

Corporate & Institutional Banking

At a glance

Profit before taxation

\$2,318m ↑ 12%
underlying basis

\$2,208m ↑ 32%
statutory basis

Risk-weighted assets

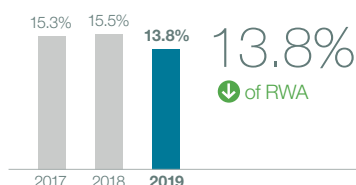
\$132bn ↑ \$3bn

Return on tangible equity (RoTE)

8.5% ↑ 110bps 8.1% ↑ 210bps
underlying basis statutory basis

KPIs

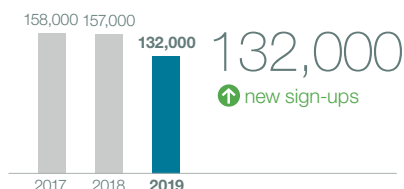
Proportion of low-returning client risk-weighted assets (RWA)



Aim: Reduce perennial sub-optimal RWA¹ and bring down the proportion of low returning client RWA.

Analysis: Our perennial sub-optimal RWA has reduced 46 per cent year-on-year. The proportion of low returning client RWA decreased from 15.5 per cent in 2018 to 13.8 per cent in 2019 driven by a reduction in overall total RWA and margin compression.

Collaboration with other client segments



Aim: Increased collaboration with other client segments to generate cross-segment business opportunities.

Analysis: Added 132,000 new Employee Banking account sign-ups from Corporate & Institutional Banking Clients.

Segment overview

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across more than 50 markets, providing solutions to over five thousand clients in some of the world's fastest-growing economies and most active trade corridors.

Our clients include large corporations, governments, banks and investors operating or investing in Asia, Africa, the Middle East, Europe and Americas. Our strong and deep local presence across these markets enables us to connect our clients multilaterally to investors, suppliers, buyers and sellers to enable them to move capital, manage risk, invest to create wealth, and co-create to provide bespoke financing solutions.

We collaborate increasingly with other segments, introducing Commercial Banking services to our clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering our clients' employees banking services through Retail Banking.

Finally, we are committed to sustainable finance, delivering on our ambitions to increase support and funding for financial products and services that have a positive impact on our communities and environment.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets
- Generate high-quality returns by growing capital-lite income, driving balance sheet velocity and improving funding quality while maintaining risk controls
- Partner with strategically selected third parties to expand capabilities and to access new clients
- Deliver a true frictionless cross-product digital banking experience to our clients through our integrated client portal, open banking and API solutions
- Accelerate Sustainable Finance products to our clients through product innovation and enabling transition to a low carbon future

- Proportion of low returning client RWA at 13.8 per cent (2018: 15.5 per cent)
- Underlying RoTE up 110 bps to 8.5 per cent

- 1 Perennial sub-optimal clients are clients who have returned below 3 per cent RoRWA for the past three years
- 2 Capital-lite income refers to products with low RWA consumption or of a non-funded nature. This mainly includes Cash Management and FX products
- 3 Our next generation transaction banking digital platform

Progress

- Quality of income continues to improve driven by capital-lite² income up 9 per cent and Network income up 6 per cent; Network contributes to 69 per cent of total CIB segment income
- Maintained balance sheet quality with investment-grade clients representing 57 per cent of customer loans and advances (2018: 63 per cent) and high-quality operating account balances improving to 60 per cent of Transaction Banking customer balances (2018: 49 per cent)
- Strengthened focus on digital client experience, investments and talent pool by establishing Digital Channels and Client Data Analytics division
- Digitised c.3,000 client entities and increased S2B NextGen³ client transaction volumes from 1 per cent to 32 per cent of total transaction volume
- Resilient performance driven by diversified product suite and expanded client solutions delivering growth despite challenging geopolitical and macroeconomic conditions across footprint markets

Performance highlights

- Underlying operating profit before taxation of \$2,318 million was up 12 per cent, primarily driven by higher income and prudent cost management
- Underlying operating income of \$7,185 million was up 5 per cent primarily driven by Financial Markets and Cash Management
- Good balance sheet momentum with loans and advances to customers up 7 per cent

DRIVING INNOVATION

Co-created a Ready to Trade (RTT) Bot with Blackrock Inc.

During the year, we co created RTT chatbot, an industry leading and award winning solution, built on the Symphony platform to address the challenges of highly manual processes that complicate client onboarding. The Bot responds to fundamental pre trade questions, eliminating the need for labour intensive resources whilst reducing turnaround time. The solution positions Standard Chartered at the forefront of the digital transformation across the industry while equipping clients and staff with tools that make doing business with us faster and easier.



Retail Banking

At a glance

Profit before taxation

\$1,083m  5%
underlying basis

\$1,020m  6%
statutory basis

Risk-weighted assets

\$44bn  \$2bn

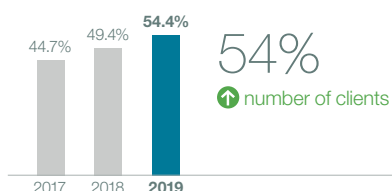
Return on tangible equity (RoTE)

12.6%  80bps
underlying basis

11.8%  80bps
statutory basis

KPIs

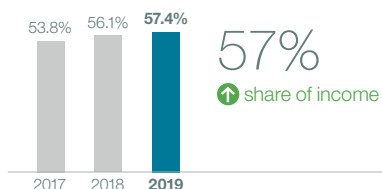
Digital adoption



Aim: Align the Group's service to how clients want to interact and increase efficiency by reducing the amount of manual processing.

Analysis: Online applications have continued to grow year-on-year with the proportion of Retail Banking clients that are digitally active up from 49 per cent in 2018 to 54 per cent at the end of 2019.

Priority & Premium client focus



Aim: Increase the proportion of income from Priority and Premium clients, reflecting the strategic shift in client mix towards affluent and emerging affluent clients.

Analysis: The share of Retail Banking income from Priority and Premium clients increased from 56 per cent in 2018 to 57 per cent in 2019, supported by over 110,000 new-to-bank Priority clients in the year.

Segment overview

Retail Banking serves over nine million individuals and small businesses, with a focus on affluent and emerging affluent in many of the world's fastest-growing cities. We provide digital banking services with a human touch to our clients with services spanning across deposits, payments, financing products and Wealth Management, as well as supporting their business banking needs.

Retail Banking represents approximately one-third of the Group's operating income and one-quarter of the Group's operating profit. We are closely integrated with the Group's other client segments; for example, offering employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a high-quality liquidity source for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to improve productivity and client experience by driving digitisation and cost efficiencies, and simplifying processes.

Strategic priorities

- Invest in our affluent and emerging affluent clients with a focus on Wealth Management and Deposits to capture the significant rise of the middle class in our markets
- Build on our client ecosystem and alliances initiatives
- Improve our clients' experience through an enhanced end-to-end digital offering, with intuitive platforms, best-in-class products and service responding to the change in digital habits of clients in our markets

a constant currency basis) in ASEAN & South Asia and a 9 per cent decline (down 3 per cent on a constant currency basis) in Africa & Middle East

- Strong income momentum growth of 12 per cent from Deposits with improved margins and balance growth. Together, Wealth Management and Deposits income, representing 64 per cent of Retail Banking income, grew 7 per cent
- Underlying RoTE improved to 12.6 per cent from 11.8 per cent

Progress

- Increased the share of income from Premium and Priority clients from 56 per cent in 2018 to 57 per cent as a result of strong Wealth Management and Deposit income growth and increasing client numbers
- Launched the Côte d'Ivoire digital banking model across eight other markets in the Africa & Middle East region: Kenya, Uganda, Tanzania, Ghana, Botswana, Zambia and Zimbabwe and Nigeria
- Successful application for HK digital bank licence in partnership with PCCW, HKT and Ctrip Finance which will redefine customer experience of banking services
- Launched real-time on-boarding (RTOB) for Credit Cards and Personal Loans (CCPL) in India in addition to saving account launch a year earlier, enabling more efficient credit cards and personal loan applications with significantly improved customer experience. RTOB launched in three new markets: Singapore, Malaysia and UAE
- Driving affluent growth with Priority Private launched in five markets: Singapore, Malaysia, Taiwan, China and Hong Kong, which is a key lever to accelerate Priority Banking growth
- Premium Banking, which serves emerging affluent clients and serves as feeder to Priority growth, now launched in 10 markets: Hong Kong, Korea, China, Singapore, India, Malaysia, UAE, Kenya, Pakistan and Taiwan
- A further improvement in digital adoption, with 54 per cent of clients now actively using online or mobile banking compared with 49 per cent in 2018

DIGITAL TRANSFORMATION

Making digital leaps and bounds in South Korea

We chose South Korea, one of the most advanced markets in terms of digital technology adoption, as our test bed for a new mobile platform concept. After extensive research and user testing, we brought together global, regional and local teams to collaborate with select partners to develop the next generation of our mobile application. We became the first bank in the market to use open banking, which enables clients to view their finances from 19 other banks in one place in our application. The response from clients has been extremely positive – mobile adoption increased by 28 per cent and digital sales were up by more than 50 per cent in the first six months. We will now roll out the application across our top markets.



Performance highlights

- Underlying operating profit before taxation of \$1,083 million was 5 per cent higher, as higher income more than offset higher credit impairment
- Underlying operating income of \$5,171 million was up 3 per cent (up 5 per cent on a constant currency basis). Growth of 4 per cent (up 6 per cent on a constant currency basis) in Greater China & North Asia, 6 per cent (up 8 per cent on

Commercial Banking

At a glance

Profit before taxation

\$448m ↑ 100%
underlying basis

\$437m ↑ 106%
statutory basis

Risk-weighted assets (RWA)

\$28bn ↓ \$2bn

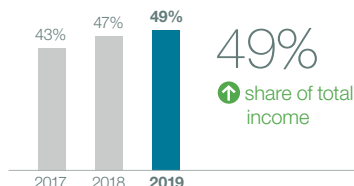
Return on tangible equity (RoTE)

7.3% ↑ 390bps
underlying basis

7.2% ↑ 400bps
statutory basis

KPIs

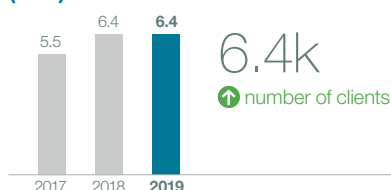
Capital-lite income



Aim: Reshape the income mix towards capital-lite income.

Analysis: Share of capital-lite income increased from 43 per cent in 2017 to 49 per cent in 2019 driven by Cash Management. We have set up dedicated liabilities team in key markets and continue to focus on cash rich sectors, non-borrowing clients and FX cross-sell opportunities.

New to bank clients on-boarded ('000)



Aim: Building scale by on-boarding new to bank clients.

Analysis: We maintain strong momentum in the on-boarding of new to bank clients, while monetising clients on-boarded in prior years. Clients on-boarded in the past two years helped us generate c.\$190 million additional income on approximately \$5 billion additional liabilities in 2019.

Segment overview

Commercial Banking serves over 45,000 local corporations and medium-sized enterprises in 26 markets across Asia, Africa and the Middle East. We aim to be our clients' main international bank, providing a full range of international financial solutions in areas such as trade finance, cash management, financial markets and corporate finance.

Through our close linkages with Retail Banking and Private Banking, our clients can access additional services they value including employee banking services and personal wealth solutions. We also collaborate with Corporate & Institutional Banking to service their clients' end-to-end supply chains.

Our clients represent a large and important portion of the economies we serve and are potential future multinational corporates. Commercial Banking is at the heart of our shared purpose to drive commerce and prosperity through our unique diversity.

Strategic priorities

- Drive quality sustainable growth by deepening relationships with existing clients and on-boarding new clients, focusing on rapidly growing and internationalising companies
- Improve balance sheet and income mix, accelerating utilisation of growth in Cash Management and FX products
- Continue to enhance capital allocation discipline and Credit Risk management
- Improve client experience, leveraging technology and investing in frontline training, tools and analytics

Progress

- Delivered 6 per cent income growth while reducing RWA consumption (down 8 per cent) and maintaining cost discipline (down 2 per cent)
- Onboarded over 6,400 new clients in 2019, which helped generate \$75 million additional income and \$3 billion additional Cash liabilities
- Grew Network income 18 per cent year-on-year, notably from clients in India and China, as we continue to help our Commercial Banking clients capture international opportunities
- Continued to reshape business mix towards capital-lite products: Cash Management and FX income up 8 per cent year-on-year accounting for 44 per cent of total income, while Cash operating account balances grew 11 per cent year-on-year
- Strengthened origination discipline and improved asset quality: RWA efficiency¹ improved to 68 per cent in 2019 from 74 per cent in 2018; impairments reduced 50 per cent primarily from lower stage 3 assets
- Continued to improve client experience: reduced client turnaround time from eight days to five days
- Leveraging partnerships with Linklogis and SAP Ariba (world's largest digital business network) to make our supply chain financing solutions easily accessible to new clients

Performance highlights

- Underlying operating profit before taxation of \$448 million was up 100 per cent driven by income growth combined with lower costs and impairments
- Underlying operating income of \$1,478 million was up 6 per cent mainly from growth in Cash Management, Financial Markets and Lending
- ASEAN & South Asia and Africa & Middle East income was up 7 per cent and 14 per cent respectively, partially offset by subdued income growth in Greater China & North Asia, up 2 per cent, impacted by lower trade
- Underlying RoTE improved from 3.4 per cent to 7.3 per cent

INNOVATIVE FINANCING

Harnessing offshore wind in Taiwan

We are committed to supporting the renewable energy market in Taiwan. In 2019, we facilitated the financing of the landmark Yunlin Offshore Wind Farm, the largest offshore wind farm in Asia Pacific. We were able to draw on our experience in export financing, the Taiwanese dollar financial markets and the wind farm sector in Taiwan to support the transaction. The 80 turbine, 640 MW farm represents our first financing deal for a greenfield offshore wind farm. It will prevent 31 million tonnes of carbon emissions over its 25 year life and support Taiwan's shift away from coal towards renewable energy.



¹ RWA efficiency is derived as credit RWA divided by assets and contingents

Private Banking

At a glance

Profit before taxation

\$94m 
nm
underlying basis

\$83m 
nm
statutory basis

Risk-weighted assets (RWA)

\$6bn 
\$1bn

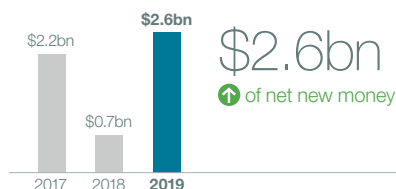
Return on tangible equity (RoTE)

7.3% 
830bps
underlying basis

6.4% 
940bps
statutory basis

KPIs

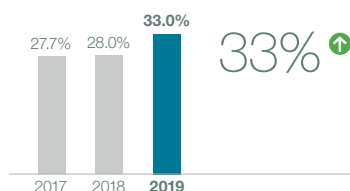
Net new money



Aim: Grow and deepen client relationships, improve investment penetration and attract new clients.

Analysis: We added \$2.6 billion of net new money in 2019, delivering positive inflows for the third consecutive year since 2016

Net client score for ease of doing business



Aim: Improve the Private Banking client experience through all touch points with the Group.

Analysis: Launched in 2016, the annual Private Banking client satisfaction survey reviews multiple dimensions of client sentiment and measures our progress in putting client needs at the heart of everything we do. Consequently, in 2019, our net client score rose to 33 per cent compared with 28 per cent in 2018.

Segment overview

Private Banking offers a full suite of investment, credit and wealth planning solutions to grow and protect the wealth of high-net worth individuals across our footprint.

Our investment advisory capabilities and product platform are independent from research houses and product providers, allowing us to put client interests at the centre of our business. This is coupled with an extensive network across Europe, Asia, Africa and the Middle East which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of our universal banking proposition, clients can also leverage our global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs. Private Banking services can be accessed from six leading centres: Hong Kong, Singapore, London, Jersey, Dubai and India.

Strategic priorities

- Leverage the significant wealth creation and wealth transfers taking place in our markets to achieve greater scale in the business
- Make it easier for clients to access products and services across the Group. Improve clients' experience and grow the share of our clients' assets under management by enhancing our advisory proposition and reducing the turnaround time of the investment process
- Implement a rigorous controls enhancement plan to balance growth and controls

Progress

- Deepened client engagement with our target client base (over \$5 million in AUM) by improving our 'Relationship Management, Investment Advisory and Product Specialist' coverage model leading to a growing revenue contribution from these clients
- Continued to further enhance our open architecture derivatives platforms through full automation and straight through processing of the transactions. Our FX platform won the *Financial Times*' 'Best initiative of the year in relationship management technology, Asia' award
- Prioritised investments in user-centric technology such as the development of the 3rd generation relationship manager facing market insights portal, ADVICE
- Improved ease of doing business for clients by re-engineering key client-facing processes such as client on-boarding
- Further strengthened the stability and resilience of our business through timely execution of our control enhancement programme
- Launched our Impact Philosophy as a key pillar of our approach to sustainable finance (outlined to the right)

Performance highlights

- Underlying operating profit before taxation of \$94 million is driven by a net \$31 million release in credit impairment and an improvement in top-line growth
- Underlying operating income of \$577 million was up 12 per cent, making a third consecutive year of top-line growth. Income increase was mainly driven by higher Wealth-products income (up 19 per cent)
- Assets under management increased \$8 billion or 14 per cent year-on-year, mainly driven by \$2.6 billion of net new money and positive market movements
- Underlying RoTE increased 830bps to 7.3 per cent

IMPACT FINANCE

Launch of Impact Philosophy

Standard Chartered Private Bank launched its Impact Philosophy, offering high net worth clients a robust roadmap for using their resources to drive impact, including global metrics in line with the global Impact Reporting and Investment Standards (IRIS). This was rolled out to clients in Q1 2019, and allows us to engage them in structured conversations pertaining to driving impact, similar to an investment advisory conversation. In 2019, the private bank also launched ESG ratings in its equity and fixed income trades notes, providing clients an additional data point for decision making.



Greater China & North Asia

Profit before taxation

\$2,432m ↑ 3%

underlying basis

\$2,294m ↑ 1%

statutory basis

Risk-weighted assets

\$86bn ↑ \$5bn

Loans and advances to customers



Income split by key markets



Region overview

Greater China & North Asia generated the largest share of the Group's income in 2019, at 40 per cent, and includes our clients in Hong Kong, Korea, Mainland China, Taiwan, Japan and Macau. Of these, Hong Kong remains the Group's largest market, underpinned by a diversified franchise and deeply rooted presence.

The region is highly interconnected, with China's economy at its core. Our global footprint and strong regional presence, distinctive proposition and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy.

We are building on the region's ongoing economic growth, the rising wealth of its population, the increasing sophistication and internationalisation of Chinese businesses and the resulting increased usage of the renminbi internationally.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients
- Capture opportunities arising from China's opening, including the Greater Bay Area, renminbi, Belt & Road initiative, onshore capital markets and mainland wealth, as well as from development of our digital capabilities
- Strengthen market position in Hong Kong and improve performance in Korea

Progress

- Actively participated in the opening of China's capital markets, helping overseas investors do business through channels such as Bond Connect, Stock Connect and the Qualified Domestic Institutional Investor initiative, awarded 'Top Custodian, Active Bank and Top Dealer' by Bond Connect Awards, 26 per cent market share through Bond Connect
- Continuing good progress in Retail Banking in Hong Kong. We attracted over 50,000 new Priority clients during the year, up 22 per cent and increased our active qualified Priority clients by 12 per cent
- We were granted a virtual banking licence from the Hong Kong Monetary Authority on 27 March 2019; one of the first to receive a licence under Hong Kong's new virtual banking scheme and teamed up with PCCW, HKT and Ctrip Finance
- Continued to optimise the Korea franchise to improve returns and focus on China's opening. China is the top network income contributor to the rest of the region and Group

Performance highlights

- Underlying operating profit before taxation of \$2,432 million was up 3 per cent, with steady income growth despite the challenges of the ongoing social unrest in Hong Kong and the extended US-China trade tensions. Expenses were broadly flat, partially offset by higher credit impairment
- Underlying operating income of \$6,155 million was up 2 per cent on a constant currency basis, with strong growth across Retail Deposits, Financial Markets and Wealth Management, partially offset by a weaker Treasury income performance
- Retail Banking income grew 4 per cent, driven by Deposits with improving margins and strong balance sheet growth partly offset by a subdued performance in Wealth Management. Private Banking income was up 27 per cent, driven by a strong Wealth Management performance. Corporate & Institutional Banking and Commercial Banking income grew 2 per cent each, mainly through strong Cash Management and Financial Markets performances, partly offset by lower Corporate Finance and unfavourable debit valuation adjustment within Financial Markets
- Balance sheet momentum was sustained with loans and advances to customers up 7 per cent and customer accounts up 4 per cent

CASE STUDY

Financing a sustainable future of shipping

We successfully closed an \$80.8 million Senior Secured Facility to SITC International Holding Company Limited (SITC) in June 2019. Two of the vessels financed by the facility are eco friendly container ships to be delivered by Yangzijiang Shipbuilding Group. These vessels have adopted an eco-design approach to deliver high fuel efficiency and reduced emissions. This is fully aligned with the Group's Sustainable Finance initiative taking into account environmental, social and governance (ESG) considerations.

As a bank, we recognise that our role in the global shipping industry enables us to deliver responsible finance to promote environmental stewardship throughout the maritime industry value chain. Zero emission vessels will need to enter the global fleet by 2030. This transaction demonstrates that we are not only serving both our clients and institutions to improve decision making at a strategic level but will also shape a better future for the global shipping industry.



ASEAN & South Asia

Profit before taxation

\$1,025m ↑ 6%

underlying basis

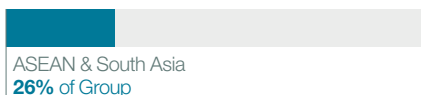
\$1,039m ↓ 3%

statutory basis

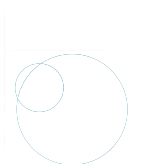
Risk-weighted assets (RWA)

\$89bn ↑ \$1bn

Loans and advances to customers



Income split by key markets



Region overview

The Group has a long-standing and deep franchise across the ASEAN & South Asia region. As the only international bank present in all 10 ASEAN countries and with meaningful operations across many key South Asian markets, we are in a strong position to be the 'go-to' banking partner for our clients. The two markets in the region contributing the highest income are Singapore and India, where we have had a deep-rooted presence for more than 160 years.

The region contributes over a quarter of the Group's income. Within the region, Singapore is home to the majority of our global business leadership and our technology operations, as well as SC Ventures, our innovation hub.

The strong underlying economic growth in the ASEAN & South Asia region enables us to help our clients achieve their growth ambitions and sustainably improve returns. The region is benefiting from rising trade flows, including activity generated from the Belt & Road initiative, continued strong investment and a rising middle class which is driving consumption growth and improving digital connectivity.

Strategic priorities

- Leverage the strength of our international network to support our clients' cross-border trade and investment activities across the high-growth ASEAN and South Asia corridors
- Deliver comprehensive client propositions in key markets (Singapore, India, Malaysia and Bangladesh) and a targeted offering in other high-growth markets such as Indonesia and Vietnam
- Continue to invest in technology and digital capabilities to enhance client experience and build scale efficiently
- Improve capital efficiency and sharpen our investments in higher-returning businesses
- Continue to reshape our India and Indonesia franchises to improve returns

Progress

- Strong broad-based growth in income and operating profit, all client segments and majority of our markets grew versus prior year
- Double-digit income growth in Priority Banking and attracted 12,000 new clients through differentiated propositions and advisory led approach
- Investments in network bankers and tailored client solutions delivered double-digit growth in the Global Subsidiaries business

- Instant client on-boarding and digitisation of service journeys have improved productivity and accelerated digital adoption amongst Retail Banking clients
- Steady progress in our optimisation markets: India saw double-digit income growth and cost-to-income ratio improved to 65 per cent; Indonesia grew income by 5 per cent as we pivoted our focus towards Wealth Management and flow businesses

Performance highlights

- Underlying operating profit before taxation grew by 6 per cent to \$1,025 million, underpinned by 6 per cent income growth and well-managed costs, offset by higher credit impairment; Singapore, our largest profit contributor grew 33 per cent
- Underlying operating income of \$4,213 million is 6 per cent higher, with double-digit income growth in Corporate & Institutional Banking and high single-digit growth in Commercial, Retail and Private Banking
- Retail current and savings accounts grew by 11 per cent; Transaction Banking cash liabilities grew by 12 per cent and we reduced our Corporate Time Deposits to optimise our cost of funds. RWA growth controlled at 1 per cent

CASE STUDY

Industry-first digital incentive programme

We partnered with Castrol India Limited, one of India's leading lubricant players, to digitise the way its mechanics and retailers receive incentive payments. Using the new mobile platform, they can scan QR codes on lubricant products and receive their payments instantaneously, instead of relying on physical coupons which often took months to process. In 2019, Castrol facilitated 100,000 incentive coupons daily for rewards aggregating \$857,000 a month. This innovation encourages digital upskilling in a traditionally manual field, promotes

financial inclusivity, and enhances the level of trust and transparency with which Castrol engages with its customers.



Africa & Middle East

Profit before taxation

\$684m ↑ 29%

underlying basis

\$666m ↑ 54%

statutory basis

Risk-weighted assets

\$49bn ↓ \$4bn

Loans and advances to customers



Income split by key markets



Region overview

We have a deep-rooted heritage of over 160 years in Africa & Middle East and are present in 25 markets, of which the UAE, Nigeria, Pakistan and Kenya are the largest by income. We are present in the largest number of sub-Saharan African markets of any international banking group.

A rich history, deep client relationships and a unique footprint in the region and across key origination centres in Asia, Europe and the Americas enable us to seamlessly support our clients. Africa & Middle East is an important part of global trade and investment corridors, including those on the China's Belt and Road initiative and we are well placed to facilitate these flows.

Macroeconomic and geopolitical headwinds in 2019 have impacted income momentum across both the Middle East and Africa; however, we remain confident that the opportunities in the region will support long-term sustainable growth for the Group. We continue to invest selectively and drive efficiencies.

Strategic priorities

- Provide best-in-class structuring and financing solutions and drive origination through client initiatives
- Invest to accelerate growth in differentiated international network and affluent client businesses
- Invest in market-leading digitisation initiatives in Retail Banking to protect and grow market share in core markets; continue with our retail transformation agenda to recalibrate our network and streamline structures
- De-risk and improve the quality of income with continuous focus on return enhancements

Progress

- A number of marquee transactions across the region are reflective of the strong client franchise
- Network income was 9 per cent higher and the Group's Global Subsidiaries business grew by 3 per cent
- After a successful launch of a digital-only bank in Côte d'Ivoire in the first half of 2018, roll-out was extended to eight additional markets (Uganda, Tanzania, Ghana, Kenya, Zimbabwe, Botswana, Zambia and Nigeria)
 - Across these nine markets, customer acquisition has trebled
 - Account funding rates for most markets are relatively healthy and customer feedback has been good

- Practically a 'zero touch' platform, with account opening and servicing without the need to visit a branch
- This efficiency has translated into a more targeted branch footprint, allowing us to reduce our number of branches by one-third in the last two years
- Despite continued geopolitical and macroeconomic headwinds, improved asset quality and good risk discipline led to lower credit impairments
- Cost efficiencies have allowed investments to continue through the cycle

Performance highlights

- Underlying operating profit before taxation of \$684 million was 29 per cent higher with lower expenses and improved credit impairment partially offset by a 2 per cent decrease in income
- Underlying operating income of \$2,562 million was down 2 per cent but up 3 per cent on a constant currency basis, with a good performance in our Financial Markets business across the region. Middle East, North Africa and Pakistan were flat, and Africa was down 3 per cent
- Strong performances in Financial Markets and Corporate Finance were offset by margin compression in Retail Banking and lower Wealth Management in UAE
- Loans and advances to customers were up 5 per cent and customer accounts were down 2 per cent

CASE STUDY

Infrastructure and clean tech

In 2019, we provided a \$2.4 billion project finance facility for the development, construction, operation and maintenance of a 700MW concentrated solar power (CSP) and 250MW photovoltaic plant in Dubai.

The project will provide clean energy to over 320,000 residences in Dubai, while reducing 1.4 million tonnes of carbon emissions a year. Standard Chartered

acted as mandated lead arranger, documentation bank, pre hedging bank, offshore account bank, intercreditor agent, and offshore security trustee.

The project is our first CSP financing in the region and the largest limited recourse project finance deal in Dubai. It is also the largest regional investment into the renewable sector for a single project.



Europe & Americas

Profit before taxation

\$157m ↑ 2%

underlying basis

\$123m ↑ 24%

statutory basis

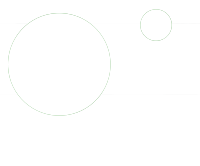
Risk-weighted assets

\$44bn ↑ \$3bn

Loans and advances to customers



Income split by key markets



Region overview

The Group supports clients in Europe & Americas through hubs in London and New York as well as a presence in several European and Latin American markets. Our extensive expertise in working across our footprint in Asia, Africa and the Middle East allows us to offer our clients unique network and product capabilities.

The region is a significant income origination engine for the Group's Corporate & Institutional Banking business. Clients based in Europe & Americas generate over one-third of Corporate & Institutional Banking income, with two-thirds of that income booked in the Group's other regions where the service is provided.

The region is home to the Group's two biggest payment clearing centres and the largest trading room. Over 80 per cent of the region's income derives from Financial Markets and Transaction Banking products. The business we do across the Group with clients based in Europe & Americas therefore generates above average returns.

Our Private Banking business focuses on serving clients with linkages to our footprint markets.

Strategic priorities

- Continue to attract new international corporate and financial institutional clients and deepen relationships with existing and new clients and banking them across more markets in our network, connecting them to the fastest growing and highest potential economies in the world
- Scale up our continental European business, leveraging significant trade corridors with Asia and Africa
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Grow our Private Banking franchise and assets under management in London and Jersey
- Leverage our network capabilities as new e-commerce based industries grow internationally

Progress

- Strong progress in improving the share of business from targeted CIB Priority clients, with income up 9 per cent from 'Top 100', 'Next 100' and 'New 90' client initiatives
- Continued growth in our key Greater China, ASEAN and South Asia corridors providing high network returns from Europe & Americas clients

- Standard Chartered Bank AG (Germany) is operational and positioned to support our clients in all Brexit scenarios
- Launched Sustainable Finance business and issued inaugural sustainable bond focused on emerging markets

Performance highlights

- Underlying operating profit before taxation of \$157 million improved 2 per cent driven by higher income, partially offset by higher costs and impairments
- Underlying operating income of \$1,725 million was up 3 per cent largely due to improved sales and trading performance in Financial Markets and higher income in Cash and Treasury. There was a year-on-year reduction in income of \$108m from a swing in the debit valuation adjustment (DVA) due to an improvement in the Group's own Credit Risk
- Income generated by Europe & Americas clients, but booked elsewhere in our network, increased by 6 per cent
- Loans and advances to customers grew 10 per cent year-on-year and customer accounts grew 7 per cent

CASE STUDY

Launching our first Sustainability Bond

Standard Chartered successfully issued its first Sustainability Bond, focused on emerging markets, a landmark transaction that was over six times subscribed.

At EUR 500 million, the proceeds of the bond will be used to provide finance in areas aligned with the United Nations Sustainable Development Goals (SDGs) including clean energy projects, smaller business lending and microfinance loans helping drive employment, growth and prosperity across emerging markets.

While 90 per cent of SDG financing needs are covered in developed countries, only 60 per cent of the investment needs are addressed in emerging and developing regions, and as low as 10 per cent in Africa. Our unique network and Here for good brand promise positions us well to address this problem.

Since the issuance of our inaugural Sustainability Bond, we have continued to innovate new Sustainable products, including the completion of our first LMA Green Loan Compliant trade financing, which was the first of its kind in the market.

