach (portfolio deep dives, field visits, stress tests)

- Credit quality remains strong and stable
- Lending mix gradually shifting gradually to unsecured and SME
- Established and proven credit risk management toolkit and processes

Q&A