



Half Year 2019 Results Presentation

1 August 2019

Here for good

Contents



Bill Winters
Group Chief Executive

2 and 18



Andy Halford
Group Chief Financial Officer

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Bill Winters

Group Chief Executive

From turnaround to transformation: 1H'2019

Good progress; on track

- We made good progress in the first half
 - Income up 4% and profit up 13% at constant currency¹
- Our focus on our clients and strategic priorities is paying off
 - Network and affluent income grew; productivity is improving; multiple digital initiatives underway
- We are on track to achieve our financial targets
 - Return on tangible equity – our primary performance measure - improved 88bps to 8.4%
- Sentiment in our markets is delicately balanced
 - Geopolitical conditions remain turbulent
 - Global growth has slowed and interest rates face downwards pressure ...
 - ... but growth is still being driven disproportionately by markets in our footprint
- We are investing now to create optionality for the future

Our strategic priorities and financial framework

Strategic priorities



Financial framework 2019-2021

RoTE¹: **> 10% by 2021**

Income: **5-7% CAGR¹**

Expenses: **Cost growth < Inflation²**
Positive jaws³

Capital: **13-14% CET1 ratio¹**
2x dividend⁴
Invest/distribute surplus⁵



Andy Halford

Group Chief Financial Officer

We delivered an encouraging financial performance in 1H'19

Financial framework

Strategic priorities

(\$bn)	1H'18	1H'19	YoY ¹	Ccy ²
Operating income	7.6	7.7	1%	4%
Operating expenses	5.1	5.0	3%	(0)%
Pre-provision operating profit	2.5	2.7	8%	10%
Credit impairment	(0.3)	(0.3)	13%	
Other impairment	(0.1)	(0.0)	59%	
Profit from associates	0.2	0.2	(7)%	
Underlying profit before tax	2.4	2.6	11%	13%
Provision for regulatory matters	-	(0.2)	nm	
Restructuring and other items	(0.0)	0.0	nm	
Statutory profit before tax	2.3	2.4	3%	5%
Risk-weighted assets³	272	271	(0)%	
Underlying EPS (cents)	44.9	49.1	9%	
Statutory EPS (cents)	40.7	38.0	(7)%	
Dividend per share (cents)	6.0	7.0	17%	
CET1 ratio (%)	14.2	13.5	(68)bps	
Underlying RoTE (%)	7.5	8.4	88bps	

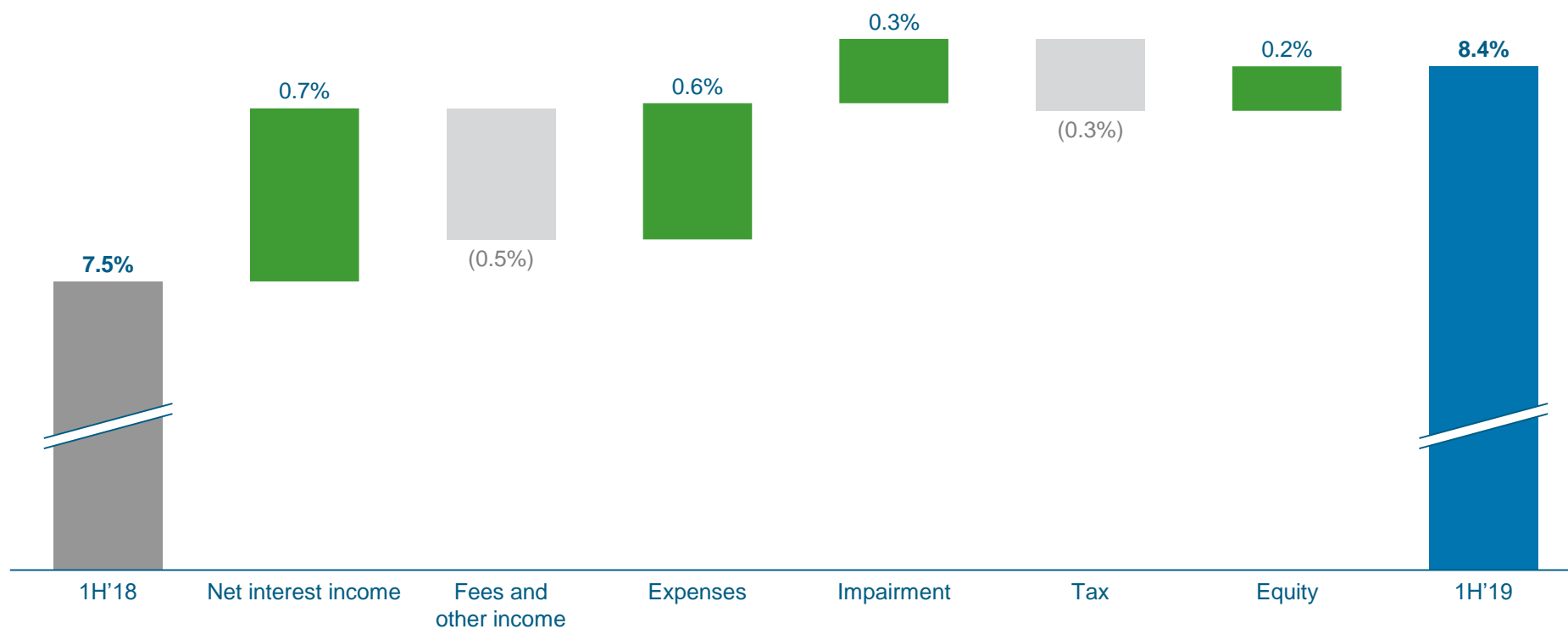
- Income up 1%; 4% constant currency
- Operating expenses 3% lower; flat constant currency
 - Strong operating leverage with 4% positive jaws
- Pre-provision operating profit up 8%
- Further reduction in credit impairment / loan-loss rate
- 1H'19 tax charge includes \$179m for entity restructuring
- Risk-weighted assets³ broadly flat compared to 1H'18
 - Maintain guidance of RWA < income growth 2019-21
- Statutory EPS down 7% due to provisions and higher tax
- CET1 remains strong, in the middle of 13-14% target range
 - Stated after full 39bps impact of \$1bn buy-back
- Interim ordinary dividend of 7 cents per share, up 1c / 17%
- Return on tangible equity up 88bps to 8.4%

Our primary performance measure RoTE¹ continues to improve

Financial framework

Strategic priorities

RoTE increased 88bps driven by strongly positive jaws and improved impairment combined with lower equity



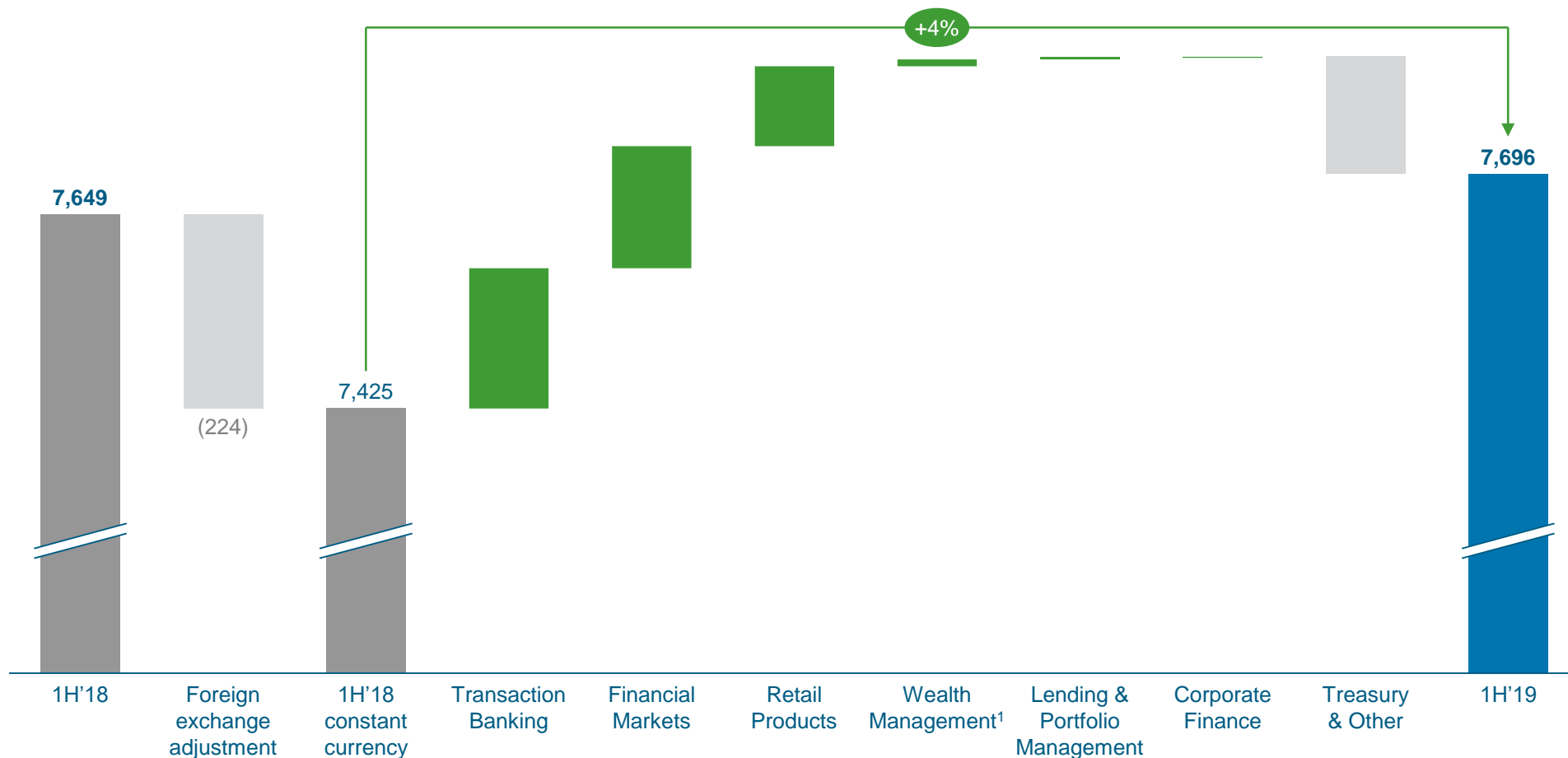
1H'19 income up 1%; 4% constant currency

Financial framework

Strategic priorities

1H'19 YoY growth driven by Transaction Banking and Financial Markets, partially offset by Treasury

Income (\$m)



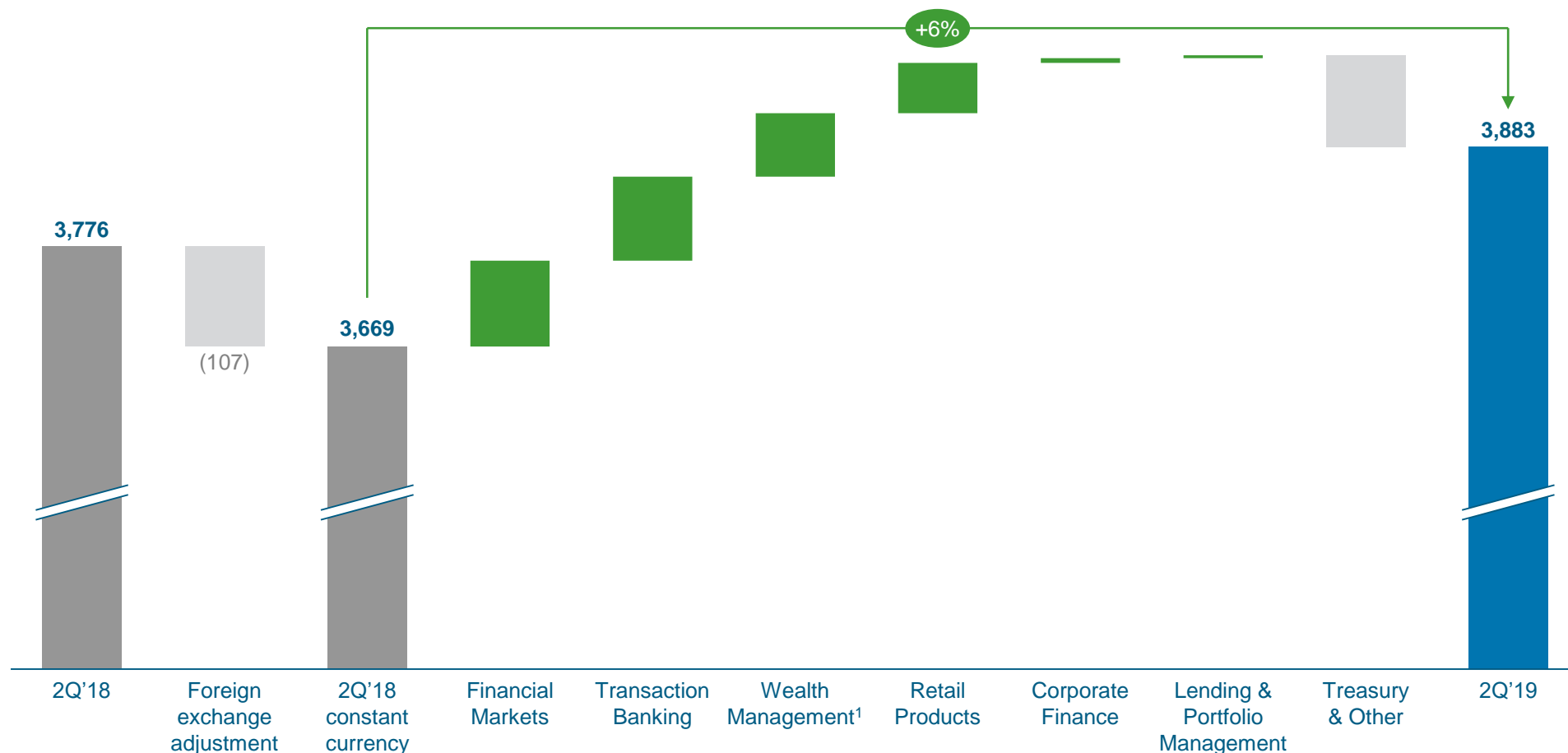
2Q'19 income up 3%; 6% constant currency

Financial framework

Strategic priorities

Income in 2Q'19 was up 6% on a constant currency basis

Income (\$m)



Every client segment generated positive jaws and improved RoTE¹ in 1H'19

Financial framework

Strategic priorities

3% growth in client segment income and 6% on a constant currency basis

Corporate & Institutional Banking

1H YoY²

Income	\$3.6bn	5%	2Q = 6%
Costs	\$2.1bn	4%	Jaws = +9%
Profit before tax	\$1.4bn	24%	
RWA ³	\$138bn	(1)%	
RoTE ¹	10.0%	2.4%pt	

Retail Banking

1H YoY²

Income	\$2.6bn	(1)%	2Q = 4%
Costs	\$1.8bn	3%	Jaws = +2%
Profit before tax	\$0.6bn	0%	
RWA ³	\$43bn	0%	
RoTE ¹	14.6%	0.4%pt	

Commercial Banking

1H YoY²

Income	\$0.7bn	6%	2Q = 6%
Costs	\$0.4bn	8%	Jaws = +14%
Profit before tax	\$0.3bn	104%	
RWA ³	\$32bn	(5)%	
RoTE ¹	9.1%	4.8%pt	

Private Banking

1H YoY²

Income	\$0.3bn	13%	2Q = 24%
Costs	\$0.3bn	8%	Jaws = +21%
Profit before tax	\$0.1bn	nm	
RWA ³	\$7bn	6%	
RoTE ¹	15.7%	16.6%pt	

We saw broad-based improvement in operating profit in most markets

Financial framework

Strategic priorities

Strong profit improvement in ASEAN & South Asia and Africa & Middle East; Europe & Americas impacted by DVA²

Greater China & North Asia

1H YoY¹

Income	\$3.1bn	(1)%	2Q = 1%
Costs	\$1.8bn	4%	Jaws = 3%
Profit before tax	\$1.3bn	3%	
RWA ³	\$85bn	2%	

ASEAN & South Asia

1H YoY¹

Income	\$2.1bn	3%	2Q = 9%
Costs	\$1.3bn	5%	Jaws = 8%
Profit before tax	\$0.8bn	29%	
RWA ³	\$94bn	(2)%	

Africa & Middle East

1H YoY¹

Income	\$1.3bn	(3)%	2Q = (9)%
Costs	\$0.9bn	8%	Jaws = 5%
Profit before tax	\$0.4bn	14%	
RWA ³	\$52bn	(4)%	

Europe & Americas

1H YoY¹

Income	\$0.8bn	(9)%	2Q = 1%
Costs	\$0.7bn	3%	Jaws = (6)%
Profit before tax	\$0.0bn	(85)%	
RWA ³	\$43bn	4%	

Lower contribution from Central & other items

Financial framework

Strategic priorities



Central & other items (segment)

(\$m)	1H'19	1H'18	YoY% ¹
Income	442	601	(26)
Costs	344	280	23
Profit before tax	251	511	(51)
RWA	51	52	2

Income:

- Higher rates paid on liabilities by Treasury Markets
- The adoption of IFRS 16 and India tax refund in 2018
- Partially offset by favourable change in hedge ineffectiveness in Treasury Capital

Central & other items (region)

(\$m)	1H'19	1H'18	YoY% ¹
Income	346	233	48
Costs	286	199	44
Profit before tax	66	5	n.m.
RWA	(2)	(2)	(8)

Income:

- Favourable change in hedge ineffectiveness in Treasury Capital

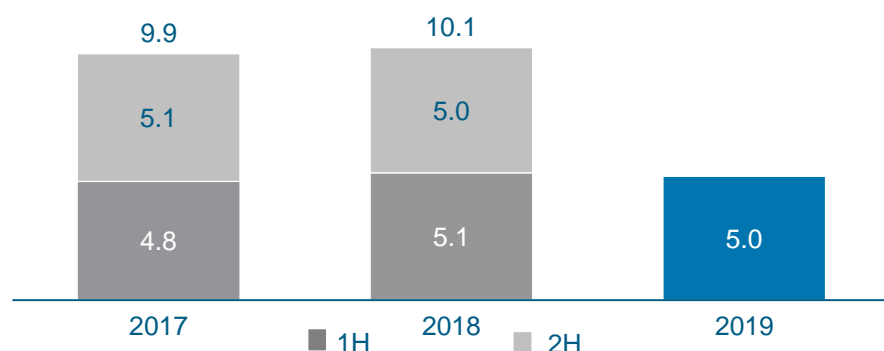
Tight control over expense growth is creating capacity to invest

Financial framework

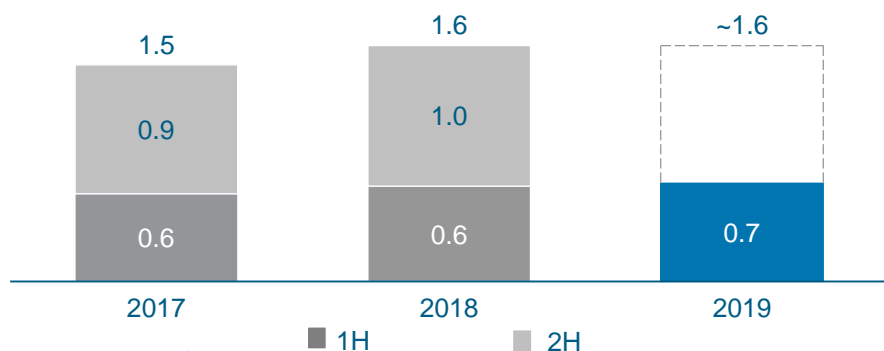
Strategic priorities

Annual investment spend to continue at elevated FY'18 level of around \$1.6bn

Operating expenses¹ (\$bn)



Cash investment (\$bn)



- Operating expenses down 3%; flat constant currency
 - Regulatory costs declined 14%; lower than in 1H'17
- Gross cost efficiencies contributed to 4% positive jaws
- Continue to target annual cost growth below inflation ...
- ... and positive jaws between 2019-2021
- Intend to maintain investment at around FY'18 level
 - Costs in 2H'19 > 1H'19 due mainly to project phasing

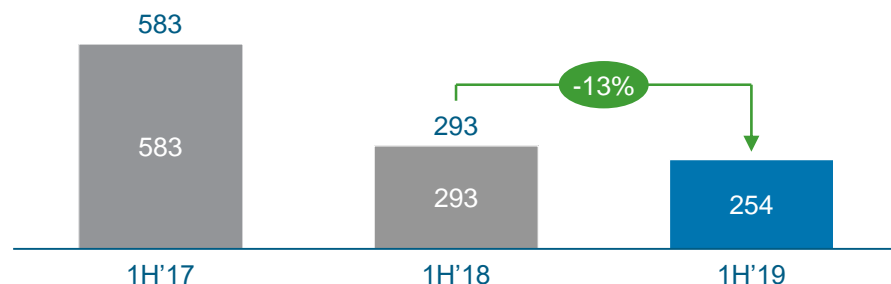
Credit quality has improved overall YoY¹

Financial framework

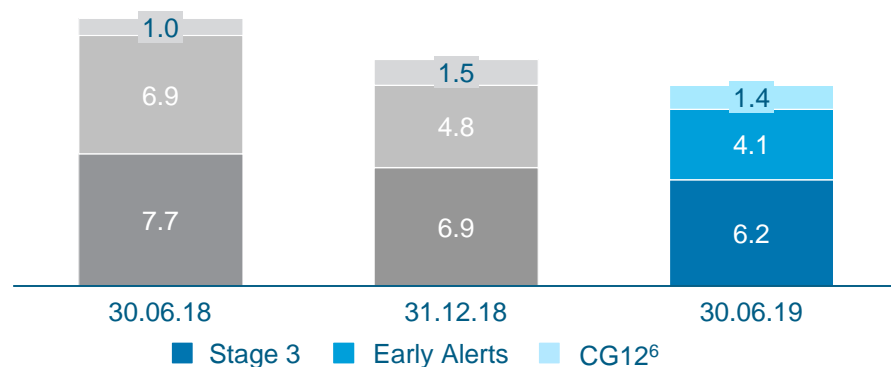
Strategic priorities

Sustainable growth, solid foundations

Loan / credit impairment (\$m)²



Credit quality (\$bn)⁴



- Credit quality improved YoY
- Credit impairment down 13%
 - Includes \$48m release in Private Banking
 - 17bps³ of loans and advances (FY'18: 21bps)
- Gross stage 3 NPLs⁵ down \$706m
 - 2.3% of gross loans and advances (FY'18: 2.6%)
- Cover ratio after collateral remains stable at 81%
- Investment grade % of corporate book down 5%pt to 57%⁷
- Other impairment \$21m: ship leasing now in restructuring

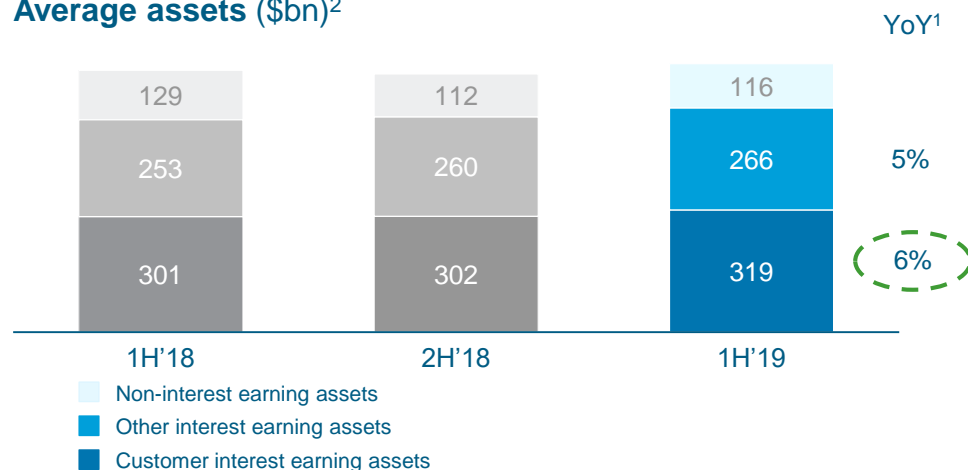
Balance sheet growth, NIM stable¹

Financial framework

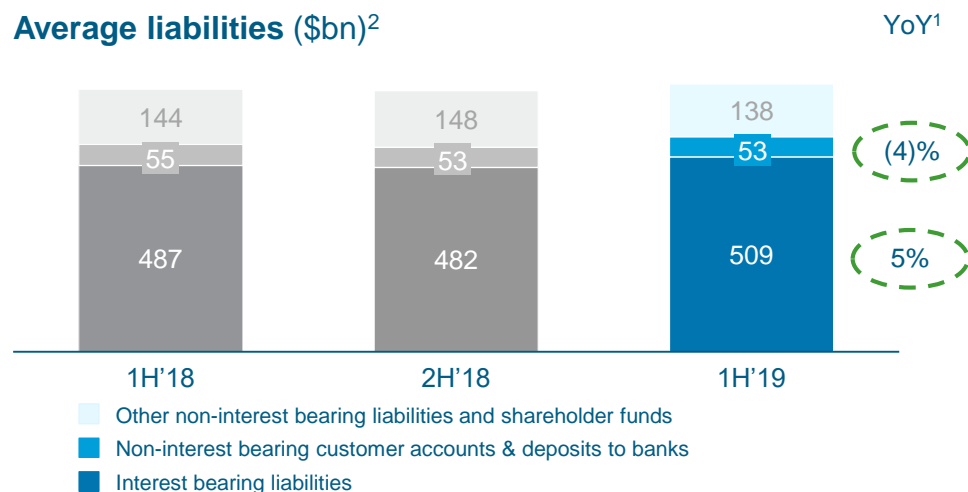
Strategic priorities

Broad-based balance sheet growth...

Average assets (\$bn)²



Average liabilities (\$bn)²



...with an improving mix

	1H'18	1H'19	YoY	
Gross asset yield (bps)	299	339	40bps	↑
Gross liability rate paid (bps)	160	207	47bps	↑
Net interest margin (bps)	159	159	-	-
Net interest income ³ (\$bn)	4.4	4.6	6%	↑

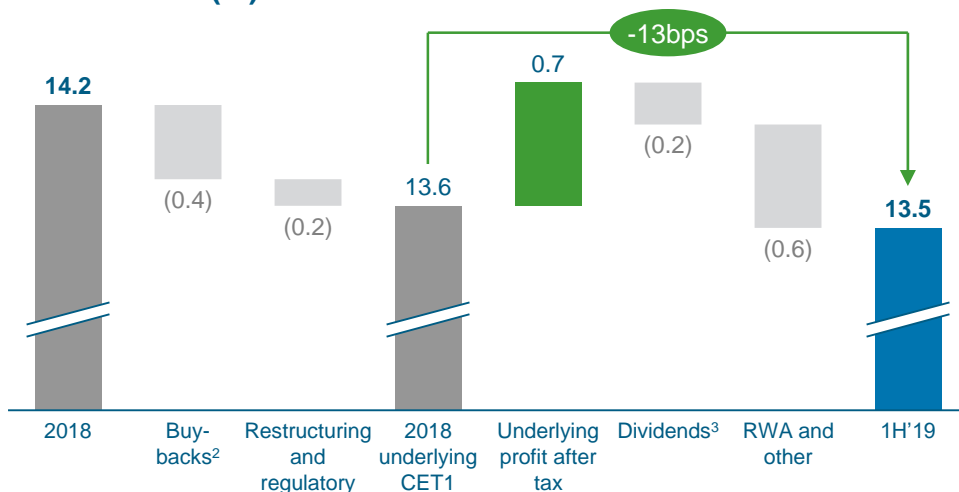
- Higher asset yields: rising interest rates, change in mix
- Growth: interest-earning assets > interest-bearing liabilities
 - Partly offset by increases in rate paid on liabilities
- Targeting funding efficiencies, including via regional hubs
 - ~\$300m annualised NII benefit by 2021
- Interest rate risk in the banking book
 - Estimated 1yr earnings sensitivity to +/- 50bps c.\$200m⁴
 - Assume parallel shift in yield curves at beginning of period

Strong capital is supporting both growth and share buy-backs

Financial framework

Strategic priorities

CET1 ratio¹ (%)



- 60bps from buy-back², entity restructuring and provisions
- Underlying CET1 reduction of 13bps
 - 73bps profit accretion offset by dividends and RWA¹

Risk-weighted assets (\$bn)



- RWA¹ flat YoY; up 5% / \$12bn from FY'18 to \$271bn
 - Credit RWA increase from asset growth and IFRS 16
 - Market RWA growth driven by Financial Markets
 - RWA optimisation initiatives ongoing
- Income RoRWA¹ = 5.7% (up every year since FY'15)
- Maintain guidance of RWA < Income growth 2019-21

Good early progress delivering the financial framework outcomes

Financial framework

Strategic priorities

	2019-2021 target	1H'19	
RoTE	>10% by 2021 ¹	+88bps (YoY)	<ul style="list-style-type: none"> 1H'19 RoTE 8.4% (2H includes levy) Continue to target >10% by 2021
Income	5-7% CAGR ¹	4% (constant currency)	<ul style="list-style-type: none"> 4% in 1H'19 constant currency and 5% also excluding DVA 1% on a reported basis FX likely to keep reported FY'19 <5%
Expenses	Growth < Inflation ² Positive jaws ³	Flat (constant currency) 4% jaws	<ul style="list-style-type: none"> Flat in 1H'19 constant currency 3% lower on a reported basis 2H'19 costs likely to exceed 1H'19 FY'19 cost expected to be < inflation
Capital	13-14% CET1 ¹ ratio 2x dividend (by 2021) ⁴ Invest / distribute surplus ⁵	13.5% 7c, up 17% \$1bn	<ul style="list-style-type: none"> Strong capital: middle of the target range \$1bn buy-back is ¾ complete⁶



Bill Winters

Group Chief Executive

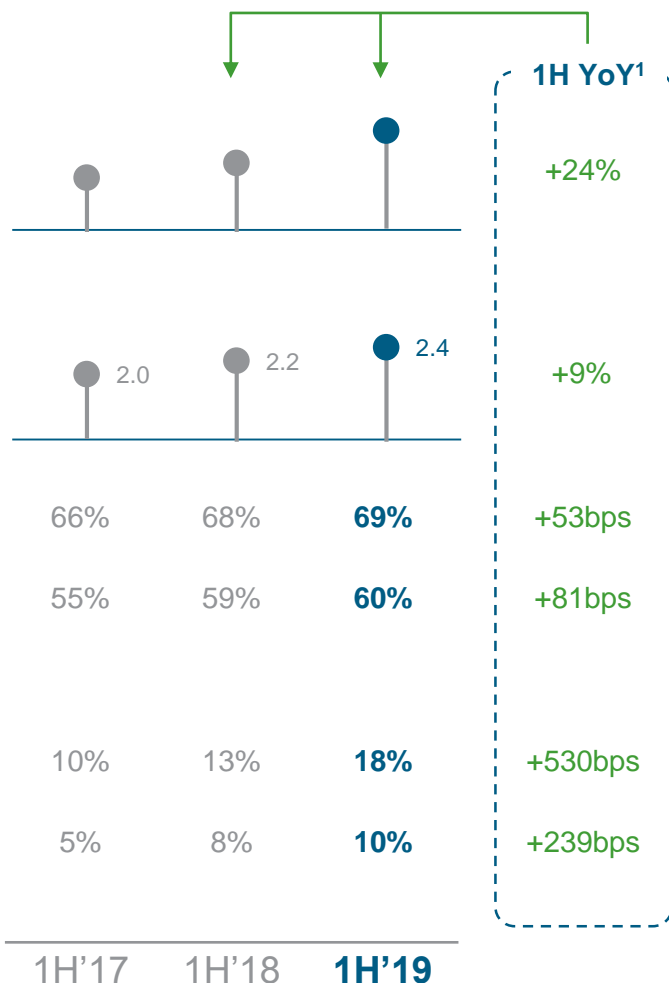
Investing in our network continues to deliver income growth at premium returns

Financial framework

Strategic priorities

Clients

'Next + New' income²



Income

Network³
(\$bn)

Network %⁴

Network Capital-lite %⁵

ROTE

Network³

Corporate &
Institutional Banking

- Improving penetration of 'Next and New' clients²
 - Particularly with OECD-based clients
- Network income is growing relatively quickly ...
- ... and delivering premium returns
- Reconfiguration of supply chains at an early stage...
- ... but is already creating opportunities
- Continued focus on supporting China opening
 - Awarded 'Best Global RMB Bank'⁶
- ASA and AME footprint has enabled strong sovereign client flows

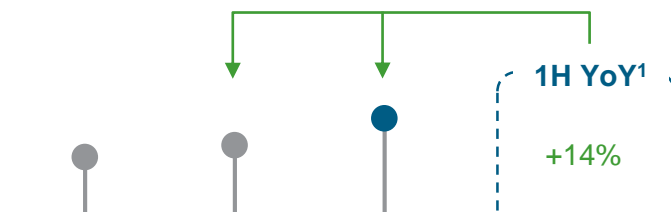
Our affluent business showed resilience in less buoyant conditions

Financial framework

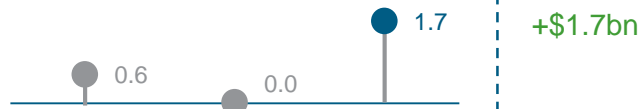
Strategic priorities

Clients

Number of Retail Banking Priority clients²



Private Banking Net New Money (\$bn)

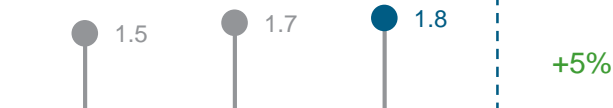


Income

Wealth Management + Deposits % of Retail Banking

56% 60% **65%** +500bps

Affluent³ (\$bn)



Affluent³ % of Retail Banking + Private Banking

58% 60% **63%** +275bps

ROTE

Affluent³

28% 30% **32%** +169bps

Retail Banking + Private Banking

10% 12% **15%** +241bps





1H'17 1H'18 **1H'19**

- We are attracting new affluent clients ...
- ... that generate higher returns
- Private Banking in-flows picked up significantly
- Priority segment income is growing as a proportion
- Product income mix is improving
- Deposit balances from Priority and Premium up 9%
 - Now 75% of total Retail Banking deposits
- Investing to strengthen our affluent proposition
 - FX Derivatives platform award: "Best Initiative of the Year in relationship management"⁴
- 'Premium' banking service available in eight markets
 - Two more planned for 2H'19

Returns in our four targeted markets improved in 1H'19

Financial framework

Strategic priorities

	India 	Korea 	UAE 	Indonesia 
Income				
Reported / constant currency (YoY)	4% / 11%	(5)% / 1%	(8)% / (8)%	4% / 8%
Profitability				
Cost-to-income ratio ¹	↓	↑	↓	↓
Underlying profit before tax¹	24%	(8)%²	34%	26%

Aggregate PBT (1H'19)

\$380m

(+14% YoY)

• Digitisation / reset cost base

- ✓ 2/3 clients now digitally active
- ✓ Headcount -1,300

• Higher quality income

- ✓ Global Subsidiaries income +18%
- ✓ RWA down; capital-lite income up

• Cost, capital and RWA actions

- ✓ \$650m capital return
- ✓ RWA reduced

• Grow differentiated income

- ✓ Network income +14%

• Streamline / reset cost base

- ✓ Implementing rationalisation initiatives

• Grow Affluent and Network businesses

- ✓ Network income +4%
- ✓ Priority NTW³ clients per RM up ~70%

• Higher quality MNC income

- ✓ Global Subsidiaries income +34%
- ✓ Network income ~2x

• Test disruptive retail digital platforms

- Early stage

We are driving operational improvements to scale revenue and improve efficiency

Financial framework

Strategic priorities

Clients

Retail Banking % of digital sales²

16% 21% **25%** **1H YoY¹**
+350bps

Corporate & Institutional Banking on-boarding³ (Days)

16 8 7 **-1 day**

Income productivity

Income per FTE⁴ (\$000s)

165 170 177 **+4%**

RAR per client-facing FTE⁵ (\$000s)

376 457 517 **+13%**

Cost efficiency

Cost:income ratio

66% 67% **65%** **-233bps**

1H'17 1H'18 **1H'19**

- Client onboarding turn-around-times are improving
- 3% (~2.5k) YoY reduction in full-time employees
 - ~2k reduction in non-employed workers⁶
- Investing in digitisation to enhance customer experience and support productivity improvements
 - Refreshed CIB client digital platform with unified Trade and FX capabilities
 - Launched real-time client onboarding for digital channels in Retail Banking
- Aligning the organisation around client journeys, eg:
 - Cash Management cross-border payments
 - Retail credit card and personal loan on-boarding
- Establishing a capital and liquidity hub in Hong Kong to make more efficient use of the balance sheet

We are executing multiple exciting digital initiatives to transform our business

Financial framework

Strategic priorities

Retail Banking

Mobile adoption² 19% 26% **32%** +541bps

Digital adoption³ 42% 47% **52%** +423bps

Corporate & Institutional Banking

FM Digital volume⁴ +11%

Commercial Banking

S2B utilisation⁷ 55% 64% **67%** +277bps

1H'17 1H'18 **1H'19**

Greater China & North Asia

- Virtual bank preparations underway in Hong Kong
- Launch of real-time FX trading via mobile
 - Hong Kong transactions up 15% YoY
- Blockchain supply chain financing with Linklogis

ASEAN & South Asia

- Real time on-boarding for credit cards and personal loans in India and Singapore
- Launched open digital platform for SMEs in India
- First bank in Singapore to partner with soCash⁵

Africa & Middle East

- Digital-only banks now in 8 Africa markets
- Launch of SC Keyboard⁶ in 4 Africa markets

Our priorities are driven by our purpose and delivered by our people

Financial framework

Strategic priorities

Our purpose: Driving commerce and prosperity through our unique diversity

We understand our responsibilities



We will lead sustainable financing across emerging markets



We will maximise return from investment in our people



We support the communities where we work and live



- Emissions white paper¹: how we will measure, manage and reduce the impact of our financing activities on the environment
- Launched our first emerging markets-focused EUR500m Sustainability Bond: 7x oversubscribed
- World's first sustainable deposit for corporate and institutional clients, financing sustainable assets in emerging markets
- Mapped our sustainable activities to the UN sustainable development goals²
- Created a sustainability bond framework to increase our green, social and sustainability bond issuance programme
- Awarded 'Best Sustainable Finance Bank in Africa'³

Selected 1H'19 actions

From turnaround to transformation: 1H'2019

Good progress; on track

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 - ... but growth is still being driven disproportionately by markets in our footprint
- We are investing now to create optionality for the future



Appendix



Appendix:

Macroeconomic outlook and interest rate sensitivity

Macro fundamentals remain solid, but uncertainties are weighing on sentiment

Economic uncertainty remains high

Potential headwinds

- Trade tensions
- Slowing Chinese economy
- Oil price volatility
- Currency pressure across emerging markets

Potential tailwinds

- Major central banks turn more dovish
- Growth fundamentals remaining positive
- China opening initiatives continue
- Opportunities from supply chain realignments

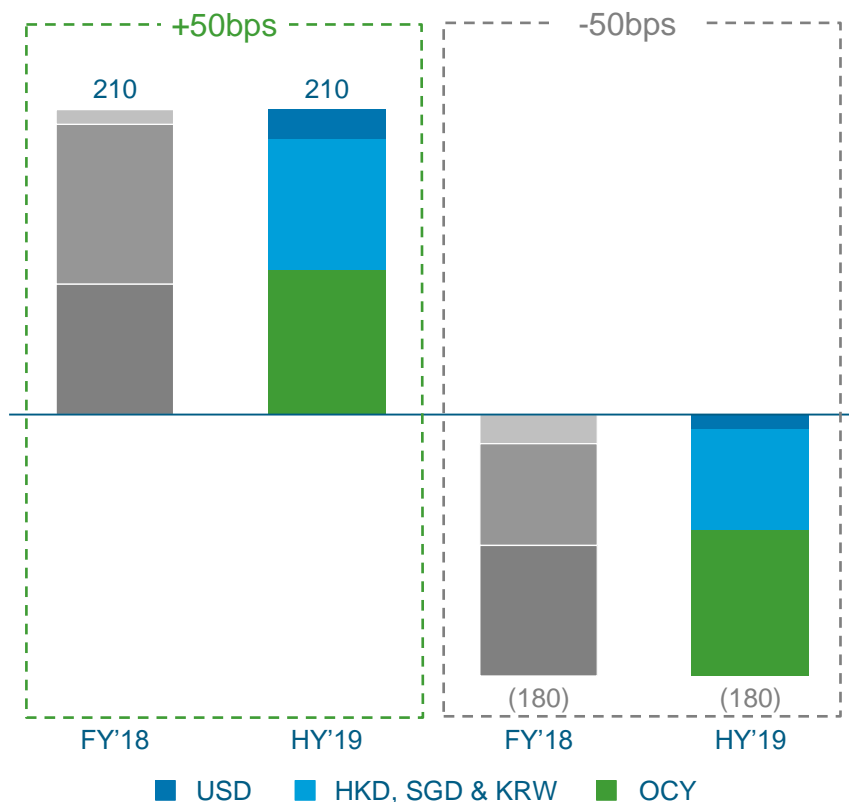
Our markets continue to grow, but at a slower rate

Real GDP growth ¹ (%)		2018	2019e	
GCNA	Hong Kong	3.0	1.4	↓
	China	6.6	6.5	↓
	Korea	2.7	2.2	↓
ASA	India	6.8	7.0	↑
	Indonesia	5.1	5.1	↔
	Singapore	3.2	1.0	↓
AME	Nigeria	1.9	2.4	↑
	UAE	1.7	1.7	↔
EA	UK	1.4	1.2	↓
	USA	2.9	2.3	↓

Interest rate sensitivity to a 50bp parallel movement

Estimate of banking book NII sensitivity to instantaneous +/- 50bps change in interest rates across all currencies¹

Annualised benefit (\$m)



Interest rate sensitivity in the banking book updated:

- Sensitivity broadly unchanged since December 2018
- 1-year impact of 50bps instantaneous increase = \$210m
- Corresponding impact of 50bps decrease = \$180m
- Asymmetry in +/- scenarios likely offset in operating income
- Benefit from rising interest rates due to reinvesting at higher yields and assets re-pricing faster than deposits



Appendix:

1H'19 Group financial analysis

Group financial summary

(\$m)	1H'19	1H'18	YoY % ¹
Operating income	7,696	7,649	1
Other operating expenses	(4,969)	(5,117)	3
UK bank levy	-	-	-
Operating profit before impairment and taxation	2,727	2,532	8
Credit impairment	(254)	(293)	13
Other impairment	(21)	(51)	59
Profit from associates	157	168	(7)
Underlying profit before taxation	2,609	2,356	11
Provision for regulatory matters	(204)	-	-
Restructuring and other items	9	(10)	nm
Statutory profit / (loss) before taxation	2,414	2,346	3
Taxation	(918)	(753)	(22)
Profit for the year	1,496	1,593	(6)

2Q'19	1Q'19	2Q'18	QoQ % ¹	YoY % ¹
3,883	3,813	3,776	2	3
(2,554)	(2,415)	(2,648)	(6)	4
-	-	-	-	-
1,329	1,398	1,128	(5)	18
(176)	(78)	(102)	nm	(73)
(19)	(2)	(27)	nm	30
91	66	100	38	(9)
1,225	1,384	1,099	(11)	11
(18)	(186)	-	90	-
(35)	44	60	nm	nm
1,172	1,242	1,159	(6)	1

Operating income by product

(\$m)	1H'19	1H'18	YoY % ¹	2Q'19	1Q'19	4Q'18	3Q'18	2Q'18
Transaction Banking	1,952	1,840	6	990	962	942	936	924
Trade	559	589	(5)	282	277	257	277	285
Cash Management	1,223	1,081	13	621	602	604	577	553
Securities Services	170	170	0	87	83	81	82	86
Financial Markets	1,496	1,401	7	747	749	580	631	677
Foreign Exchange	603	530	14	304	299	232	239	280
Rates ²	357	298	20	136	221	63	194	121
Commodities	89	104	(14)	44	45	50	38	53
Credit and Capital Markets ²	285	193	48	145	140	83	48	87
Capital Structuring Distribution Group	156	147	6	74	82	91	71	92
Other Financial Markets	6	129	(95)	44	(38)	61	41	44
Corporate Finance	651	665	(2)	330	321	434	324	334
Lending and Portfolio Management	269	278	(3)	140	129	117	123	141
Wealth Management	975	991	(2)	511	464	343	465	452
Retail Products	1,921	1,896	1	973	948	925	929	953
CCPL and other unsecured lending	625	696	(10)	320	305	294	320	345
Deposits	991	825	20	499	492	481	476	431
Mortgage and Auto	256	332	(23)	128	128	127	114	156
Other Retail Products	49	43	14	26	23	23	19	21
Treasury	559	628	(11)	251	308	253	342	338
Other	(127)	(50)	nm	(59)	(68)	1	(26)	(43)
Total operating income	7,696	7,649	1	3,883	3,813	3,595	3,724	3,776

Ongoing business and liquidation portfolio

(\$m)	30.06.19	31.12.18		
	Total	Ongoing business	Liquidation portfolio	Total
Gross loans and advances to customers ¹	268,055	260,094	1,361	261,455
Of which stage 1 and 2	261,837	254,445	86	254,531
Of which stage 3	6,218	5,649	1,275	6,924
Expected credit loss provisions	(4,460)	(3,932)	(966)	(4,898)
Of which stage 1 and 2	(757)	(838)	(4)	(842)
Of which stage 3	(3,703)	(3,094)	(962)	(4,056)
Net loans and advances to customers	263,595	256,162	395	256,557
Of which stage 1 and 2	261,080	253,607	82	253,689
Of which stage 3	2,515	2,555	313	2,868
Cover ratio of stage 3 before/after collateral (%)	60 / 81	55 / 78	75 / 93	59 / 81
Credit Grade 12 accounts (\$billion)	1,416	1,437	86	1,523
Early alerts (\$billion)	4,068	4,767	-	4,767
Investment grade corporate exposures (%)	57	62	-	62



Appendix:

1H'19 client segment financial analysis

Underlying performance by client segment

	Corporate & Institutional Banking	Retail Banking	Commercial Banking	Private Banking	Central & other items	Total
1H'19 (\$m)						
Operating income	3,607	2,595	746	306	442	7,696
Operating expenses	(2,124)	(1,823)	(425)	(253)	(344)	(4,969)
Operating profit before impairment	1,483	772	321	53	98	2,727
Credit impairment	(110)	(154)	(35)	47	(2)	(254)
Other impairment	(19)	-	-	-	(2)	(21)
Profit from associates and joint ventures	-	-	-	-	157	157
Underlying profit before taxation	1,354	618	286	100	251	2,609
Statutory profit before taxation	1,377	617	286	99	35	2,414

1H'18 (\$m)						
Operating income	3,451	2,620	706	271	601	7,649
Operating expenses	(2,218)	(1,884)	(460)	(275)	(280)	(5,117)
Operating profit/(loss) before impairment	1,233	736	246	(4)	321	2,532
Credit impairment	(81)	(119)	(106)	(1)	14	(293)
Other impairment	(59)	-	-	-	8	(51)
Profit from associates and joint ventures	-	-	-	-	168	168
Underlying profit / (loss) before taxation	1,093	617	140	(5)	511	2,356
Statutory profit / (loss) before taxation	1,020	613	139	(11)	585	2,346

YoY%¹

Operating income	5	(1)	6	13	(26)	1
Underlying profit / (loss) before taxation	24	0	nm	nm	(51)	11

Corporate & Institutional Banking

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	3,607	6	5
<i>Transaction Banking</i>	1,519	4	6
<i>Financial Markets</i>	1,339	24	7
<i>Corporate Finance</i>	601	(15)	(2)
<i>Lending and Portfolio Mgmt</i>	159	13	(9)
<i>Other</i>	(11)	nm	35
Operating expenses	(2,124)	2	4
Credit impairment	(110)	32	(36)
Other impairment	(19)	79	68
Underlying profit before taxation	1,354	38	24
Statutory profit before taxation	1,377	nm	35

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	153	4	7
Customer accounts (\$bn)	240	(1)	(3)
Risk-weighted assets (\$bn)	138	7	(1)
Underlying RoTE	10.0%	273bps	239bps

Progress

- Continued to deepen relationships with existing clients and new OECD-based clients. New OECD clients income rose 24 per cent
- Quality of income continues to improve driven by capital-lite income up 15 per cent and network income up 9 per cent
- Maintained balance sheet quality, with investment-grade clients representing 56 per cent of customer loans and advances (2018: 63 per cent) and high-quality operating account balances³ improving to 57 per cent of Transaction Banking customer balances (2018: 49 per cent¹)
- Continued to invest in our platforms to drive client experience, digitization and automation
- Entered into strategic partnership with Linklogis, a supply chain financing focused fintech in China
- Strong Financial Markets performance supported by global Credit initiatives across key network corridors

Performance highlights

- Underlying profit before taxation of \$1,354 million was up 24 per cent, primarily driven by higher income and lower costs
- Income of \$3,607 million was up 5 per cent⁴, primarily driven by Cash Management and Financial Markets income which partially offset margin compression in Trade Finance. Good balance sheet momentum, with loans and advances to customers up 6 per cent
- Proportion of low-returning client risk-weighted assets (RWAs) at 15.2 per cent (December 2018: 15.5 per cent)
- RoTE improved from 7.6 per cent to 10.0 per cent

Retail Banking

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	2,595	7	(1)
<i>Greater China & North Asia</i>	<i>1,520</i>	<i>8</i>	<i>2</i>
<i>ASEAN & South Asia</i>	<i>707</i>	<i>10</i>	<i>(1)</i>
<i>Africa & Middle East</i>	<i>349</i>	<i>(3)</i>	<i>(14)</i>
<i>Europe & Americas</i>	<i>19</i>	<i>-</i>	<i>-</i>
Operating expenses	(1,823)	2	3
Credit impairment	(154)	(4)	(29)
Other impairment	-	100	-
Underlying profit before taxation	618	49	0
Statutory profit before taxation	617	75	1

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	101	(0)	(0)
Customer accounts (\$bn)	139	2	5
Risk-weighted assets (\$bn)	43	(0)	0
Underlying RoTE	14.6%	504bps	35bps

Progress

- Increased the share of income from Priority clients from 47 per cent in 2018 to 49 per cent as a result of strong Wealth Management and Deposit income growth and increasing client numbers
- Launched the Côte d'Ivoire model digital bank in four markets: Kenya, Uganda, Tanzania, Ghana in Q1 2019 followed by another three markets in Botswana, Zambia and Zimbabwe in June
- 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 onboarding for Credit Cards and Personal Loans (CCPL) in India and Singapore, enabling more efficient CCPL applications with significantly improved customer experience
- A further improvement in digital adoption, with 52 per cent of clients now actively using online or mobile banking compared with 47 per cent

Performance highlights

- Underlying profit before taxation of \$618 million was flat as lower expenses were offset by lower income and higher credit impairment
- Underlying income of \$2,595 million was down 1 per cent (up 3 per cent on a constant currency basis). Growth of 2 per cent (up 5 per cent on a constant currency basis) in Greater China & North Asia offset a 1 per cent decline (up 3 per cent on a constant currency basis) in ASEAN & South Asia and a 14 per cent decline (down 7 per cent on a constant currency basis) in Africa & Middle East
- Strong income momentum from Deposits with improved margins and balance growth at 21 per cent. Together, Wealth Management and Deposits income, representing 65 per cent of Retail Banking income, grew 7 per cent
- RoTE improved to 14.6 per cent from 14.3 per cent

Retail Banking

Regional performance

	Greater China & North Asia			ASEAN & South Asia			Africa & Middle East			Europe & Americas			Total		
(\$m)	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹
Operating income	1,520	1,485	2	707	712	(1)	349	404	(14)	19	19	-	2,595	2,620	(1)
Operating expenses	(979)	(972)	(1)	(531)	(559)	5	(301)	(338)	11	(12)	(15)	20	(1,823)	(1,884)	3
Credit impairment	(65)	(31)	nm	(63)	(65)	3	(26)	(23)	(13)	-	-	-	(154)	(119)	(29)
Other impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Underlying profit before taxation	476	482	(1)	113	88	28	22	43	(49)	7	4	75	618	617	0
Statutory profit before taxation	476	481	(1)	112	85	32	22	43	(49)	7	4	75	617	613	1
(\$bn)	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹
Loans and advances to customers ²	67	67	0	28	28	(0)	5	6	(10)	1	1	(1)	101	102	(0)
Customer accounts	96	91	5	34	31	9	8	9	(6)	1	1	(6)	139	132	5

Commercial Banking

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	746	9	6
<i>Greater China & North Asia</i>	<i>301</i>	<i>4</i>	<i>2</i>
<i>ASEAN & South Asia</i>	<i>278</i>	<i>7</i>	<i>6</i>
<i>Africa & Middle East</i>	<i>167</i>	<i>23</i>	<i>13</i>
Operating expenses	(425)	8	8
Credit impairment	(35)	75	67
Other impairment	-	-	-
Underlying profit before taxation	286	nm	104
Statutory profit before taxation	286	nm	nm

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	28	4	(1)
Customer accounts (\$bn)	32	(9)	(3)
Risk-weighted assets (\$bn)	32	4	(5)
Underlying RoTE	9.1%	646bps	478bps

Progress

- Onboarded 3,100 new clients in H1 2019 while monetising 6,400 new clients onboarded in 2018. These clients generated around \$78 million of income and \$3 billion in cash liabilities
- Continued to reshape the income mix towards capital-lite products: share of Cash and FX income increased from 42 per cent of total income in H1 2018 to 45 per cent
- Network income grew 12 per cent, notably from Chinese and Indian clients, as we continue to support Commercial Banking clients and capture international opportunities
- Strengthened foundations in Credit Risk management and improved asset quality: RWAs efficiency³ improved to 74 per cent (H1 2018: 79 per cent) and credit impairments are down 67 per cent, primarily from lower Stage 3
- Continued to improve client experience: reduced client turnaround time from nine days to five days
- Leveraging partnerships to accelerate client acquisition: partnered with a digital-blockchain supply chain platform in China

Performance highlights

- Underlying profit before taxation of \$286 million was up 104 per cent driven by lower impairments, income growth and lower costs
- Underlying income of \$746 million was up 6 per cent mainly driven by growth from Cash Management and Financial Markets. Income was up 2 per cent in Greater China & North Asia, up 6 per cent in ASEAN & South Asia and up 12 per cent in Africa & Middle East
- RoTE improved from 4.3 per cent to 9.1 per cent

Commercial Banking

Regional performance

	Greater China & North Asia			ASEAN & South Asia			Africa & Middle East			Total		
(\$m)	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹
Operating income	301	295	2	278	263	6	167	148	13	746	706	6
Operating expenses	(177)	(198)	11	(143)	(160)	11	(105)	(102)	(3)	(425)	(460)	8
Credit impairment	(9)	(17)	47	(13)	(25)	48	(13)	(64)	80	(35)	(106)	67
Other impairment	-	-	-	-	-	-	-	-	-	-	-	-
Underlying profit / (loss) before taxation	115	80	44	122	78	56	49	(18)	nm	286	140	nm
Statutory profit / (loss) before taxation	115	79	46	122	78	56	49	(18)	nm	286	139	nm
(\$bn)	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹	1H'19	1H'18	YoY % ¹
Loans and advances to customers ²	14	15	(4)	9	9	(0)	5	5	6	28	29	(1)
Customer accounts	19	20	(7)	10	9	4	3	3	8	32	33	(3)

Private Banking

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	306	25	13
<i>Corporate Finance</i>	2	-	-
<i>Wealth Management</i>	195	44	15
<i>Retail Products</i>	109	(1)	8
Operating expenses	(253)	1	8
Credit impairment	47	nm	nm
Other impairment	-	-	-
Underlying (loss) before taxation	100	nm	nm
Statutory (loss) before taxation	99	nm	nm

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	16	14	14
Customer accounts (\$bn)	18	(6)	(7)
Risk-weighted assets (\$bn)	7	13	6
Underlying RoTE	15.7%	1694bps	1660bps

Progress

- Drove sharper client segmentation to deliver our distinct advisory and product proposition, and grow profitability
- Deepened client engagement through stronger Relationship Management, Product Specialist coverage model and sales discipline
- Stepped up brand visibility of our key differentiators with the launch of a Private Banking marketing campaign around uncovering biases for making better financial decisions, underscoring our unbiased and open architecture Advisory proposition
- Continued to tap into wealth opportunities in Greater China and South Asia
- Continued to further enhance our open architecture derivatives platforms through full automation and straight-through-processing of the transactions
- Continued investments in building a senior team of frontline relationship managers across our markets

Performance highlights

- Underlying profit of \$100 million includes a \$48 million credit impairment release, improving from a loss of \$6 million in the prior period driven by top-line income growth and costs reduction
- Underlying income of \$306 million was up 13 per cent, making a second consecutive year of top-line growth. Income increase mainly driven by higher Wealth products income (up 15 per cent) and improved product margins
- Assets under management increased \$6 billion or 10 per cent from 31 December 2018, mainly driven by \$1.7 billion of net new money and positive market movements
- RoTE increased from negative 1.0 per cent to 15.7 per cent

Appendix:

1H'19 region financial analysis

Underlying performance by region

1H'19 (\$m)	Greater China & North Asia	ASEAN & South Asia	Africa & Middle East	Europe & Americas	Central & other items	Total
Operating income	3,080	2,136	1,340	794	346	7,696
Operating expenses	(1,826)	(1,292)	(850)	(715)	(286)	(4,969)
Operating profit before impairment	1,254	844	490	79	60	2,727
Credit impairment	(70)	(84)	(49)	(66)	15	(254)
Other impairment	(8)	-	-	-	(13)	(21)
Profit from associates and joint ventures	153	-	-	-	4	157
Underlying profit before taxation	1,329	760	441	13	66	2,609
Statutory profit / (loss) before taxation	1,326	767	439	(2)	(116)	2,414

1H'18 (\$m)						
Operating income	3,097	2,073	1,376	870	233	7,649
Operating expenses	(1,903)	(1,360)	(919)	(736)	(199)	(5,117)
Operating profit before impairment	1,194	713	457	134	34	2,532
Credit impairment	(17)	(138)	(70)	(68)	-	(293)
Other impairment	(44)	7	-	17	(31)	(51)
Profit / (loss) from associates and joint ventures	156	7	-	3	2	168
Underlying profit before taxation	1,289	589	387	86	5	2,356
Statutory profit / (loss) before taxation	1,263	677	346	84	(24)	2,346

YoY%¹

Operating income	(1)	3	(3)	(9)	48	1
Underlying profit before taxation	3	29	14	(85)	nm	11

Greater China & North Asia

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	3,080	1	(1)
<i>Hong Kong</i>	<i>1,854</i>	<i>(3)</i>	<i>0</i>
<i>Korea</i>	<i>505</i>	<i>6</i>	<i>(5)</i>
<i>China</i>	<i>445</i>	<i>12</i>	<i>5</i>
<i>Other</i>	<i>276</i>	<i>(2)</i>	<i>(5)</i>
Operating expenses	(1,826)	4	4
Credit impairment	(70)	(30)	nm
Other impairment	(8)	88	82
Profit from associates	153	nm	(2)
Underlying Profit before taxation	1,329	23	3
Statutory profit before taxation	1,326	33	5

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	134	3	1
Customer accounts (\$bn)	197	0	4
Risk-weighted assets (\$bn)	85	5	2

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
- Continuing good progress in Retail Banking in Hong Kong. We attracted around 32,500 new Priority clients during the year and increased our active qualified Priority clients by 11 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 teamed up with PCCW, HKT and Ctrip Finance
- Continued to transform the Korea franchise to improve returns and focus on China's opening. China generates more network income for the Group than nearly every other market

Performance highlights

- Underlying profit before taxation of \$1,329 million was up 3 per cent, with lower expense partly offset by higher credit impairment
- Underlying income of \$3,080 million was broadly flat, with broad-based growth across the markets and segments, particularly in Hong Kong and China, offset by weak Treasury income performance. Retail Banking income grew 2 per cent, driven by Deposits with improving margins and strong balance sheet growth partly offset by a subdued performance in Wealth Management. Private Banking performed well with income up 26 per cent, driven by Wealth Management. Corporate & Institutional Banking and Commercial Banking income grew 4 per cent and 2 per cent respectively driven by strong Cash Management and Financial Markets
- Balance sheet momentum was sustained with loans and advances to customers up 1 per cent while customer accounts remained up 4 per cent

ASEAN & South Asia

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	2,136	13	3
<i>Singapore</i>	<i>870</i>	<i>24</i>	<i>3</i>
<i>India</i>	<i>502</i>	<i>7</i>	<i>4</i>
<i>Other</i>	<i>764</i>	<i>5</i>	<i>2</i>
Operating expenses	(1,292)	4	5
Credit impairment	(84)	54	39
Other impairment	-	100	(100)
Profit from associates	-	(100)	(100)
Underlying profit before taxation	760	99	29
Statutory profit before taxation	767	93	13

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	83	1	1
Customer accounts (\$bn)	102	5	7
Risk-weighted assets (\$bn)	94	7	(2)

1. Variance is better / (worse) other than for loans and advances to customers, customer accounts, RWA which is increase / (decrease)
2. Loans and advances to customers including FVTPL

Progress

- Operating profit grew in all client segments and in nine out of 12 markets
- Double-digit growth in high-returning businesses such as Priority Banking and Global Subsidiaries, and capital-lite income contributing to 60 per cent of overall income
- Attracting more than 8,000 new Priority Banking clients and 1,000 new Commercial Banking clients
- Sharpened our value propositions with Priority Private for affluent clients in Singapore and Malaysia, and launched the ASEAN proposition for Commercial Banking
- Launch of instant onboarding for credit cards and savings accounts in Singapore and India helped accelerate digital adoption and improved client advocacy
- In aggregate, India and Indonesia experienced double-digit growth in operating profit; India's cost-to-income ratio improved from 71 to 65 per cent

Performance highlights

- Underlying profit before taxation grew by 29 per cent to \$760 million, underpinned by 3 per cent income growth and 39 per cent lower credit impairments from improved credit quality
- Underlying income of \$2,136 million is 3 per cent higher, with double-digit income growth in Corporate & Institutional Banking, Commercial Banking and Private Banking offsetting a marginal income decline in Retail Banking
- RWAs declined by 2 per cent while customer loans and advances were up 1 per cent, reflecting improved credit quality. Customer accounts were up 7 per cent with retail current and savings accounts and cash liabilities growing 6 per cent

Africa & Middle East

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	1,340	9	(3)
<i>UAE</i>	<i>327</i>	<i>17</i>	<i>(8)</i>
<i>Other</i>	<i>1,013</i>	<i>7</i>	<i>(1)</i>
Operating expenses	(850)	5	8
Credit impairment	(49)	74	30
Other impairment	-	-	-
Profit from associates	-	-	-
Underlying profit before taxation	441	nm	14
Statutory profit before taxation	439	nm	27

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	30	1	(3)
Customer accounts (\$bn)	30	(1)	(6)
Risk-weighted assets (\$bn)	52	(3)	(4)

Progress

- A number of marquee Corporate & Institutional Banking transactions across the region with sovereign clients in particular are reflective of the strong client franchise
- Network income was 13 per cent higher and the Group's Global Subsidiaries business grew by 10 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 seven additional markets (Uganda, Tanzania, Ghana, Kenya, Zimbabwe, Botswana and Zambia)
- 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 profit before taxation of \$441 million was 14 per cent higher with lower expenses and improved credit impairment offset by a decrease in income
- Underlying income of \$1,340 million up 3 per cent on a constant currency basis, down 3 per cent on reported basis, with good performance in our Corporate & Institutional Banking and Commercial Banking Business across the region. On a constant currency basis, Africa was up 9 per cent and the Middle East and Pakistan were 1 per cent down.
- Strong performances in Financial Markets and Corporate Finance were offset by margin compression in Retail Banking and lower Wealth Management in UAE and Botswana
- Since December 2018, loans and advances to customers were up 1 per cent and customer accounts were down 1 per cent

Europe & Americas

Financial analysis

(\$m)	1H'19	HoH % ¹	YoY % ¹
Operating income	794	(1)	(9)
UK	330	(13)	(25)
US	365	9	10
Other	99	13	3
Operating expenses	(715)	0	3
Credit impairment	(66)	nm	3
Other impairment	-	-	(100)
Profit from associates	-	-	(100)
Underlying profit before taxation	13	(81)	(85)
Statutory profit/(loss) before taxation	(2)	nm	nm

Key metrics	1H'19	HoH % ¹	YoY% ¹
Loans and advances to customers (\$bn) ²	59	4	16
Customer accounts (\$bn)	117	3	(1)
Risk-weighted assets (\$bn)	43	5	4

Progress

- Good progress in improving the share of business from targeted multinational corporate clients, with income up 25 per cent and 9 per cent from 'New' OECD and 'Next' client initiatives respectively
- Continued growth in our key Greater China corridor providing high network returns from Europe & Americas clients
- The Group is well prepared for Brexit with Standard Chartered Bank AG (Germany) operational and providing a strong base to grow our continental Europe franchise
- Launched sustainable finance business and issued inaugural sustainable bond focused on emerging markets

Performance highlights

- Underlying profit before taxation of \$13 million, down 85 per cent primarily due to lower operating income, partially offset by reduced costs
- Underlying income of \$794 million was down 9 per cent due to an adverse swing in the debit valuation adjustment (DVA) in Financial Markets, resulting from an improvement in the Group's own credit risk, and lower Treasury income. This offset strong performance in Transaction Banking and Financial Markets
- Income generated by Europe & Americas clients, but booked elsewhere in our network, increased by 4 per cent
- Improvement in credit quality of assets combined with good income growth resulted in an increase in the returns originated from Europe & Americas clients

Performance by key markets

Operating income			
(\$m)	1H'19	1H'18	YoY % ¹
Hong Kong	1,854	1,849	0
Korea	505	534	(5)
China	445	422	5
Singapore	871	845	3
India	502	482	4
UAE	327	357	(8)
UK	330	441	(25)
US	365	333	10

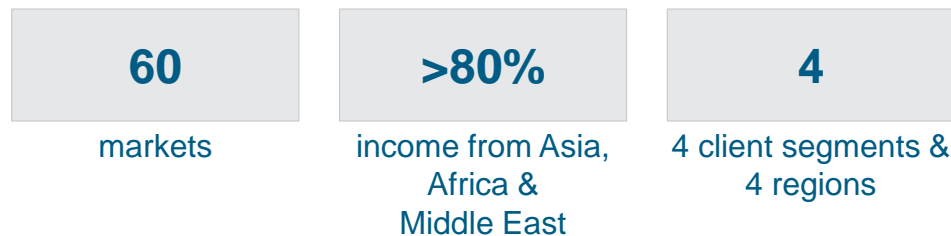
Underlying profit / (loss) before taxation		
1H'19	1H'18	YoY % ¹
872	828	5
122	132	(8)
232	236	(2)
380	267	42
133	107	24
91	68	34
(27)	90	nm
19	(17)	nm

Appendix:

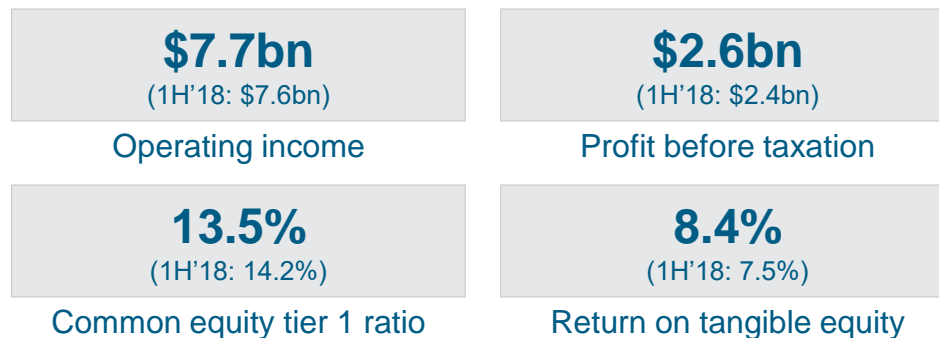
Fixed income information

Standard Chartered overview

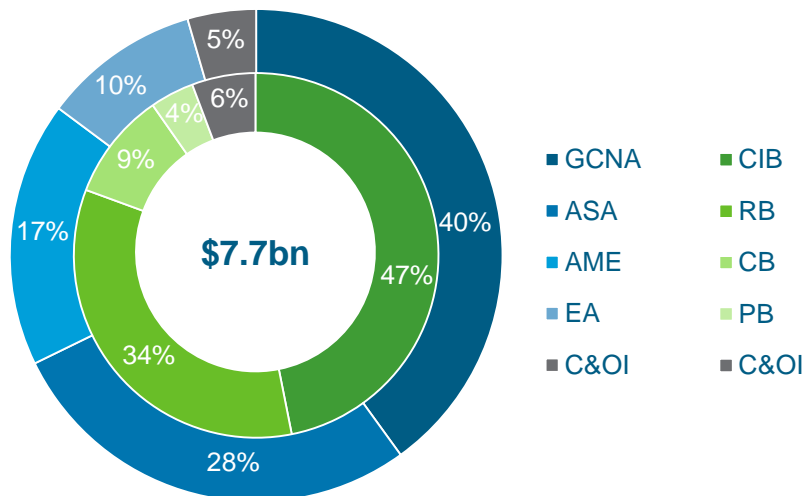
Over 160 years in some of the world's most dynamic markets



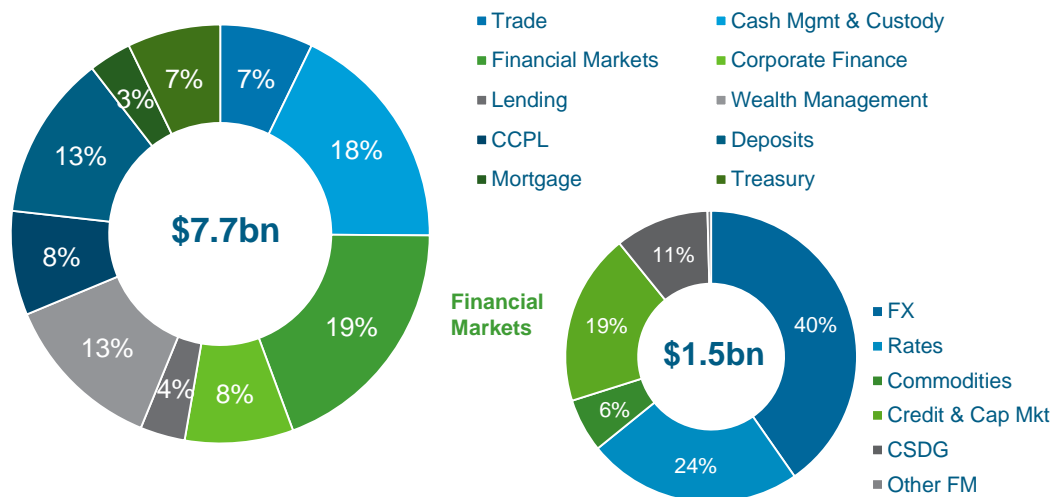
1H'19 Performance highlights



Group income by region and segment

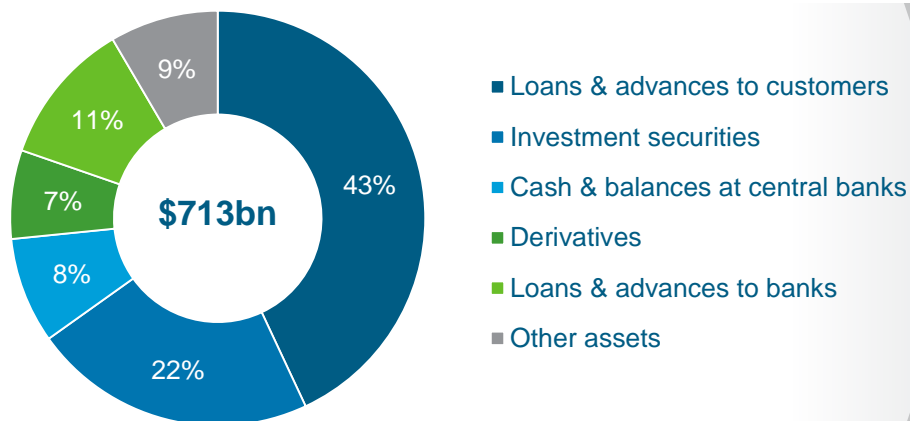


Group income by product

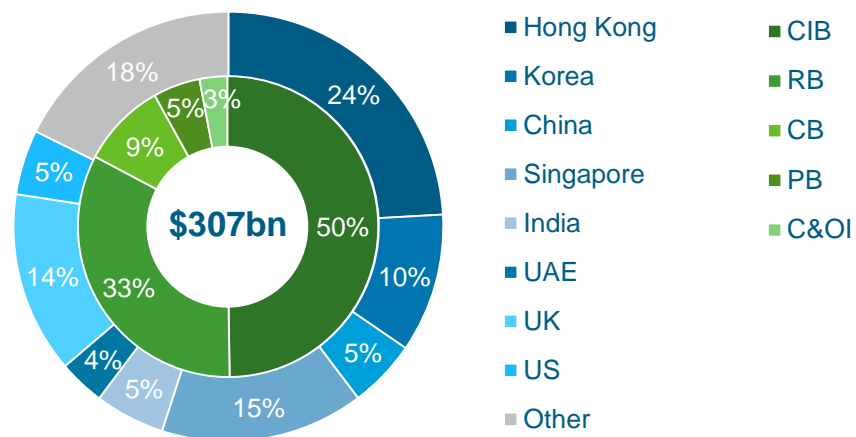


Balance sheet diversity

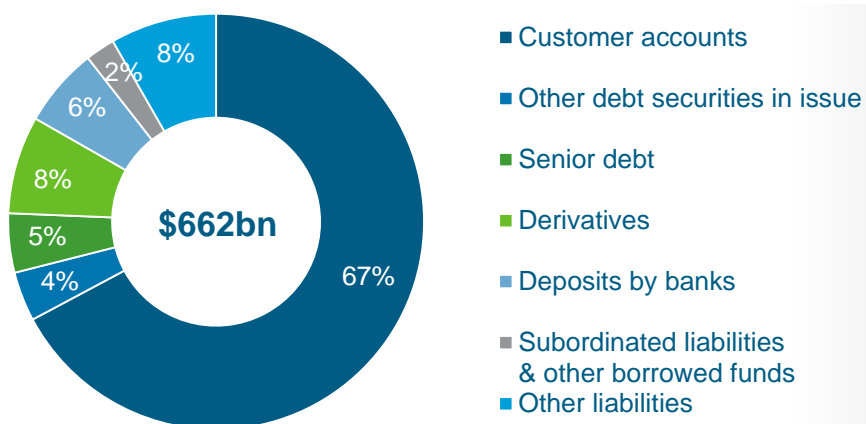
1H'19 Balance sheet assets



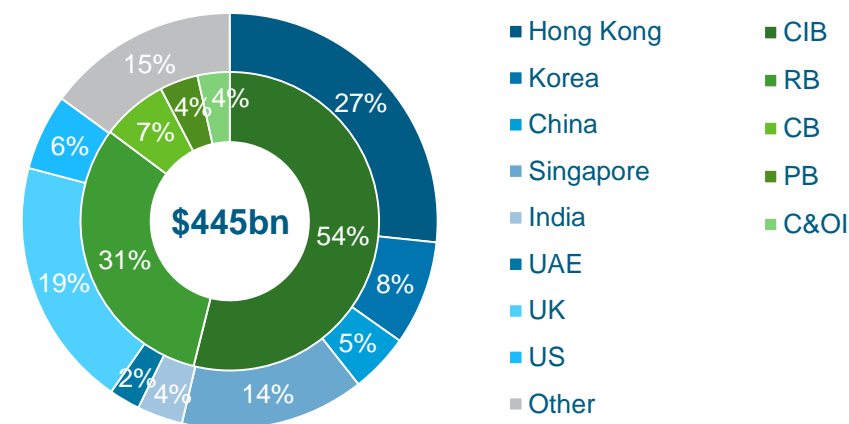
1H'19 Customer loans & advances by country and segment



1H'19 Balance sheet liabilities

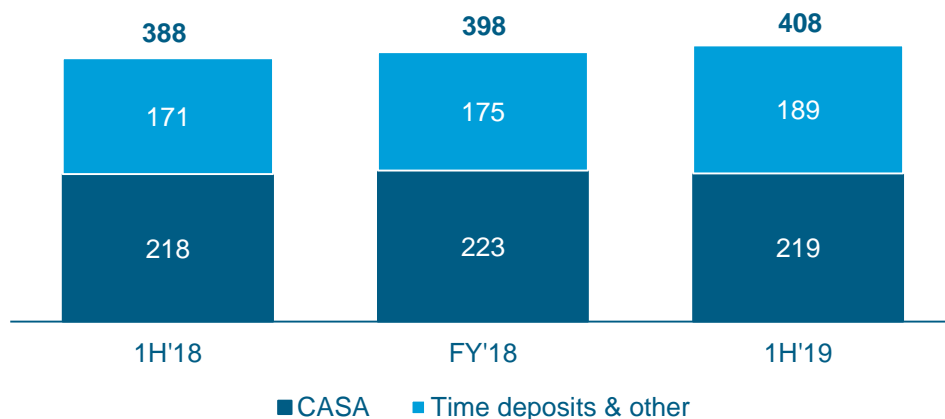


1H'19 Customer accounts by country and segment

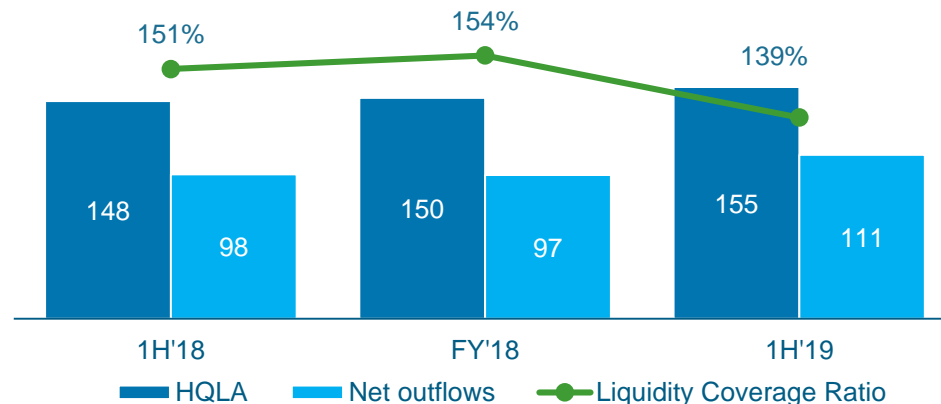


Liquid and resilient balance sheet

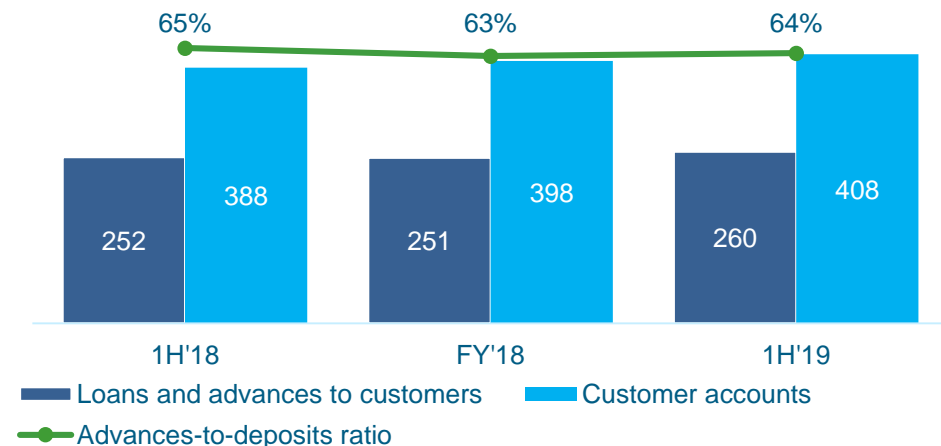
Total customer deposits (\$bn)¹



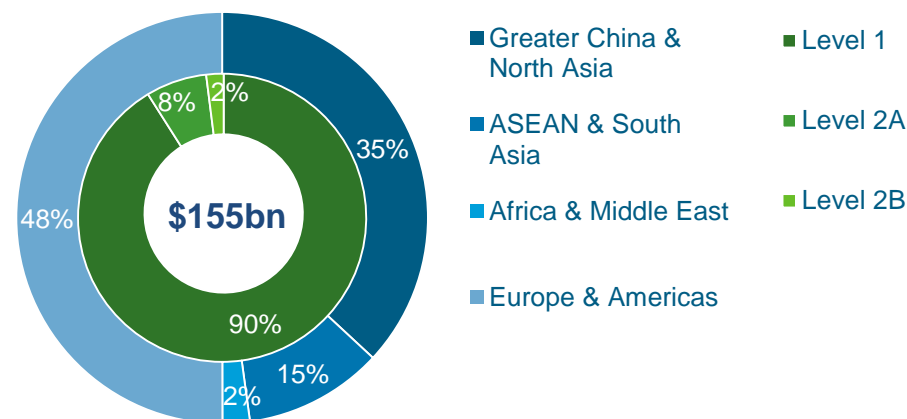
Liquidity Coverage Ratio (\$bn)



Advances to deposits ratio (\$bn)¹



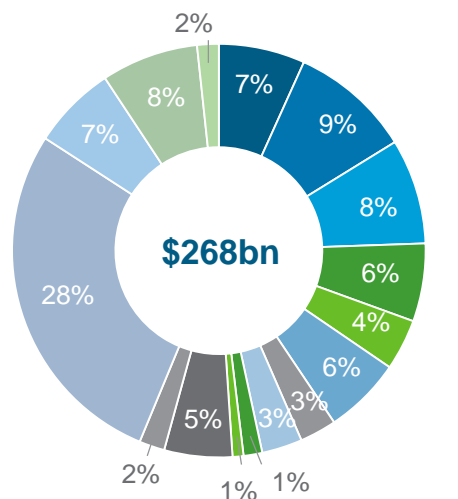
1H'19 LCR eligible assets by region and type



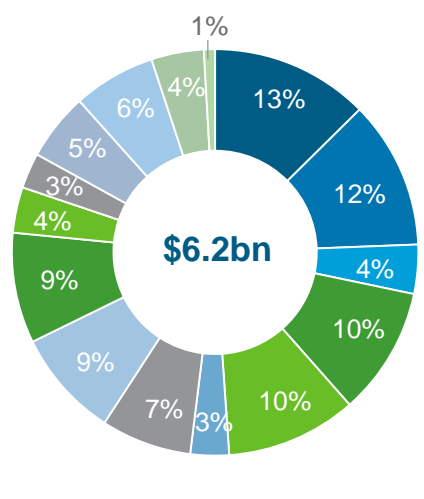
Customer Loan Portfolio: diverse & higher quality

Diverse loan book by industry

Customer loans and advances (gross)



Stage 3 / NPL



- Energy
- Financing, insurance and non-banking
- Food and household products
- Mining and quarrying
- Construction
- Government
- Mortgage
- Secured wealth products

- Manufacturing
- Transport, telecom and utilities
- Commercial real estate
- Consumer durables
- Trading companies and distributors
- Other - Industry
- CCPL and other unsecured lending
- Other - Retail ¹

1. Includes Auto
2. Represents Corporate & Institutional Banking and Commercial Banking unless otherwise stated
3. Investment grade corporate exposures as a percentage of total corporate exposures
4. Represents gross Stage 3 / NPL
5. FY'14 includes both individual and portfolio impairment provisions; 1H'19 and FY'18 include stage 3 provisioning
6. Following adoption of IFRS 9, the definition of non-performing loans and stage 3 have been aligned

Key indicators ²

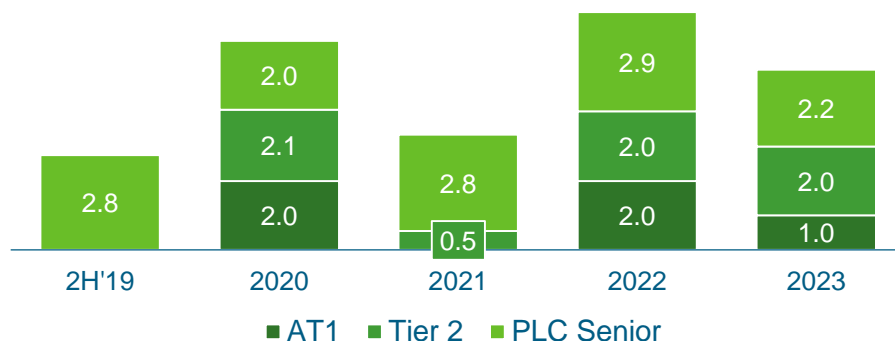
	1H'19 (IFRS 9)	FY'18 (IFRS 9)	19-18 Mvt.	FY'14 (IAS 39)	19-14 Mvt.
IG % corp. ³	57%	62%	↓	42%	↑
Tenor profile % (<1 yr.) including FVTPL	69%	70%	↓	65%	↑
Top 20 corp. % of tier 1 capital	62%	55%	↑	83%	↓
Gross Stage 3 / NPL (\$bn)	6.2 ⁶	6.9 ⁶	↓	6.6	↓
CG12 exposure (\$bn)	1.4	1.5	↓	4.7	↓
Early alert portfolio net exposure (\$bn)	4.1	4.8	↓	9.2	↓
Total cover ratio (excluding collateral) ^{4, 5}	60%	59%	↑	52%	↑
Total cover ratio (including collateral) ⁴	81%	81%	—	62%	↑

Funding

Currency mix (\$bn) ^{1, 3}

	USD	EUR	GBP	Other	USD Total
Senior	12.4	3.4	0.8	3.3	19.9
Tier 2	8.7	3.3	0.9	0.5	13.4
AT1	6.5	0.0	0.3	0.6	7.4
Total	27.5	6.7	2.0	4.4	40.6

Maturity profile (\$bn) ²



2019 SC PLC issuance of ~\$3.9bn across 4 currencies ³



USD 2bn Senior – Dual tranche benchmark dollar

- 6NC5 and 11NC10
- First >10Y senior from SC PLC since 2016



USD 100m Senior – Formosa zero coupon

- 30NC5+5 at IRR 4.90%
- Inaugural SC PLC zero coupon issuance



AUD 1bn Senior – Dual tranche Kangaroo

- 6NC5 split between fixed and float
- Inaugural SC PLC AUD issuance



EUR 500m Senior – EM focused sustainability bond

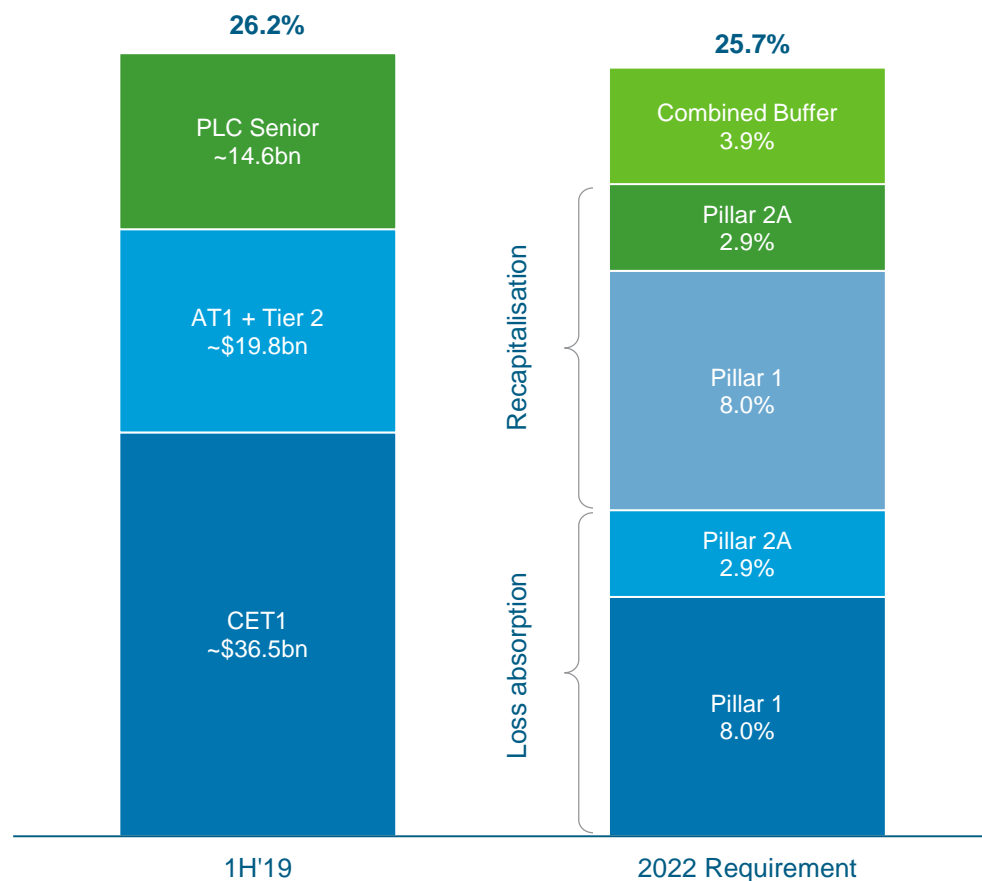
- 8NC7 Sustainability Bond – 1st emerging markets focused
- Use of proceeds aligned to UN SDGs ⁴



SGD 750m AT1 – Inaugural SGD AT1

- PNC5.25 at a coupon of 5.375%
- Diversified market access in a key market for the Group

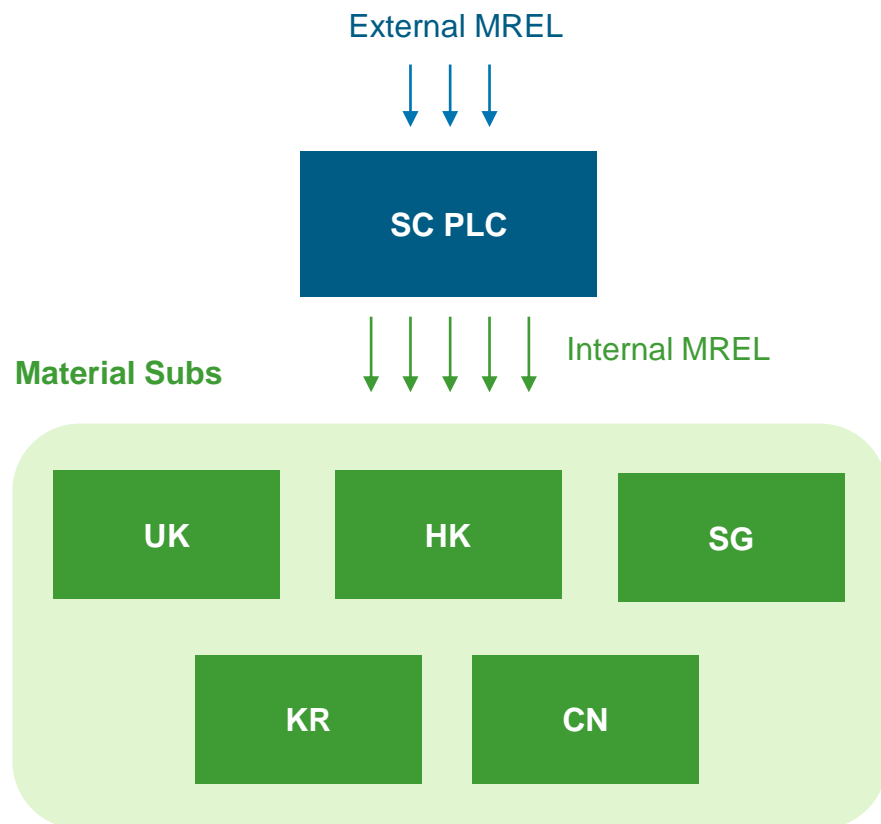
MREL transition – well positioned



- At 30 June 2019, the Group's end-point requirement is 25.7% of RWA including the Combined Buffer
- The Group meets its expected 2022 MREL requirement today
- SC PLC issuance strategy results in:
 - Substantial Hold Co stock today
 - Little non-compliant capital in MREL
 - Compatibility with a Single Point of Entry resolution approach
- Intention to re-shape MREL composition through to 2022, with increased focus on SC PLC senior debt

Internal MREL

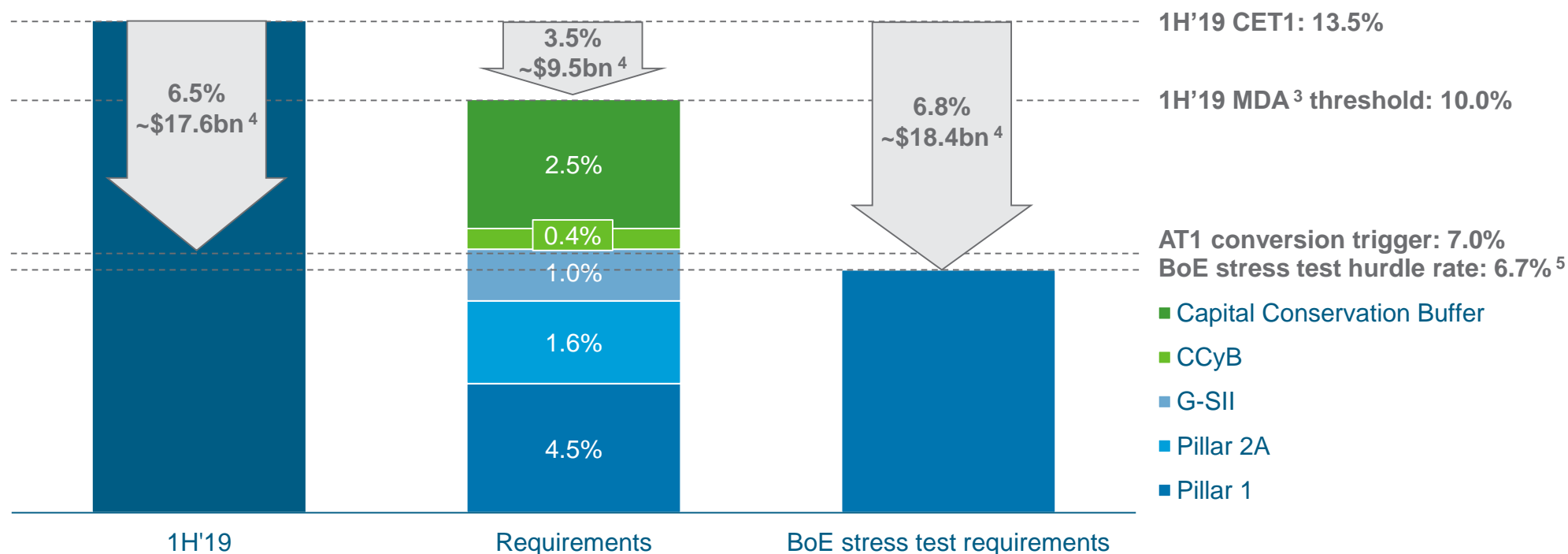
Group's issuance framework



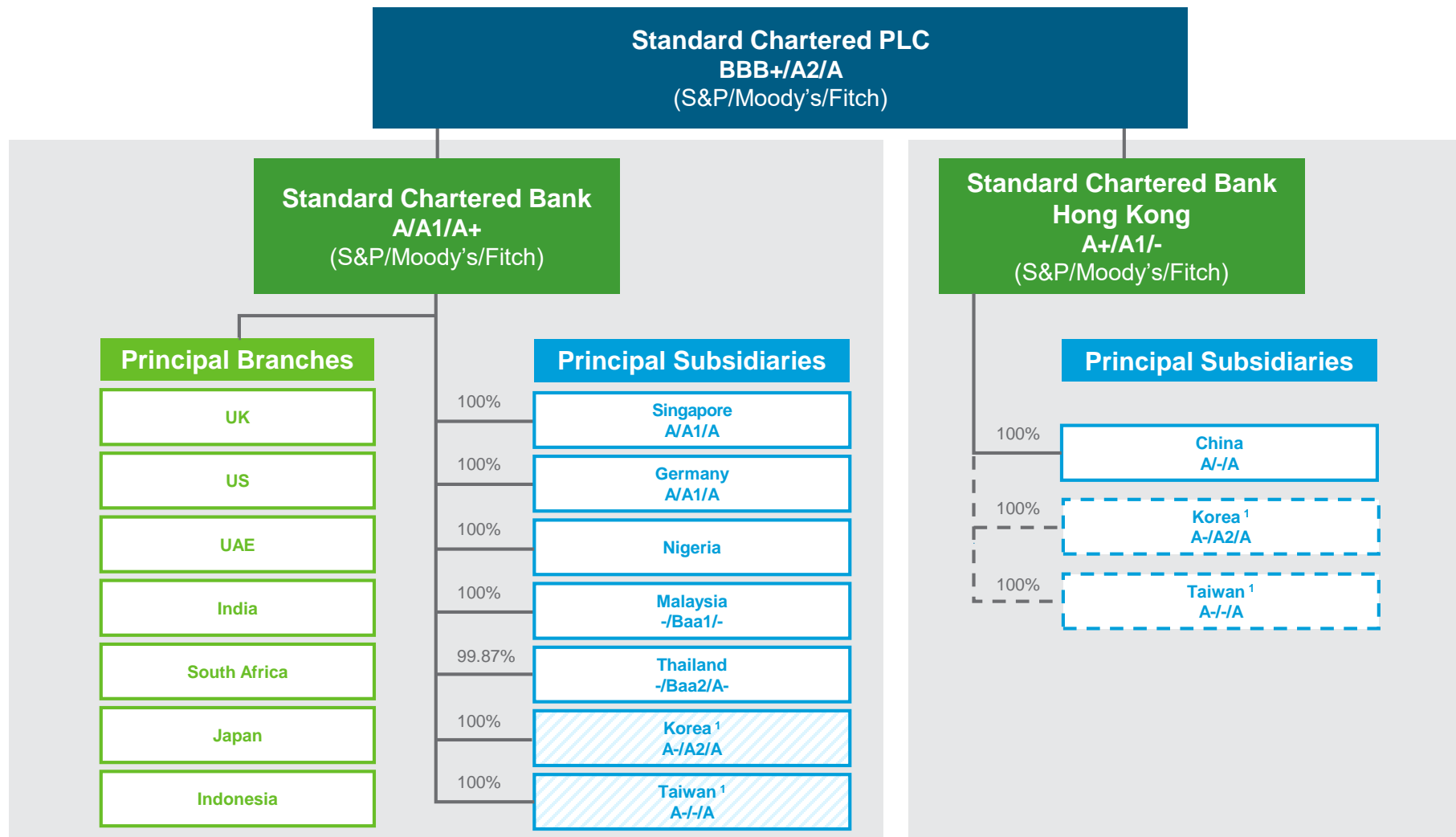
- SC PLC is the sole issuer of external MREL
- External MREL down-streamed to material subsidiaries via internal issuance
- Internal MREL required for the Group's 5 material subsidiaries
- Internal MREL requirements scaled in the 75-90% range as per FSB TLAC term sheet
- Expected sum of internal MREL requirements < the Group's external requirement
- Internal instruments in the form of AT1, Tier 2 and senior non-preferred

Capital requirements and distribution considerations

- Strong CET1 ratio in the middle of 13-14% target range
- A breach of the MDA ¹ threshold restricts discretionary distributions (dividends, variable compensation and AT1 coupons)
- Combined Buffer comprises the G-SII buffer (G-SII), Countercyclical buffer (CCyB) and the Capital Conservation buffer ²
- 1H'19 Standard Chartered PLC distributable reserves of \$14.6bn



Standard Chartered Group – simplified legal structure





Sustainability

Sustainable Finance where it matters most

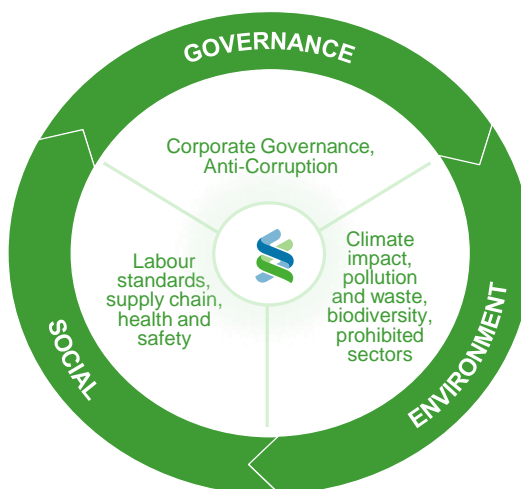
Our Sustainable Finance Philosophy

Social Impact



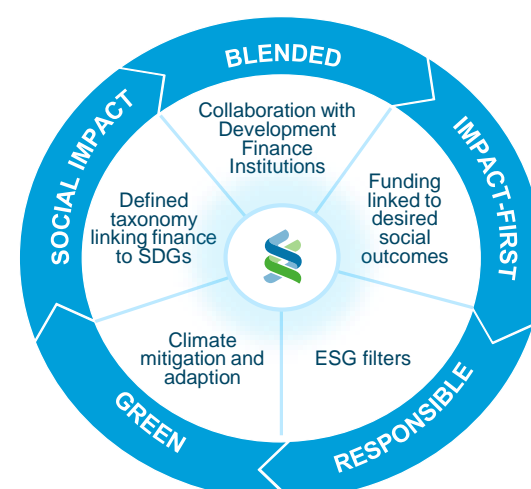
- \$2.4tn SDG financing gap in emerging and low income countries ¹
- Achieving global CO₂ targets will be mainly driven in Africa and Asia
- SDGs 90% financed in developed markets, 60% financed in developing markets but only 10% financed in Africa ²

ESG Risk Filters



- Managing the impact of our activities on communities and the environment
- Standard Chartered ESG risk team active since 1997
- Minimum standards & 7 position statements govern client relationships
- >18,000 individual client ESG assessments each year

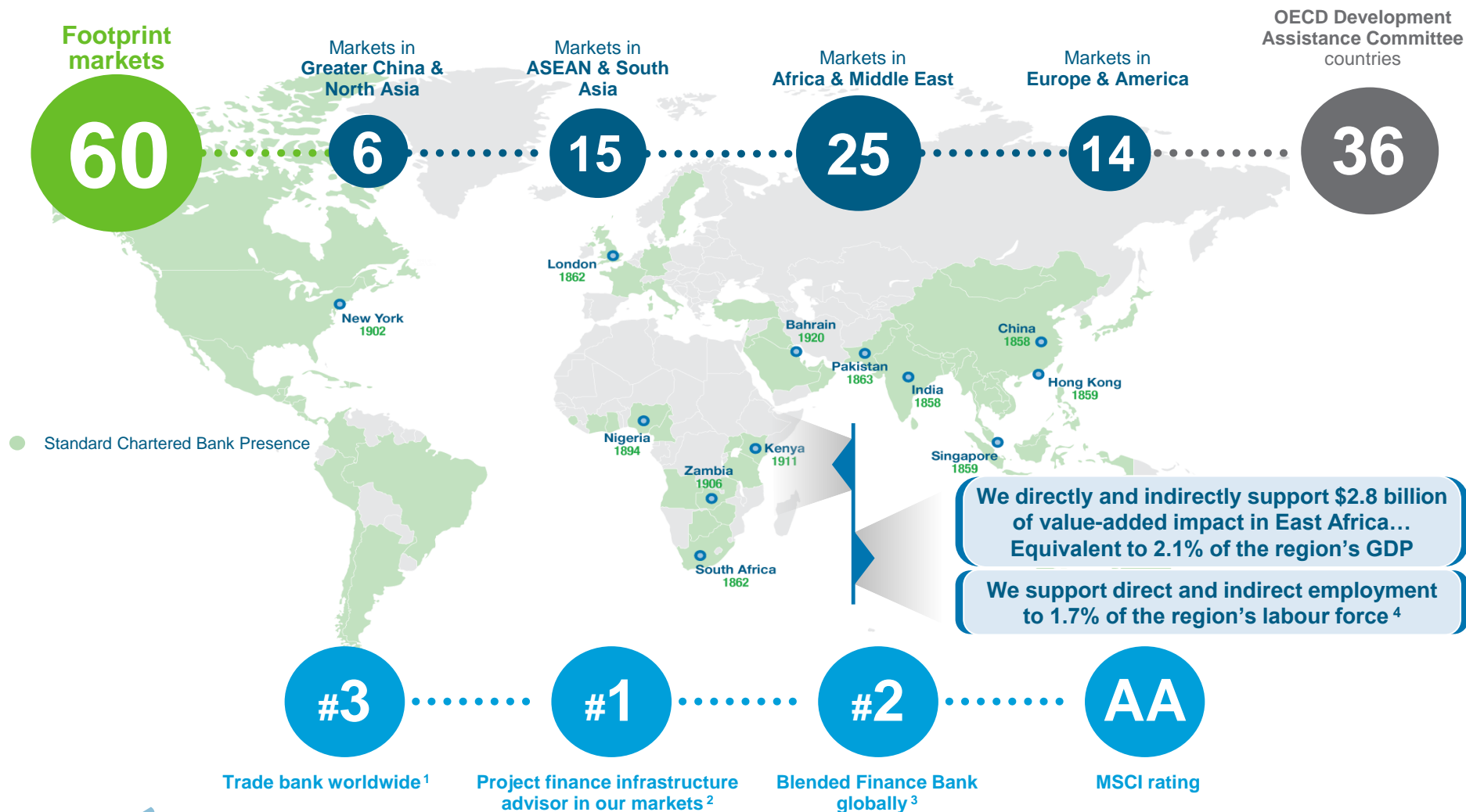
Impact Driven Financing



- We will lead in sustainable financing across emerging markets
- 2.5 million households helped through \$1bn of microfinance loans
- 2nd largest commercial provider of blended finance ³
- Launched the world's first blue bond (Republic of Seychelles) and the first Sustainable Deposit

A unique opportunity to finance impact in some of the world's least developed countries through a UK regulated institution...

Serving clients and driving sustainable development in Asia, Africa and the Middle East



Impact driven financing – mitigating ESG risks



Extractive industries
No to Arctic or
Amazon exploration

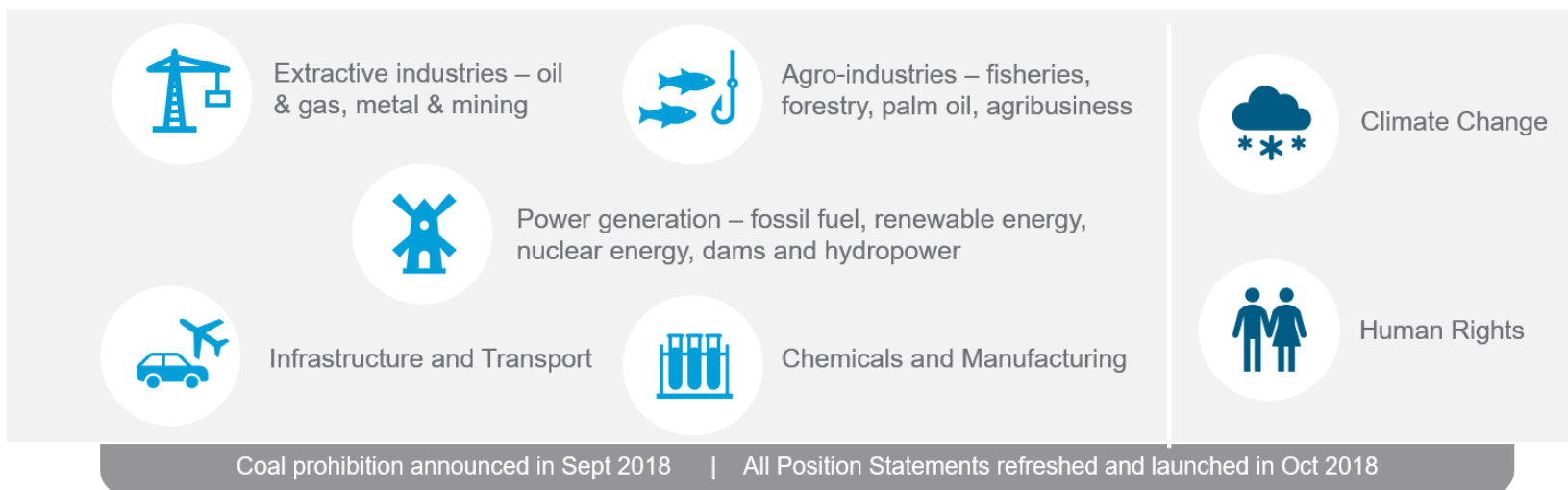


Power generation
No to coal



Agro-industries
No to deforestation

Our main impact on the environment and society is through the business activities we finance. Our **7 Position Statements** (**5 sectors** and **2 thematic**) outline the standards we encourage and expect of our clients and ourselves.



Over 18,000
bank-wide client
assessments against
position statements

Over 800 (up 77% yoy)
referrals to Environmental and
Social Risk Management (ESRM)

Over 1,300 (up 228% yoy)
frontline and risk staff trained

Over 200 transaction reviews included in above

Sustainable finance at Standard Chartered

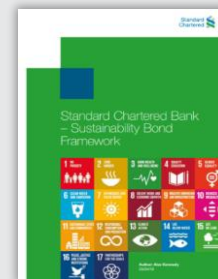
Green and Sustainable Product Frameworks



- Green and Sustainable Product Framework launched in 2019
- Developed in collaboration with Sustainalytics
- Governs Green and Sustainable Products that reference Green and Sustainable use of proceeds such as Sustainable Deposits



- Sustainability Bond Framework maps our businesses against the UN Sustainable Development Goals to create a Sustainability Bond Framework
- Aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines
- It includes both Green and Social elements, capturing all that makes Standard Chartered unique
- Second Party Opinion from Sustainalytics
- Sustainability Bond Committee is responsible for the content and implementation of the Framework, including the criteria for and the selection of eligible projects, management of proceeds, reporting and external review
- Outlines our commitment to annual allocation reporting and annual impact reporting



“

As an organisation, we support the successes of the burgeoning green and sustainable bond market. However, of the USD167bn of green, social and sustainability bonds issued in 2018, excluding China, under 10% of these were raised to finance emerging markets...¹

”



Appendix:

Definitions and important notice

Definitions

Term	Explanation	Term	Explanation	Term	Explanation
AAME	Asia, Africa & Middle East	ETB	Existing to bank	OPAC	Operating account
AME	Africa & Middle East	FI	Financial Institutions	P.A.	Per annum
API	Application Programming Interface	FTE	Full-time employee	P&L	Profit and loss (Income statement)
ASA	ASEAN & South Asia	FVTPL	Fair Value Through Profit or Loss	PBT	Profit before tax
AT1	Additional Tier 1 Capital	FX	Foreign Exchange	PoC	Proof of concept
AUM	Assets under management	FY	Financial year	PPT	Percentage points
B&R	Belt & Road Initiative	GCNA	Greater China & North Asia	PvB	Private Banking
bn	Billion	GDP	Gross domestic product	QoQ	Quarter-on-quarter
Bps	Basis points	IAS	International Accounting Standards	Q&A	Questions & Answers
Capital-lite income	Income generated from non-funded products	IFRS	International Financial Reporting Standards	RB	Retail Banking
CAGR	Compound annual growth rate	IMF	International Monetary Fund	RM	Relationship Manager
CASA	Current and Savings Account	JV	Joint venture	RMB	Renminbi
CB	Commercial Banking	KYC	Know Your Customer	RoE	Return on equity
CCPL	Credit Cards, Personal Loans and other unsecured lending	m	Million	RoI	Return on investment
CET1	Common Equity Tier 1 capital	Mgmt	Management	RoRWA	Income as a percentage of RWA
CG12	Credit grade 12	MNC	Multinational corporation	RoTE	Return on tangible equity
CIB	Corporate & Institutional Banking	MREL	Minimum requirement for own funds and eligible liabilities	RWA	Risk-weighted assets
CIPS	Cross-Border Inter-Bank Payments System	nm	Not meaningful	S2B	Straight2Bank
Cover ratio	Extent to which non-performing loans are covered by impairment provisions	Network income	Income generated outside of a client group's headquarter country	SME	Small and medium enterprises
EA	Europe & Americas	NII	Net interest income	SMS	Short Message Service
eDM	Electronic Direct Mail	NIM	Net interest margin	TB	Transaction Banking
EM	Emerging markets	NPL	Non-performing loans	tn	Trillion
EPS	Earnings per share	NPS	Net promoter score	WM	Wealth Management
		NTB	New-to-bank	YoY	Year-on-year
		OECD	Organisation for Economic Co-operation and Development		

Important notice

This document contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of Standard Chartered PLC (the “Company”), the board of the Company (the “Directors”) and other members of its senior management about the strategy, businesses and performance of the Company and its subsidiaries (the “Group”) and the other matters described in this document. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results could differ materially from those contained in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. Forward-looking statements are based on current views, estimates and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict. Such risks, factors and uncertainties may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks, factors and uncertainties include but are not limited to: changes in the credit quality and the recoverability of loans and amounts due from counterparties; changes in the Group’s financial models incorporating assumptions, judgments and estimates which may change over time; risks relating to capital, capital management and liquidity; risks associated with implementation of Basel III and uncertainty over the timing and scope of regulatory changes in various jurisdictions in which the Group operates; risks arising out of legal and regulatory matters, investigations and proceedings; operational risks inherent in the Group’s business; risks arising out of the Group’s holding company structure; risks associated with the recruitment, retention and development of senior management and other skilled personnel; risks associated with business expansion and engaging in acquisitions; reputational, compliance, conduct, information and cyber security and financial crime risks; global macroeconomic and geopolitical risks; risks arising out of the dispersion of the Group’s operations, the locations of its businesses and the legal, political and economic environment in such jurisdictions; competition; risks associated with the UK Banking Act 2009 and other similar legislation or regulations; changes in the credit ratings or outlook for the Group; market, interest rate, commodity prices, equity price and other market risk; foreign exchange risk; financial market volatility; systemic risk in the banking industry and among other financial institutions or corporate borrowers; country risk; risks arising from operating in markets with less developed judicial and dispute resolution systems; risks arising out of regional hostilities, terrorist attacks, social unrest or natural disasters; climate related transition and physical risks; business model disruption risks; the implications of a post-Brexit and the disruption that may result in the United Kingdom and globally from the withdrawal of the United Kingdom from the European Union; and failure to generate sufficient level of profits and cash flows to pay future dividends.

Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Company and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Company and/or the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable law or regulations, the Company expressly disclaims any obligation or undertaking to release publicly or make any updates or revisions to any forward-looking statement contained herein whether as a result of new information, future events or otherwise.

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