

## Standard Chartered PLC – Performance highlights

### For the six months ended 30 June 2019

Standard Chartered PLC (the Group) today releases its results for the six months ended 30 June 2019. All figures are presented on an underlying basis and comparisons are made to the first half of 2018, unless otherwise stated. A reconciliation between statutory and underlying results is set out on page 82 of the 2019 half year report.

“We made good progress both financially and on our strategic priorities in the first half, growing income 4% and improving profits 13%, at constant currency. We have positioned ourselves to develop and scale innovative new business models, as we support and grow with our clients. We are investing now to create optionality for the future, and I am excited by the opportunities we are already generating.”

*Bill Winters, Group Chief Executive*

### Strategic execution and outlook

- Primary performance measure return on tangible equity improved 88 basis points to 8.4%
- Good progress on refreshed strategic priorities
  - Income from corporate and institutional clients using the Group's international network increased 9%
  - Income from affluent individual clients grew 5%
  - Productivity is improving, with income per full-time employee up 4%
  - Corporate entity restructuring to create capital and liquidity hubs in Hong Kong and Singapore is on track
  - Several innovative digital initiatives underway, including preparations to launch Hong Kong virtual bank
- Shares worth c.\$740m bought and cancelled as at 26 July 2019 as part of \$1bn buy-back programme
- Trade tensions are affecting sentiment and monetary policy normalisation is expected to reverse
- Global growth projections are supported by solid fundamentals, and are being driven by markets in our footprint
- Remain confident the strategy will deliver a full-year return on tangible equity greater than 10% in 2021

### Financial performance

- Underlying Profit before tax improved 11% to \$2.6bn
- Statutory profit before tax of \$2.4bn is stated after provisions for regulatory matters, restructuring and other items, and increased 3%
- Operating income of \$7.7bn up 1% and up 4% on a constant currency basis
- Positive income-to-cost jaws of 4% on both a reported and constant currency basis
  - Operating expenses of \$5.0bn down 3% and flat on a constant currency basis
  - Pre-provision operating profit up 8% and up 10% on a constant currency basis
  - Expect costs in H2 2019 to be slightly higher than in H1 2019 and full-year costs to grow below the rate of inflation
- Credit impairment of \$254m was 13% lower, and asset quality overall improved year-on-year
  - Stage 3 credit impairment was 44% lower driven by Commercial Banking and a \$48m release in Private Banking
  - Stage 1 & 2 credit impairment of \$80m compared to a net release of \$17m in H1 2018
- Taxation for the period of \$918m includes a \$179m charge in relation to corporate entity restructuring
  - Underlying effective tax rate of 28.6% compared to 26.5% in H1 2018
- Earnings per share up 9% to 49.1 cents; statutory earnings per share impacted by provisions for regulatory matters and higher taxation
- Interim dividend of 7 cents per share declared; a 17% increase

### Balance sheet and capital

- Average interest-earning assets and interest-bearing liabilities compared to the same period in 2018 were up 6% and 5% respectively
  - Growth in loans and advances to customers and trading book assets were primarily within Corporate & Institutional Banking
  - Growth in liabilities was driven by higher customer account balances offsetting the run-off of repurchase agreements
- RWAs up 5% since 31 December 2018 and at a similar level to 30 June 2018; growing slightly below equivalent rates for income
  - ~2/3 of the increase in H1 2019 related to underlying asset growth and ~1/3 related to market risk seasonality and IFRS 16
  - Organic and inorganic optimisation initiatives support expectation that income growth will exceed RWA growth over time
- CET1 ratio of 13.5% is in the middle of the 13-14% target range
  - In the first half higher RWAs were funded by underlying profit attributable to ordinary shareholders
  - CET1 ratio is stated after deducting 39bps for the full impact of the \$1bn share buy-back programme
  - Regulatory provisions and tax in relation to corporate entity restructuring reduced the ratio by 15bps

## Standard Chartered PLC - Summary of results

For the six months ended 30 June 2019

|                                                                  | 6 months ended<br>30.06.19<br>\$million | 6 months ended<br>31.12.18<br>\$million | 6 months ended<br>30.06.18<br>\$million |
|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Underlying performance</b>                                    |                                         |                                         |                                         |
| Operating income                                                 | 7,696                                   | 7,319                                   | 7,649                                   |
| Operating expenses                                               | (4,969)                                 | (5,347)                                 | (5,117)                                 |
| Credit impairment                                                | (254)                                   | (447)                                   | (293)                                   |
| Other impairment                                                 | (21)                                    | (97)                                    | (51)                                    |
| Profit from associates and joint ventures                        | 157                                     | 73                                      | 168                                     |
| Profit before taxation                                           | 2,609                                   | 1,501                                   | 2,356                                   |
| Return on ordinary shareholders' tangible equity (%)             | 8.4                                     | 2.7                                     | 7.5                                     |
| Cost-to-income ratio (%)                                         | 64.6                                    | 73.1                                    | 66.9                                    |
| <b>Statutory performance</b>                                     |                                         |                                         |                                         |
| Operating income                                                 | 7,830                                   | 7,162                                   | 7,627                                   |
| Operating expenses                                               | (5,298)                                 | (6,462)                                 | (5,185)                                 |
| Credit impairment                                                | (254)                                   | (439)                                   | (214)                                   |
| Other impairment                                                 | (44)                                    | (132)                                   | (50)                                    |
| Profit from associates and joint ventures                        | 180                                     | 73                                      | 168                                     |
| Profit before taxation                                           | 2,414                                   | 202                                     | 2,346                                   |
| Profit/(loss) attributable to parent company shareholders        | 1,477                                   | (506)                                   | 1,560                                   |
| Profit/(loss) attributable to ordinary shareholders <sup>1</sup> | 1,256                                   | (725)                                   | 1,343                                   |
| Return on ordinary shareholders' tangible equity (%)             | 6.5                                     | (3.6)                                   | 6.8                                     |
| Net interest margin (%)                                          | 1.59                                    | 1.56                                    | 1.59                                    |
| Cost-to-income ratio (%)                                         | 67.7                                    | 90.2                                    | 68.0                                    |
| <b>Balance sheet and capital</b>                                 |                                         |                                         |                                         |
| Total assets                                                     | 712,504                                 | 688,762                                 | 694,874                                 |
| Total equity                                                     | 50,439                                  | 50,352                                  | 51,488                                  |
| Loans and advances to customers                                  | 263,595                                 | 256,557                                 | 259,331                                 |
| Customer accounts                                                | 401,597                                 | 391,013                                 | 382,107                                 |
| Total capital                                                    | 54,957                                  | 55,696                                  | 58,019                                  |
| Advances-to-deposits ratio (%) <sup>2</sup>                      | 63.7                                    | 63.1                                    | 64.9                                    |
| Common Equity Tier 1 ratio (%)                                   | 13.5                                    | 14.2                                    | 14.2                                    |
| Total capital (%)                                                | 20.3                                    | 21.6                                    | 21.3                                    |
| UK leverage ratio (%)                                            | 5.3                                     | 5.6                                     | 5.8                                     |

| <b>Information per ordinary share</b>    | Cents   | Cents   | Cents   |
|------------------------------------------|---------|---------|---------|
| Earnings per share – underlying          | 49.1    | 16.5    | 44.9    |
| – statutory                              | 38.0    | (21.9)  | 40.7    |
| Ordinary dividend per share <sup>3</sup> | 7.0     | 15.0    | 6.0     |
| Net asset value per share                | 1,338.7 | 1,319.3 | 1,353.4 |
| Tangible net asset value per share       | 1,181.6 | 1,166.4 | 1,202.8 |

<sup>1</sup> Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity

<sup>2</sup> When calculating this ratio, total loans and advances to customers excludes reverse repurchase agreements and other similar secured lending, excludes approved balances held with central banks, confirmed as repayable at the point of stress and includes loans and advances to customers held at fair value through profit and loss. Total customer accounts includes customer accounts held at fair value through profit or loss

<sup>3</sup> Represents the recommended ordinary dividend per share

## *Standard Chartered PLC - Table of contents*

### Table of contents

|                                        |    |
|----------------------------------------|----|
| Performance highlights                 | 1  |
| Summary of results                     | 2  |
| Group Chairman's statement             | 4  |
| Group Chief Executive's review         | 5  |
| Group Chief Financial Officer's review | 7  |
| Client segment reviews                 | 14 |
| Regional reviews                       | 20 |
| Group Chief Risk Officer's review      | 25 |
| Supplementary financial information    | 32 |
| Shareholder information                | 37 |

## Group Chairman’s statement

### Executing our refreshed strategic priorities

I am pleased to report good progress in the first half of the year, both on our refreshed strategic priorities that we announced in February, and in pursuit of our purpose to drive commerce and prosperity through our unique diversity. As a result, our financial performance continues to improve

We are investing to reinforce what already differentiates us, to improve or develop new customer propositions particularly in digital offerings, and to capture the opportunities in our markets, which remain substantial.

### Capital and dividend

Our capital position remains strong, with the primary ratio – Common Equity Tier 1 or CET1 – in the middle of the 13-14 per cent range which we refreshed in February. This is after the deduction of 39 basis points for the \$1 billion share buy-back programme launched shortly after our first quarter results, which is currently approximately three quarters complete. The resolution in April of the legacy financial crime matters was the main regulatory uncertainty facing the Group. We are now determined to manage our capital more dynamically to deliver sustainably higher returns for shareholders.

As I described in the 2018 Annual Report, starting this year we are taking a formulaic approach to setting the interim dividend, being one-third of the prior year’s full-year dividend per share. Last year’s full-year dividend was 21 cents, so the interim dividend for 2019 is proposed to be 7 cents per share, which is 1 cent or 17 per cent higher than at the interim stage in 2018.

### Focus on governance and sustainability

As well as reviewing performance and the execution of our strategy, in the first half of this year the Board has focused on key issues such as cyber security, our digital and brand and campaign strategies, our share buy-back programme, as well as various deep dives into business segments and regions.

We have continued to develop our sustainability philosophy, reflecting a shift of focus of our environmental and sustainability efforts away from looking at how we can do no harm by considering what we won’t do, to how we can actively be a force for good, integrating sustainability into our organisational decision-making. This includes looking at how we will work with our clients, suppliers, governments and non-governmental organisations in our markets to address some of the key sustainability and environmental challenges.

We also announced in June that David Tang has joined our Board. David is based in Beijing and brings a deep understanding and experience of emerging technologies in the context of some of our key markets, most notably mainland China. I am delighted to welcome David to our Board.

### Geopolitical and macroeconomic backdrop

Global economic growth slowed in the late months of 2018 and in the first half of this year. While economic uncertainty remains high, with unresolved trade issues standing out, the relatively higher dynamism of our markets continues to support the Board’s confidence in our ability to execute our strategic priorities.

Trade protectionism is bad for the global economy, and fears concerning this matter continue to affect sentiment across global markets and on the ground in many of our locations. However, we stand to benefit over time as China continues to open and places more emphasis on trade corridors radiating through Asia and connecting it with our markets in Africa and the Middle East.

And in the meantime, clients find it even more valuable to have a bank with our physical network and specialist expertise to help them navigate the shifting sands of international trade. We look forward to a sustainable resolution of trade uncertainties so that clients can deal with the consequences more confidently.

### Conclusion

We set out a plan in February to shift the bank from turnaround to transformation and deliver a return on tangible equity above 10 per cent by 2021. I am pleased with the evidence of progress halfway through the first year of that plan and can assure you of our determination to continue to improve our performance and our contribution to the clients and communities that we serve.

**José Viñals**

*Group Chairman*

*1 August 2019*

## Group Chief Executive's review

### Good progress; on track

We made good progress in the first half of this year, growing income 4 per cent and underlying profit 13 per cent, at constant currency. We are on track financially, despite turbulent geopolitical conditions, and our focus on our clients and strategic priorities is paying off

### Operating highlights

Both of our corporate-focused client segments grew year-on-year, supported by momentum in our Financial Markets business that continues to perform well both absolutely and relative to many peers. Our segments focused on individuals had more mixed fortunes: weaker market sentiment that affected customer activity in our Wealth Management business led to a small contraction in Retail Banking compared with a particularly strong performance in the same period last year. By contrast, investments made in our Private Banking business over recent years led to a growth of over 10 per cent.

We have made encouraging progress addressing performance in the four lower-returning markets we referenced in our full-year results. There is a long way to go but the profit we generated in aggregate in those markets improved 14 per cent compared with the first half of 2018, driven by actions intended to further improve the quality and sustainability of our businesses there.

### Leveraging our network advantage

Income generated from corporate and institutional clients using our international network continues to grow nicely, increasing 9 per cent compared with last year. The global impact of China-US trade tensions will continue to reverberate throughout 2019, but our advantage over most of our local and regional competitors as well as many of our global peers increases as cross-border financing requirements get more complex. As one of the only international banks present across all ASEAN and most South Asian markets, the Group is well positioned to capture opportunities over the medium term arising from the reconfiguration of regional and global supply chains. We will continue to invest to reinforce this key element of differentiation despite and because of the current choppy conditions.

### Helping our clients prosper

As millions emerge into the middle class across our markets, we see our responsibility to help grow, invest and protect the wealth and prosperity of our customers as ever more important and relevant. We grew our affluent Priority segment client base in our top 10 markets by 14 per cent in the first half of the year and are continuing to invest in our distinctive and higher-returning affluent and wealth activities. This will convert to income over time.

### Improving productivity

We have introduced a series of stretching productivity objectives to improve how effectively and efficiently we respond to the needs of our clients. We are on track to beat those targets for the full-year across all client segments and functions. One of the productivity performance indicators we track is the amount of risk-adjusted revenue that each client-facing employee generates, on average. Risk-adjusted revenue is income minus credit impairment, which we consider a better indicator of sustainability than simple revenue growth. In the first half of the year this figure increased significantly: by 13 per cent.

We are overhauling our corporate structure, with the intent to enhance the Group's capital and liquidity utilisation. Although the process is complex, and the expected substantial financial benefits will take time to come through, we have already made considerable progress.

- In March, the entity that controls our largest single market business in Hong Kong became wholly owned directly by the Group's listed holding company, and it has now assumed ownership of our China subsidiary. We are seeking regulatory approval to move the Korea and Taiwan subsidiaries under the Hong Kong entity as well, to complete our desired Greater China & North Asia hub
- In May, we transferred various businesses from our branch to our subsidiary in Singapore, making us the first global bank to fully subsidiarise locally. In time this entity will be at the centre of our planned ASEAN hub

### Transforming and disrupting digitally

We committed in February to use digitisation and partnerships to reinforce our competitive advantages. We have been very busy on this front. The following is just a handful of the many initiatives under way:

- Shortly after our full-year results we announced the establishment of a strategic joint venture with PCCW, HKT and Ctrip Finance to deliver a new stand-alone virtual retail bank in Hong Kong. We were one of three groups to be granted a licence in the initial batch and are working hard with our partners to prepare the new bank for launch
- With the support of the Monetary Authority of Singapore, we will be establishing early next year a foreign exchange e-trading and pricing engine that will provide clients in the region more convenient access to trade 130 currencies and more than 5,000 currency pairs
- We launched a Trade Augmented Intelligence Engine in partnership with IBM to enhance the operational efficiency and control of trade document processing
- We signed a memorandum of understanding with Linklogis to deliver its leading digital blockchain-enabled supply chain financing capabilities to our corporate clients in China
- We announced the launch of an open digital platform for small and medium-sized enterprises in India, to help them grow by providing access to a range of financial and business solutions

Meanwhile we continue to roll out the digital retail banking proposition that we developed last year in Côte d'Ivoire across our Africa network, launching it in Botswana, Zambia and Zimbabwe in the second quarter. Since its launch we have now deployed this digital bank solution in eight markets – a remarkable pace by any standards.

### Resolution of legacy conduct and control issues

We paid \$947 million to various US agencies and £102 million to the UK Financial Conduct Authority in April to resolve previously disclosed investigations into our historical sanctions and financial crime controls issues. As I said at the time, the circumstances that led to that resolution are completely unacceptable and not representative of the Standard Chartered I am proud to lead today. The vast majority of the violations and control deficiencies identified by the authorities predated 2012 and none occurred after 2014. The resolution documents recognised that we have undergone a comprehensive and positive transformation as an institution since the conduct and control issues outlined in the resolutions occurred, and I am pleased that the FCA and US agencies commented positively at the time of the resolution on our remediation efforts, improved culture of compliance and leading role in public-private partnerships to fight financial crime

### Conclusion and outlook

We are pleased with our results so far this year. Our performance resulted in an 88 basis point improvement in our primary measure – return on tangible equity – reaffirming our confidence in our ability to achieve the financial targets we set out in February.

Sentiment in and relating to many of our markets remains delicately balanced, tipping one way or the other mainly because of geopolitical pressures. The dispute between China and the US has moved beyond trade into areas of security and technology, which will likely prove more difficult to resolve. The global economy is still growing but inflation is stubbornly low so USD interest rates look likely to decline, presenting us with some additional challenge.

Future global growth is expected to be driven increasingly from the markets in our footprint. We remain alert to both the opportunities and the risks created by this eastward shift in the global economic centre of gravity.

The outlook remains uncertain, but it always is. What is clear is our commitment to further improving our service to our clients and sustainably improving our returns.

As I said in February, we have actively positioned ourselves to develop and scale innovative new business models. We are investing now to create optionality for the future, and I am excited at the opportunities we are already generating.

**Bill Winters**

*Group Chief Executive*

*1 August 2019*

## Group Chief Financial Officer's review

### Further improvement in profitability and returns

The Group delivered an encouraging performance in the first half of 2019. Income grew at a significantly faster rate than costs, credit quality improved, capital and liquidity levels remain strong, and the balance sheet is growing.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2018 unless otherwise stated. A full reconciliation between statutory and underlying results is set out in the notes to the financial statements in the Half Year Report.

- Profit before tax of \$2.6 billion grew 11 per cent and 13 per cent on a constant currency basis. Statutory profit before tax is stated after provisions for regulatory matters, restructuring and other items and rose 3 per cent to \$2.4 billion
- Operating income of \$7.7 billion was 1 per cent higher and 4 per cent on a constant currency basis
- Net interest income was 6 per cent higher as a result of volume growth and an increased contribution from trading book assets in Financial Markets. The net interest margin on banking book assets was broadly stable
- Other income was 6 per cent lower due to a reduced contribution from hedges associated with trading book assets in Financial Markets and a \$70 million adverse movement in the debit valuation adjustment (DVA)
- The effect of currency translation that is adversely impacting income is benefiting costs, with operating expenses of \$5.0 billion 3 per cent lower and flat on a constant currency basis. Tight control of costs generated positive income-to-cost jaws of 4 per cent on both a reported and constant currency basis
- Credit impairment of \$254 million was \$39 million lower having benefited from a \$48 million release in Private Banking and the loan-loss rate reduced from 21 basis points in 2018 to 17 basis points
- Other impairment of \$21 million was \$30 million lower following the decision to discontinue the Group's ship leasing business. Impairment of ship leases is reported as a restructuring charge in 2019 and excluded from underlying results
- Profit from associates and joint ventures of \$157 million was 7 per cent lower. Following the decision that PT Bank Permata Tbk is no longer core, the Group's share of its earnings are excluded from underlying performance in 2019
- Taxation for the period of \$918 million includes \$179 million in relation to the transfer of the Group's subsidiary in China to Standard Chartered Bank (Hong Kong) Limited. The underlying effective tax rate excluding this charge and the impact of tax on provisions for regulatory matters, restructuring and other items was 28.6 per cent (H1 2018: 26.5)
- The CET1 ratio of 13.5 per cent is stated after the 39 basis point impact of the full \$1 billion share buy-back programme that was announced in May 2019
- The Group's return on tangible equity improved 88 basis points to 8.4 per cent
- Underlying earnings per share (EPS) increased 4.2 cents to 49.1 cents. Statutory EPS was down 2.7 cents to 38.0 cents, impacted by provisions for regulatory matters and the higher tax charge
- The Board has declared an interim ordinary dividend of 7 cents per share – up 1 cent or 17 per cent – being one-third of the 2018 full-year dividend

## Standard Chartered PLC - Group Chief Financial Officer's review

### Performance summary

|                                                        | 6 months ended<br>30.06.19<br>\$million | 6 months ended<br>31.12.18<br>\$million | 6 months ended<br>30.06.18<br>\$million | H1 2019 vs H1 2018<br>Better/(worse) |                    |
|--------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------------|--------------------|
|                                                        |                                         |                                         |                                         | %                                    | % Ccy <sup>1</sup> |
| Net interest income                                    | 4,643                                   | 4,453                                   | 4,387                                   | 6                                    |                    |
| Other income                                           | 3,053                                   | 2,866                                   | 3,262                                   | (6)                                  |                    |
| <b>Operating income</b>                                | <b>7,696</b>                            | <b>7,319</b>                            | <b>7,649</b>                            | <b>1</b>                             | <b>4</b>           |
| Other operating expenses                               | (4,969)                                 | (5,023)                                 | (5,117)                                 | 3                                    |                    |
| UK bank levy                                           | –                                       | (324)                                   | –                                       | –                                    |                    |
| <b>Operating expenses</b>                              | <b>(4,969)</b>                          | <b>(5,347)</b>                          | <b>(5,117)</b>                          | <b>3</b>                             | <b>(0)</b>         |
| <b>Operating profit before impairment and taxation</b> | <b>2,727</b>                            | <b>1,972</b>                            | <b>2,532</b>                            | <b>8</b>                             | <b>10</b>          |
| Credit impairment                                      | (254)                                   | (447)                                   | (293)                                   | 13                                   |                    |
| Other impairment                                       | (21)                                    | (97)                                    | (51)                                    | 59                                   |                    |
| Profit from associates and joint ventures              | 157                                     | 73                                      | 168                                     | (7)                                  |                    |
| <b>Underlying profit before taxation</b>               | <b>2,609</b>                            | <b>1,501</b>                            | <b>2,356</b>                            | <b>11</b>                            | <b>13</b>          |
| Provision for regulatory matters                       | (204)                                   | (900)                                   | –                                       | nm                                   |                    |
| Restructuring and other items                          | 9                                       | (399)                                   | (10)                                    | nm                                   |                    |
| <b>Statutory profit before taxation</b>                | <b>2,414</b>                            | <b>202</b>                              | <b>2,346</b>                            | <b>3</b>                             |                    |
| Taxation                                               | (918)                                   | (686)                                   | (753)                                   | (22)                                 |                    |
| <b>Profit/(loss) for the period</b>                    | <b>1,496</b>                            | <b>(484)</b>                            | <b>1,593</b>                            | <b>(6)</b>                           |                    |
| Net interest margin (%)                                | 1.59                                    | 1.56                                    | 1.59                                    |                                      |                    |
| Underlying return on tangible equity (%)               | 8.4                                     | 2.7                                     | 7.5                                     |                                      |                    |
| Underlying earnings per share (cents)                  | 49.1                                    | 16.5                                    | 44.9                                    |                                      |                    |
| Statutory return on tangible equity (%)                | 6.5                                     | (3.6)                                   | 6.8                                     |                                      |                    |
| Statutory earnings/(loss) per share (cents)            | 38.0                                    | (21.9)                                  | 40.7                                    |                                      |                    |
| Dividend per share (cents)                             | 7.0                                     | 15.0                                    | 6.0                                     |                                      |                    |
| Common Equity Tier 1 (%)                               | 13.5                                    | 14.2                                    | 14.2                                    |                                      |                    |

1 Comparisons presented on the basis of the current period's functional currency rate

### Income by product

Transaction Banking income was up 6 per cent following a strong performance in Cash Management. Income from Retail Products was up 1 per cent and up 5 per cent on a constant currency basis. Financial Markets income was 7 per cent higher, or 12 per cent higher excluding DVA, with double-digit growth in Credit and Capital Markets, Rates and FX despite the more challenging market conditions evident later in the period. Wealth Management income included an additional \$28 million in relation to the increased recognition of part of an annual bancassurance bonus but was 2 per cent lower given the exceptionally buoyant market conditions last year. Treasury income was down 11 per cent, impacted by higher interest rates that more than offset a favourable movement in hedge ineffectiveness. Other product income was \$77 million lower partly driven by the impact of adopting IFRS 16.

### Income by client segment

Corporate & Institutional Banking income was 5 per cent higher with good performances in capital-lite and network-related activities. Financial Markets benefited from broad-based growth across multiple products that more than offset the impact of DVA and, in Transaction Banking, Cash Management continued to perform strongly. Together this offset the impact of asset margin compression in Trade, Corporate Finance and Lending.

Retail Banking income was down 1 per cent and up 3 per cent on a constant currency basis. The impact of less buoyant market conditions in Wealth Management was offset by continued growth in income from Deposits. Income grew 2 per cent in Greater China & North Asia which was more than offset by a 1 per cent reduction in ASEAN & South Asia and a 14 per cent decline in Africa & Middle East, predominantly driven by the UAE.

Commercial Banking income grew 6 per cent or 9 per cent on a constant currency basis, with growth across all regions predominately from increased balances and margins within Cash Management.

Private Banking attracted \$1.7 billion net new money and grew income 13 per cent driven by Wealth Management and Deposits.

Income in Central & other items (Segment) declined 26 per cent as the impact of higher interest rates, adopting IFRS 16 and a tax refund in India in 2018 offset the benefit of a favourable change in hedge ineffectiveness where a small gain in 2019 compared to a larger loss in 2018.

## Standard Chartered PLC - Group Chief Financial Officer's review

### Income by geographic region

Income from Greater China & North Asia declined 1 per cent and was up 2 per cent on a constant currency basis. The benefit of interest rate rises on income from Cash Management and Retail Deposits was partly offset by a lower contribution from Treasury and Wealth Management. Higher income in China was more than offset by lower income in Korea and Taiwan. Income in Hong Kong was flat with a higher contribution from Cash Management and Financial Markets offsetting a lower contribution from Treasury.

Income from ASEAN & South Asia was 3 per cent higher and 6 per cent higher on a constant currency basis, with growth in most markets, in particular Singapore, Bangladesh and India. Financial Markets and Transaction Banking income grew at a double-digit rate and was partly offset by lower income in Treasury.

In Africa & Middle East, performance was particularly negatively affected by the impact of local currency translation. Income declined 3 per cent while on a constant currency basis it rose 3 per cent. Lower income in the UAE and Zimbabwe was partly offset by higher income in Nigeria.

Income from Europe & Americas was 9 per cent lower reflecting an adverse movement in DVA within Financial Markets. Excluding the impact of DVA income declined 4 per cent with lower Treasury income offset by increased income from Cash Management.

Income in Central & other items (Region) was 48 per cent higher primarily driven by a favourable movement in hedge ineffectiveness.

### Expenses

Operating expenses of \$5.0 billion were 3 per cent lower and flat on a constant currency basis. The actions taken to deliver cost efficiencies contributed to 4 per cent positive income-to-cost operating leverage, or jaws, on both a reported and constant currency basis.

The Group continues to target cost growth below inflation and positive jaws between 2019-2021 while investing significantly, with an increasing proportion into projects related to strategic initiatives including technology enhancements. The timing of these investments through the course of the year together with the amortisation of prior period investment is expected to result in costs in the second half of 2019 being slightly higher than in the first half.

### Impairment

Credit impairment of \$254 million was 13 per cent lower and represents 17 basis points of average loans and advances.

Expected credit losses related to stage 1 and 2 exposures of \$80 million compared to a net release of \$17 million in the first half of 2018 and were \$97 million higher as a result. This was offset by \$136 million lower credit impairment related to stage 3 exposures that included the benefit of lower new Commercial Banking impairment, primarily in the Greater China and Middle East regions, and a \$48 million release in Private Banking.

Other impairment more than halved to \$21 million. Following the Group's decision to discontinue its ship leasing business the related impairment is recorded as a restructuring charge and excluded from underlying results.

### Profit from associates and joint ventures

Profit from associates and joint ventures of \$157 million was lower by 7 per cent as the Group's share of PT Bank Permata Tbk's earnings are excluded from underlying performance in 2019. Earnings from the Group's other associates and joint ventures were broadly stable.

### Overall

Profit before tax of \$2.6 billion was 11 per cent higher driven by significant improvement in Corporate & Institutional Banking, Commercial Banking and Private Banking as a result of income growth, lower expenses and lower impairments. Retail Banking profits were flat impacted by foreign exchange translation and slightly higher impairment. By region, broad-based improvement in operating profit in most markets was partly offset by lower Treasury income and the impact of DVA in our Hong Kong, Singapore and London hubs.

Statutory profit before tax of \$2.4 billion, which is stated after provisions for regulatory matters, restructuring and other items, was 3 per cent higher.

## Standard Chartered PLC - Group Chief Financial Officer's review

|                                     | 6 months ended<br>30.06.19<br>\$million | 6 months ended<br>30.06.18<br>\$million | H1 2019<br>vs H1 2018<br>Better/(worse)<br>% |                                     | 6 months ended<br>30.06.19<br>\$million | 6 months ended<br>30.06.18<br>\$million | H1 2019<br>vs H1 2018<br>Better/(worse)<br>% |
|-------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|
| Corporate & Institutional Banking   | 1,354                                   | 1,093                                   | 24                                           | Greater China & North Asia          | 1,329                                   | 1,289                                   | 3                                            |
| Retail Banking                      | 618                                     | 617                                     | 0                                            | ASEAN & South Asia                  | 760                                     | 589                                     | 29                                           |
| Commercial Banking                  | 286                                     | 140                                     | nm                                           | Africa & Middle East                | 441                                     | 387                                     | 14                                           |
| Private Banking                     | 100                                     | (5)                                     | nm                                           | Europe & Americas                   | 13                                      | 86                                      | (85)                                         |
| Central & other items               | 251                                     | 511                                     | (51)                                         | Central & other items               | 66                                      | 5                                       | nm                                           |
| <b>Underlying profit before tax</b> | <b>2,609</b>                            | <b>2,356</b>                            | <b>11</b>                                    | <b>Underlying profit before tax</b> | <b>2,609</b>                            | <b>2,356</b>                            | <b>11</b>                                    |

### Net interest margin

The Group's net interest margin is presented on a statutory basis. Statutory net interest income of \$4.6 billion was 6 per cent higher. Rises in global interest rates in 2018 and changes in the asset mix offset the ongoing impact of strong competition and as a result asset yields were 40 basis points higher. This together with interest-earning assets that grew more quickly than interest-bearing liabilities offset a 47 basis points increase in the rate paid on liabilities.

Statutory net interest income included an increased contribution from trading book assets, with offsetting amounts in other income from associated hedges. The Group's net interest margin on banking book assets was broadly stable compared with the second half of 2018.

|                                      | 6 months ended<br>30.06.19<br>\$million | 6 months ended<br>31.12.18<br>\$million | 6 months ended<br>30.06.18<br>\$million |
|--------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Statutory net interest income        | 4,618                                   | 4,432                                   | 4,361                                   |
| Average interest-earning assets      | 584,769                                 | 561,992                                 | 554,214                                 |
| Average interest-bearing liabilities | 508,734                                 | 481,608                                 | 486,569                                 |
| Gross yield (%)                      | 3.39                                    | 3.19                                    | 2.99                                    |
| Rate paid (%)                        | 2.07                                    | 1.90                                    | 1.60                                    |
| Net yield (%)                        | 1.32                                    | 1.29                                    | 1.39                                    |
| Net interest margin (%) <sup>1</sup> | 1.59                                    | 1.56                                    | 1.59                                    |

<sup>1</sup> Statutory net interest income divided by average interest earning assets, annualised

### Corporate structure

The Group is executing several changes to its legal entity structure to create a capital and liquidity hub in Hong Kong for the Greater China & North Asia region. Since making Standard Chartered Bank (Hong Kong) Limited a wholly-owned direct subsidiary of Standard Chartered PLC, the Group has moved its China subsidiary under the Hong Kong entity. To complete the formation of this regional hub the Group has sought regulatory approval to similarly move the Taiwan and Korea subsidiaries under Hong Kong. These actions allow more efficient use of capital and liquidity that will over time result in a lower cost of funds for the Group.

As a result of this internal restructuring, the Group incurred a \$179 million capital gains tax charge.

### Credit quality

Asset quality overall has improved year-on-year, the quality of the less well performing assets continues to improve and no new areas of stress have emerged. The Group remains vigilant considering continuing geopolitical uncertainty and performs regular reviews and stress tests of its portfolio to help identify then mitigate any risks that might arise. Reflecting that the actions to reduce exposures in the liquidation portfolio were substantially completed in 2018 the Group is reporting it as part of its ongoing business in 2019.

Gross stage 3 loans and advances to customers of \$6.2 billion were \$706 million lower following several repayments and write-offs together with significantly lower new inflows. These credit-impaired loans represent 2.3 per cent of gross loans and advances, down from 2.6 per cent at 31 December 2018. They are 60 per cent covered before collateral and 81 per cent covered after collateral.

The proportion of corporate exposures that are investment grade reduced to 57 per cent because of a reduction in reverse repurchase agreements with clearing brokers. The proportion of investment grade exposures in the rest of the portfolio remained stable, exposures on early alert reduced by \$699 million and credit grade 12 accounts were lower by \$107 million.

## Standard Chartered PLC - Group Chief Financial Officer's review

|                                                    | 30.06.19<br>\$million | 31.12.18<br>\$million |                          |         |
|----------------------------------------------------|-----------------------|-----------------------|--------------------------|---------|
|                                                    | Total                 | Ongoing<br>business   | Liquidation<br>portfolio | Total   |
| Gross loans and advances to customers <sup>1</sup> | 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 (\$million)               | 1,416                 | 1,437                 | 86                       | 1,523   |
| Early alerts (\$million)                           | 4,068                 | 4,767                 | –                        | 4,767   |
| Investment grade corporate exposures (%)           | 57                    | 62                    | –                        | 62      |

<sup>1</sup> Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$2,704 million at 30 June 2019 and \$3,151 million at 31 December 2018

### Restructuring and other items

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing performance period-by period. These adjustments are set out below.

The Group made a provision for regulatory matters of \$204 million mostly relating to the resolution of legacy conduct and control issues.

Revaluations of Principal Finance exposures together with profits related to the Group's discontinued ship leasing business contributed the majority of the \$14 million net restructuring charges in the first half of 2019.

As previously communicated the Group's joint venture investment in Indonesia is no longer considered core and the related profits of \$23 million in 2019 are excluded from underlying and reported in other items.

|                                           | 6 months ended 30.06.19                             |                            |                          | 6 months ended 31.12.18                             |                            | 6 months ended 30.06.18    |                          |
|-------------------------------------------|-----------------------------------------------------|----------------------------|--------------------------|-----------------------------------------------------|----------------------------|----------------------------|--------------------------|
|                                           | Provision for<br>regulatory<br>matters<br>\$million | Restructuring<br>\$million | Other items<br>\$million | Provision for<br>regulatory<br>matters<br>\$million | Restructuring<br>\$million | Restructuring<br>\$million | Other items<br>\$million |
| Operating income                          | –                                                   | 134                        | –                        | –                                                   | (157)                      | (91)                       | 69                       |
| Operating expenses                        | (204)                                               | (125)                      | –                        | (900)                                               | (215)                      | (68)                       | –                        |
| Credit impairment                         | –                                                   | –                          | –                        | –                                                   | 8                          | 79                         | –                        |
| Other impairment                          | –                                                   | (23)                       | –                        | –                                                   | (35)                       | 1                          | –                        |
| Profit from associates and joint ventures | –                                                   | –                          | 23                       | –                                                   | –                          | –                          | –                        |
| <b>Profit/(loss) before taxation</b>      | <b>(204)</b>                                        | <b>(14)</b>                | <b>23</b>                | <b>(900)</b>                                        | <b>(399)</b>               | <b>(79)</b>                | <b>69</b>                |

### Balance sheet and liquidity

The Group's balance sheet is strong, highly liquid and diversified.

Loans and advances to customers increased 3 per cent since 31 December 2018 to \$263.6 billion with broad-based growth across a range of products and particularly within Corporate & Institutional Banking and in Greater China & North Asia. Customer accounts rose 3 per cent since 31 December 2018 mostly in corporate time deposits. The Group continues to focus on improving the quality and mix of its liabilities.

The advances-to-deposits ratio increased slightly to 64 per cent from 63 per cent at 31 December 2018.

## Standard Chartered PLC - Group Chief Financial Officer's review

|                                               | 30.06.19<br>\$million | 31.12.18<br>\$million | Increase/<br>(decrease)<br>\$million | Increase/<br>(decrease)<br>% |
|-----------------------------------------------|-----------------------|-----------------------|--------------------------------------|------------------------------|
| <b>Assets</b>                                 |                       |                       |                                      |                              |
| Loans and advances to banks                   | 59,210                | 61,414                | (2,204)                              | (4)                          |
| Loans and advances to customers               | 263,595               | 256,557               | 7,038                                | 3                            |
| Other assets                                  | 389,699               | 370,791               | 18,908                               | 5                            |
| <b>Total assets</b>                           | <b>712,504</b>        | <b>688,762</b>        | <b>23,742</b>                        | <b>3</b>                     |
| <b>Liabilities</b>                            |                       |                       |                                      |                              |
| Deposits by banks                             | 30,783                | 29,715                | 1,068                                | 4                            |
| Customer accounts                             | 401,597               | 391,013               | 10,584                               | 3                            |
| Other liabilities                             | 229,685               | 217,682               | 12,003                               | 6                            |
| <b>Total liabilities</b>                      | <b>662,065</b>        | <b>638,410</b>        | <b>23,655</b>                        | <b>4</b>                     |
| <b>Equity</b>                                 | <b>50,439</b>         | <b>50,352</b>         | <b>87</b>                            | <b>–</b>                     |
| <b>Total equity and liabilities</b>           | <b>712,504</b>        | <b>688,762</b>        | <b>23,742</b>                        | <b>3</b>                     |
| <b>Advances-to-deposits ratio<sup>1</sup></b> | <b>64%</b>            | <b>63%</b>            |                                      |                              |

<sup>1</sup> The Group now excludes \$6,835 million held with central banks (31 December 2018: \$7,412 million) that have been confirmed as repayable at the point of stress

### Risk-weighted assets by business and type

Since 31 December 2018 total risk-weighted assets (RWAs) increased by \$12.4 billion or 5 per cent.

Credit risk RWA was \$8.9 billion higher reflecting asset growth, primarily in Corporate & Institutional Banking, and the \$1.4 billion impact of adopting IFRS 16, partly offset by positive credit migration, RWA efficiencies and the positive impact of foreign exchange translation.

Market risk RWA increased by \$4.0 billion due to an increase in trading book debt securities from the seasonally low position as at 31 December 2018 and model changes following an increase in regulatory backtesting exceptions.

Operational risk RWA was \$0.4 billion lower primarily due to a decrease in average income as measured over a rolling three-year time horizon, with lower income in 2018 replacing higher income in 2015.

|                                   | 30.06.19<br>\$million | 31.12.18<br>\$million | Increase/<br>(decrease)<br>\$million | Increase/<br>(decrease)<br>% |
|-----------------------------------|-----------------------|-----------------------|--------------------------------------|------------------------------|
| <b>By client segment</b>          |                       |                       |                                      |                              |
| Corporate & Institutional Banking | 137,986               | 128,991               | 8,995                                | 7                            |
| Retail Banking                    | 42,772                | 42,903                | (131)                                | –                            |
| Commercial Banking                | 31,574                | 30,481                | 1,093                                | 4                            |
| Private Banking                   | 6,615                 | 5,861                 | 754                                  | 13                           |
| Central & other items             | 51,792                | 50,061                | 1,731                                | 3                            |
| <b>Total RWAs</b>                 | <b>270,739</b>        | <b>258,297</b>        | <b>12,442</b>                        | <b>5</b>                     |
| <b>By risk type</b>               |                       |                       |                                      |                              |
| Credit Risk                       | 220,010               | 211,138               | 8,872                                | 4                            |
| Operational Risk                  | 27,620                | 28,050                | (430)                                | (2)                          |
| Market Risk                       | 23,109                | 19,109                | 4,000                                | 21                           |

### Capital base and ratios

The Group remains well capitalised and highly liquid with all metrics above regulatory thresholds.

The common equity tier 1 (CET1) capital ratio of 13.5 per cent is in the middle of the Group's 13-14 per cent range. Underlying profit attributable to ordinary shareholders offset the impact of higher RWAs. The Group is required to recognise the full 39 basis points impact of the \$1 billion share buy-back programme announced in May 2019. Provisions for regulatory matters and a tax on capital gains related to the transfer of the Group's China subsidiary to its Hong Kong entity reduced the ratio by 15 basis points.

The Board has recommended a 17 per cent higher interim dividend of 7 cents per ordinary share which is consistent with the previously communicated intention to adopt a formulaic approach to interim dividends, setting them at one-third of the prior year's full-year dividend.

## Standard Chartered PLC - Group Chief Financial Officer's review

|                                             | 30.06.19<br>\$million | 31.12.18<br>\$million |
|---------------------------------------------|-----------------------|-----------------------|
| CET1 capital                                | 36,511                | 36,717                |
| Additional Tier 1 capital (AT1) instruments | 6,612                 | 6,684                 |
| Tier 1 capital                              | 43,123                | 43,401                |
| Tier 2 capital                              | 11,834                | 12,295                |
| Total capital                               | 54,957                | 55,696                |
| CET1 capital ratio end point (%)            | 13.5                  | 14.2                  |
| Total capital ratio transitional (%)        | 20.3                  | 21.6                  |
| UK leverage ratio (%)                       | 5.3                   | 5.6                   |

### Summary and outlook

We have made good progress in executing on the financial objectives that we laid out in February. Foreign exchange translation is materially impacting year-on-year comparisons for income but it is also benefiting costs to a similar extent, so at a profit level the impact is broadly neutral. We committed to deliver significantly positive jaws through to 2021 and we have done so in the first half of the year on both a reported and constant currency basis, driving pre-provision operating profit 8 per cent higher. This together with the continued low level of impairment has led to another sequential increase in return on tangible equity, our primary performance measure.

Our balance sheet is fundamentally more resilient as evidenced by the low level of impairment, client satisfaction is increasing, and we are working hard to embed a performance-orientated and innovative culture.

RWAs were flat year-on-year and up 5 per cent in the first half, while income grew at slightly higher rates over the same periods. We continue to focus on organic and inorganic RWA optimisation initiatives that support our expectation that over time income growth will exceed RWA growth.

Concerns surrounding the potential escalation of trade tensions has affected sentiment and central banks' commentary is indicating a reversal of monetary policy normalisation. But global growth projections have remained resilient, supported by solid fundamentals particularly in our markets, and we are pursuing several self-help initiatives designed to improve cost, capital and liquidity efficiency and the quality of our income. This gives us confidence we can achieve at least a 10 per cent return on tangible equity by 2021.

**Andy Halford**

*Group Chief Financial Officer*

*1 August 2019*

## Client segment reviews

### Underlying performance by client segment

#### Analysis of operating income by product and segment

The following tables provide a breakdown of the Group's underlying operating income by product and client segment.

| 6 months ended 30.06.19                  |                                             |                          |                              |                           |                                 |                 |
|------------------------------------------|---------------------------------------------|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
|                                          | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Transaction Banking                      | 1,519                                       | 9                        | 424                          | –                         | –                               | 1,952           |
| Trade                                    | 366                                         | 9                        | 184                          | –                         | –                               | 559             |
| Cash Management                          | 983                                         | –                        | 240                          | –                         | –                               | 1,223           |
| Securities Services                      | 170                                         | –                        | –                            | –                         | –                               | 170             |
| Financial Markets                        | 1,339                                       | –                        | 157                          | –                         | –                               | 1,496           |
| Foreign Exchange                         | 508                                         | –                        | 95                           | –                         | –                               | 603             |
| Rates                                    | 338                                         | –                        | 19                           | –                         | –                               | 357             |
| Commodities                              | 75                                          | –                        | 14                           | –                         | –                               | 89              |
| Credit and Capital Markets               | 279                                         | –                        | 6                            | –                         | –                               | 285             |
| Capital Structuring Distribution Group   | 146                                         | –                        | 10                           | –                         | –                               | 156             |
| Other Financial Markets                  | (7)                                         | –                        | 13                           | –                         | –                               | 6               |
| Corporate Finance <sup>1</sup>           | 601                                         | –                        | 48                           | 2                         | –                               | 651             |
| Lending and Portfolio Management         | 159                                         | –                        | 110                          | –                         | –                               | 269             |
| Wealth Management                        | –                                           | 778                      | 2                            | 195                       | –                               | 975             |
| Retail Products                          | –                                           | 1,809                    | 3                            | 109                       | –                               | 1,921           |
| CCPL and other unsecured lending         | –                                           | 625                      | –                            | –                         | –                               | 625             |
| Deposits                                 | –                                           | 896                      | 3                            | 92                        | –                               | 991             |
| Mortgage and Auto                        | –                                           | 239                      | –                            | 17                        | –                               | 256             |
| Other Retail Products                    | –                                           | 49                       | –                            | –                         | –                               | 49              |
| Treasury                                 | –                                           | –                        | –                            | –                         | 559                             | 559             |
| Other                                    | (11)                                        | (1)                      | 2                            | –                         | (117)                           | (127)           |
| <b>Total underlying operating income</b> | <b>3,607</b>                                | <b>2,595</b>             | <b>746</b>                   | <b>306</b>                | <b>442</b>                      | <b>7,696</b>    |

1 In Dec 2018, it was decided to discontinue the Ship Operating Lease business; any future profits and losses will be reported as restructuring. Prior periods have not been restated

| 6 months ended 30.06.18                  |                                             |                          |                              |                           |                                 |                 |
|------------------------------------------|---------------------------------------------|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
|                                          | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Transaction Banking                      | 1,430                                       | 10                       | 400                          | –                         | –                               | 1,840           |
| Trade                                    | 385                                         | 10                       | 194                          | –                         | –                               | 589             |
| Cash Management                          | 875                                         | –                        | 206                          | –                         | –                               | 1,081           |
| Securities Services                      | 170                                         | –                        | –                            | –                         | –                               | 170             |
| Financial Markets                        | 1,248                                       | –                        | 153                          | –                         | –                               | 1,401           |
| Foreign Exchange                         | 439                                         | –                        | 91                           | –                         | –                               | 530             |
| Rates                                    | 281                                         | –                        | 17                           | –                         | –                               | 298             |
| Commodities                              | 92                                          | –                        | 12                           | –                         | –                               | 104             |
| Credit and Capital Markets               | 187                                         | –                        | 6                            | –                         | –                               | 193             |
| Capital Structuring Distribution Group   | 133                                         | –                        | 14                           | –                         | –                               | 147             |
| Other Financial Markets                  | 116                                         | –                        | 13                           | –                         | –                               | 129             |
| Corporate Finance                        | 616                                         | –                        | 49                           | –                         | –                               | 665             |
| Lending and Portfolio Management         | 174                                         | –                        | 104                          | –                         | –                               | 278             |
| Wealth Management                        | –                                           | 820                      | 1                            | 170                       | –                               | 991             |
| Retail Products                          | –                                           | 1,793                    | 2                            | 101                       | –                               | 1,896           |
| CCPL and other unsecured lending         | –                                           | 696                      | –                            | –                         | –                               | 696             |
| Deposits                                 | –                                           | 739                      | 3                            | 83                        | –                               | 825             |
| Mortgage and Auto                        | –                                           | 314                      | –                            | 18                        | –                               | 332             |
| Other Retail Products                    | –                                           | 44                       | (1)                          | –                         | –                               | 43              |
| Treasury                                 | –                                           | –                        | –                            | –                         | 628                             | 628             |
| Other                                    | (17)                                        | (3)                      | (3)                          | –                         | (27)                            | (50)            |
| <b>Total underlying operating income</b> | <b>3,451</b>                                | <b>2,620</b>             | <b>706</b>                   | <b>271</b>                | <b>601</b>                      | <b>7,649</b>    |

## Standard Chartered PLC - Client segment reviews

### Underlying performance by client segment

6 months ended 30.06.19

|                                                               | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
|---------------------------------------------------------------|---------------------------------------------|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
| <b>Operating income</b>                                       | <b>3,607</b>                                | <b>2,595</b>             | <b>746</b>                   | <b>306</b>                | <b>442</b>                      | <b>7,696</b>    |
| External                                                      | 3,703                                       | 2,134                    | 799                          | 171                       | 889                             | 7,696           |
| Inter-segment                                                 | (96)                                        | 461                      | (53)                         | 135                       | (447)                           | –               |
| <b>Operating expenses</b>                                     | <b>(2,124)</b>                              | <b>(1,823)</b>           | <b>(425)</b>                 | <b>(253)</b>              | <b>(344)</b>                    | <b>(4,969)</b>  |
| <b>Operating profit before impairment losses and taxation</b> | <b>1,483</b>                                | <b>772</b>               | <b>321</b>                   | <b>53</b>                 | <b>98</b>                       | <b>2,727</b>    |
| Credit impairment                                             | (110)                                       | (154)                    | (35)                         | 47                        | (2)                             | (254)           |
| Other impairment                                              | (19)                                        | –                        | –                            | –                         | (2)                             | (21)            |
| Profit from associates and joint ventures                     | –                                           | –                        | –                            | –                         | 157                             | 157             |
| <b>Underlying profit before taxation</b>                      | <b>1,354</b>                                | <b>618</b>               | <b>286</b>                   | <b>100</b>                | <b>251</b>                      | <b>2,609</b>    |
| Provision for regulatory matters                              | –                                           | –                        | –                            | –                         | (204)                           | (204)           |
| Restructuring                                                 | 23                                          | (1)                      | –                            | (1)                       | (35)                            | (14)            |
| Share of profits of PT Bank Permata Tbk joint venture         | –                                           | –                        | –                            | –                         | 23                              | 23              |
| <b>Statutory profit before taxation</b>                       | <b>1,377</b>                                | <b>617</b>               | <b>286</b>                   | <b>99</b>                 | <b>35</b>                       | <b>2,414</b>    |
| <b>Total assets</b>                                           | <b>332,599</b>                              | <b>103,320</b>           | <b>32,821</b>                | <b>15,654</b>             | <b>228,110</b>                  | <b>712,504</b>  |
| Of which: loans and advances to customers including FVTPL     | 152,577                                     | 101,195                  | 28,229                       | 15,521                    | 9,120                           | 306,642         |
| <i>loans and advances to customers</i>                        | 110,677                                     | 100,892                  | 27,388                       | 15,521                    | 9,117                           | 263,595         |
| <i>loans held at fair value through profit or loss</i>        | 41,900                                      | 303                      | 841                          | –                         | 3                               | 43,047          |
| <b>Total liabilities</b>                                      | <b>386,223</b>                              | <b>142,655</b>           | <b>34,773</b>                | <b>18,616</b>             | <b>79,798</b>                   | <b>662,065</b>  |
| Of which: customer accounts                                   | 239,816                                     | 139,256                  | 31,876                       | 18,473                    | 15,490                          | 444,911         |

6 months ended 30.06.18

|                                                                      | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
|----------------------------------------------------------------------|---------------------------------------------|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
| <b>Operating income</b>                                              | <b>3,451</b>                                | <b>2,620</b>             | <b>706</b>                   | <b>271</b>                | <b>601</b>                      | <b>7,649</b>    |
| External                                                             | 3,560                                       | 2,413                    | 799                          | 155                       | 722                             | 7,649           |
| Inter-segment                                                        | (109)                                       | 207                      | (93)                         | 116                       | (121)                           | –               |
| <b>Operating expenses</b>                                            | <b>(2,218)</b>                              | <b>(1,884)</b>           | <b>(460)</b>                 | <b>(275)</b>              | <b>(280)</b>                    | <b>(5,117)</b>  |
| <b>Operating profit/(loss) before impairment losses and taxation</b> | <b>1,233</b>                                | <b>736</b>               | <b>246</b>                   | <b>(4)</b>                | <b>321</b>                      | <b>2,532</b>    |
| Credit impairment                                                    | (81)                                        | (119)                    | (106)                        | (1)                       | 14                              | (293)           |
| Other impairment                                                     | (59)                                        | –                        | –                            | –                         | 8                               | (51)            |
| Profit from associates and joint ventures                            | –                                           | –                        | –                            | –                         | 168                             | 168             |
| <b>Underlying profit/(loss) before taxation</b>                      | <b>1,093</b>                                | <b>617</b>               | <b>140</b>                   | <b>(5)</b>                | <b>511</b>                      | <b>2,356</b>    |
| Restructuring                                                        | (76)                                        | (4)                      | (1)                          | (6)                       | 8                               | (79)            |
| Gains arising on repurchase of senior and subordinated liabilities   | 3                                           | –                        | –                            | –                         | 66                              | 69              |
| <b>Statutory profit/(loss) before taxation</b>                       | <b>1,020</b>                                | <b>613</b>               | <b>139</b>                   | <b>(11)</b>               | <b>585</b>                      | <b>2,346</b>    |
| <b>Total assets</b>                                                  | <b>310,487</b>                              | <b>103,581</b>           | <b>32,347</b>                | <b>13,616</b>             | <b>234,843</b>                  | <b>694,874</b>  |
| Of which: loans and advances to customers including FVTPL            | 143,297                                     | 101,530                  | 28,571                       | 13,565                    | 9,756                           | 296,719         |
| <i>loans and advances to customers</i>                               | 106,780                                     | 101,017                  | 28,213                       | 13,565                    | 9,756                           | 259,331         |
| <i>loans held at fair value through profit or loss</i>               | 36,517                                      | 513                      | 358                          | –                         | –                               | 37,388          |
| <b>Total liabilities</b>                                             | <b>384,593</b>                              | <b>135,384</b>           | <b>35,024</b>                | <b>19,938</b>             | <b>68,447</b>                   | <b>643,386</b>  |
| Of which: customer accounts                                          | 246,667                                     | 132,254                  | 32,696                       | 19,830                    | 3,567                           | 435,014         |

## Corporate & Institutional Banking

Supports clients with their Transaction Banking, Corporate Finance, Financial Markets and borrowing needs across more than 60 markets, providing solutions to over 5,000 clients

### Strategic priorities

- Deliver sustainable growth for clients by understanding their agendas, providing trusted advice, data-driven analytical insights and improving network delivery
- Generate high-quality returns by driving balance sheet velocity, improving funding quality and maintaining risk controls
- Partner with clients and third parties to expand capabilities while accelerating our digital platform and data analytics

### 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 balances<sup>1</sup> improving to 57 per cent of Transaction Banking customer balances (2018: 49 per cent<sup>1</sup>)
- Continued to invest in our platforms to drive client experience, digitisation 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 cent<sup>2</sup>, 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

<sup>1</sup> June 2019 operating account (OPAC) balance restated for new OPAC methodology (more granular transactional information used to determine core vs non-core balances)

<sup>2</sup> Excluding debit valuation adjustments and Shipping Operating Leases impact, CIB underlying income up 8 per cent

## Retail Banking

Serving over nine million individuals and small businesses, with a focus on affluent and emerging affluent in many of the world's fastest-growing cities

### Strategic priorities

- Invest in our affluent and emerging affluent clients with a particular 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

### 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

## Commercial Banking

Supporting over 45,000 local corporations and medium-sized enterprises

### Strategic priorities

- Drive quality sustainable growth by deepening relationships with existing clients and onboarding new clients, focusing on rapidly growing and internationalising companies
- Improve balance sheet and income mix, accelerating utilisation of growth in Cash 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

- 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 efficiency<sup>1</sup> 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

<sup>1</sup> RWA efficiency calculated based on Credit RWA divided by Assets and Contingents

## Private Banking

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

### 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

- 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

## Standard Chartered PLC – Regional reviews

### Underlying performance by region

|                                                                | 6 months ended 30.06.19                    |                                    |                                      |                                |                                       |                    |
|----------------------------------------------------------------|--------------------------------------------|------------------------------------|--------------------------------------|--------------------------------|---------------------------------------|--------------------|
|                                                                | Greater China &<br>North Asia<br>\$million | ASEAN & South<br>Asia<br>\$million | Africa & Middle<br>East<br>\$million | Europe & Americas<br>\$million | Central & other<br>items<br>\$million | Total<br>\$million |
| 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 losses<br>and taxation      | 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              |
| Provision for regulatory matters                               | –                                          | –                                  | –                                    | –                              | (204)                                 | (204)              |
| Restructuring                                                  | (3)                                        | (16)                               | (2)                                  | (15)                           | 22                                    | (14)               |
| Share of profits of PT Bank Permata Tbk<br>joint venture       | –                                          | 23                                 | –                                    | –                              | –                                     | 23                 |
| Statutory profit/(loss) before taxation                        | 1,326                                      | 767                                | 439                                  | (2)                            | (116)                                 | 2,414              |
| Net interest margin                                            | 1.48%                                      | 1.96%                              | 3.10%                                | 0.55%                          |                                       | 1.59%              |
| Total assets                                                   | 275,414                                    | 151,714                            | 59,189                               | 214,126                        | 12,061                                | 712,504            |
| Of which: loans and advances to customers<br>including FVTPL   | 134,440                                    | 82,826                             | 30,161                               | 59,215                         | –                                     | 306,642            |
| <i>loans and advances to customers</i>                         | 127,769                                    | 80,769                             | 29,289                               | 25,768                         | –                                     | 263,595            |
| <i>loans held at fair value through profit or<br/>    loss</i> | 6,671                                      | 2,057                              | 872                                  | 33,447                         | –                                     | 43,047             |
| Total liabilities                                              | 240,802                                    | 132,763                            | 37,000                               | 215,504                        | 35,996                                | 662,065            |
| Of which: customer accounts                                    | 196,994                                    | 101,594                            | 29,621                               | 116,702                        | –                                     | 444,911            |

|                                                                       | 6 months ended 30.06.18                    |                                    |                                   |                                |                                       |                    |
|-----------------------------------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------------|--------------------------------|---------------------------------------|--------------------|
|                                                                       | Greater China &<br>North Asia<br>\$million | ASEAN & South<br>Asia<br>\$million | Africa & Middle East<br>\$million | Europe & Americas<br>\$million | Central & other<br>items<br>\$million | Total<br>\$million |
| 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 losses<br>and taxation             | 1,194                                      | 713                                | 457                               | 134                            | 34                                    | 2,532              |
| Credit impairment                                                     | (17)                                       | (138)                              | (70)                              | (68)                           | –                                     | (293)              |
| Other impairment                                                      | (44)                                       | 7                                  | –                                 | 17                             | (31)                                  | (51)               |
| Profit from associates and joint ventures                             | 156                                        | 7                                  | –                                 | 3                              | 2                                     | 168                |
| Underlying profit before taxation                                     | 1,289                                      | 589                                | 387                               | 86                             | 5                                     | 2,356              |
| Restructuring                                                         | (26)                                       | 88                                 | (41)                              | (5)                            | (95)                                  | (79)               |
| Gains arising on repurchase of senior and<br>subordinated liabilities | –                                          | –                                  | –                                 | 3                              | 66                                    | 69                 |
| Statutory profit/(loss) before taxation                               | 1,263                                      | 677                                | 346                               | 84                             | (24)                                  | 2,346              |
| Net interest margins                                                  | 1.46%                                      | 2.03%                              | 3.12%                             | 0.44%                          |                                       | 1.59%              |
| Total assets                                                          | 268,294                                    | 147,017                            | 58,343                            | 208,599                        | 12,621                                | 694,874            |
| Of which: loans and advances to customers<br>including FVTPL          | 132,679                                    | 82,078                             | 30,967                            | 50,995                         | –                                     | 296,719            |
| Total liabilities                                                     | 235,214                                    | 126,815                            | 38,493                            | 210,002                        | 32,862                                | 643,386            |
| Of which: customer accounts                                           | 190,305                                    | 95,228                             | 31,540                            | 117,941                        | –                                     | 435,014            |

## Greater China & North Asia

Greater China & North Asia generated the largest share of the Group's income in the first half of 2019, at 40 per cent, and includes our clients in Hong Kong, Korea, China, Taiwan, Japan and Macau

### 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
- 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

We are the only international bank with a presence in all ASEAN countries and have meaningful operations across most South Asian markets

### 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

- 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

Present in 25 markets, of which the most sizeable by income are the UAE, Nigeria, Kenya and Pakistan. We are present in more sub-Saharan African markets than any other international banking group

### 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 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

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

#### Strategic priorities

- Continue to attract new international corporate and financial institutional clients and deepen relationships with existing and new clients by banking them across more markets in our network, connecting them to the world's fastest growing markets
- 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

- 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

All comparisons are based on the same period last year unless otherwise stated

## Group Chief Risk Officer's review

### Sustainable growth; solid foundations

The risk landscape is constantly evolving, and we need to ensure our approach is agile and efficient in dealing with the challenge. We have continued to invest in technology, streamlined our processes in order to serve clients better, and embraced innovation. We have maintained a strong focus on key risk fundamentals, with asset quality improving year-on-year and remaining stable since the end of 2018 and ongoing credit impairment, which now includes the liquidation portfolio, lower than the equivalent period in 2018. We continue to manage our portfolios to ensure that they remain diversified in terms of sectors, products, and geographies. Our strong capital position has allowed us to grow our risk-weighted assets (RWAs) in a controlled manner through growth in assets while also buying back shares. Our liquidity metrics also remain at healthy levels.

2019 has seen considerable global uncertainty, with US-China trade tensions and other geopolitical issues forcing all companies to assess the way they do business. Setting up our new German subsidiary has allowed us to alleviate some of the risks related to Brexit, while continuing to serve clients. We have also strengthened our focus on global environmental concerns, while increasing our support to areas that promote a sustainable future. Sustainability is one of the key items on our agenda, and we recognise that we have an important role to play in promoting economic and social development in a sustainable manner.

More information about the Group's sustainability philosophy can be found at [sc.com/en/sustainability/philosophy](https://www.sc.com/en/sustainability/philosophy)

### Our key risk priorities

We are ensuring the best use of our people and resources to strengthen and fully optimise the way risk is managed within the Group. We recognise the need to evolve to stay relevant in the markets in which we operate, and as such we need to strive to enhance our capabilities in a number of areas. Below are our key priorities for 2019:

#### Strengthen the Group's risk culture

Embedding a healthy risk culture continues to be a core objective across all areas of the Group. It underpins an enterprise-level ability to identify and assess, openly discuss, and take prompt action to address all existing and emerging risks. Our Enterprise Risk Management Framework (ERMF) sets out the guiding principles for our people, enabling us to have integrated and holistic risk conversations across the Group. By continuing to ensure that the right risk behaviours are ingrained across the Group, we can focus on the Risk function's refreshed purpose of increasing prosperity by taking the right risks.

#### Enhance information and cyber security

We continue to invest in our security capabilities to ensure that Information and Cyber Security Risk management is embedded in each stage of the client journey. During 2019, a new Group information and cyber security strategy has been developed to align with the Group's overall corporate strategy and drive cohesion across the Group on managing Information and Cyber Security Risk. It is a three-year forward-looking plan that complements the Group's innovation agenda and commitment to client service, while recognising a rapidly evolving cyber threat landscape. The Group has progressed initiatives to strengthen information and cyber security foundations, embed robust governance, executive engagement, and improve business accountability to drive a culture of security excellence.

#### Managing climate risk

We consider climate change as one of the greatest challenges facing the world today, given its widespread and proven impacts on the physical environment, human health and its potential to adversely impact economic growth. Climate-related risks have been designated as a principal uncertainty for the Group since 2017. We have established a central Climate Risk team within our Enterprise Risk Management function, which will develop a Climate Risk framework that sets out a consistent approach to identify, assess and manage climate risks across the Group, as well as addressing regulatory requirements. We are collaborating with external experts and various cross-industry forums to share and build a robust response to climate risks. We recognise that we can contribute towards the fight against climate change by supporting our clients in driving a low-carbon transition and building climate resilience or adaptive capabilities. We continue to increase our financing towards those aligned with the UN's Sustainable Development Goals. We are committed to measure, manage and ultimately reduce the emissions linked to our financing, and published a white paper in May 2019 detailing our progress and inviting clients, peer banks, regulators and others to join us in solving the identified challenges. We are dedicated to playing our part in driving an orderly transition to a low-carbon economy through identifying and managing the associated risks and opportunities in a robust manner.

More information about the Group's white paper can be found at [sc.com/emissions](https://www.sc.com/emissions)

## Standard Chartered - Group Chief Risk Officer's review

### Manage financial crime risks

In the first half of 2019 we resolved the previously disclosed investigations by the US and UK authorities related to historical sanctions and financial crime controls, and we are focused on delivering on the remaining actions required of us under the settlement orders. We have a refreshed mission for financial crime compliance, which is "Partnering to lead in the fight against financial crime". The increased focus on partnering recognises that it is through partnerships with other financial institutions, regulators, law enforcement and NGOs that we can most effectively combat financial crime. To that end, in addition to cooperating with FIUs and other authorities around the globe we are participating in formal public-private information sharing partnerships in the UK, US, Hong Kong and Singapore, working with law enforcement, regulators, financial institutions and other stakeholders to better identify and report suspicious activity. We have refreshed our Fighting Financial Crime microsite, which acts as a source of information and thought leadership on financial crime compliance. Our Correspondent Banking Academies continue to advocate best practice and encourage financial inclusion by "de-risking through education", an initiative that has received particular recognition from the Financial Stability Board.

### Strengthen our conduct environment

Conduct remains a key focus across the Group, and was elevated to a Principal Risk Type last year to help ensure that conduct considerations are central to decisions taken throughout the Group. The emphasis in 2019 is to further embed the framework at a more granular level across our countries, businesses and functions. The Conduct Risk Type Framework provides a robust and consistent approach to help ensure Conduct Risk identification, monitoring and management. A key part of our framework are Conduct Plans, for all of our countries, businesses and functions. These identify, document and develop action plans to mitigate Conduct Risks. Ownership of Conduct Plans is with the first line of defence, with review and challenge from Compliance. These Plans will play a significant part in helping us to uphold the highest standards of conduct, acknowledging that while incidents cannot be entirely avoided, the Group has no appetite for wilful or negligent misconduct.

### Enhance our compliance infrastructure

We have continued to deliver tangible progress on our multi-year programme to review and strengthen our existing structures and processes. In the first quarter of 2019 we installed a new solution for policy and document management, as part of a broader implementation of a strategic Governance, Risk & Compliance (GRC) solution. Through the remainder of the year, we will implement further GRC enhancements, including modules for issue management and compliance assurance automation. To enable faster business decision making, we have introduced an automated self-service information and advisory portal, which we will further expand by adding a mobile channel and machine-learning chatbot. We have integrated our Advisory Teams within Compliance and FCC to form a unified Conduct, Financial Crime and Compliance function (CFCC) Advisory team. This will reduce organisational complexity resulting in a greater client focus, reduced hierarchy and faster decision making. In turn, the integrated team will build stronger cross-knowledge of the Conduct, Financial Crime and Regulatory Compliance Risk types, delivering more holistic risk management to support the business as they take on greater first-line risk ownership.

### Improve our efficiency and effectiveness

We have continued to invest in improvements to infrastructure, including exposure management, data quality and stress testing. We are successfully using agile delivery methods to enhance our Operational Risk management, workflow and reporting platforms. We have developed concepts from both internal innovation and collaboration with fintech partners to explore and implement opportunities with machine learning and artificial intelligence. We are further developing our data and analytics infrastructure to enhance the speed and quality of risk decision-making. Infrastructure improvements enable us to continue to streamline and simplify our processes, to serve clients better and drive internal efficiencies.

### Our risk profile and performance

The Group's risk performance in the first six months of the year demonstrates our commitment to strong and sustainable growth, and the metrics detailed below indicate stable asset quality, strong capital metrics, and robust liquidity and funding profiles. While no new areas of stress have emerged, we remain vigilant in light of continued geopolitical uncertainty.

We continue to focus on lending to high-quality counterparties within our defined risk appetite, adding new clients selectively. Through our focus on quality origination, we have strengthened our risk profile significantly over the past three years, ensuring that it is well positioned for any potential changes in the economic environment. The Group's client exposures remain predominantly short tenor, and our portfolios remain well diversified across client segments, geographies and industry sectors. There was an increase in the net exposure to our top 20 corporate clients as a percentage of Tier 1 capital (H1 2019: 62 per cent; H2 2018: 55 per cent), primarily in short-dated exposure to investment grade clients. We continue to focus on early identification of emerging risks across all of our portfolios

## Standard Chartered - Group Chief Risk Officer's review

so that we can manage any areas of weakness on a proactive basis. We also perform regular reviews and stress tests of our portfolio to help mitigate any risks that might arise.

The Group's credit impairment has seen sustained improvements over the past three years, with the Group total at \$254 million for the first half of 2019, representing a loan loss rate of 17 basis points of average customer loans and advances. This was a 13 per cent reduction compared with the first six months of 2018 (H1 2018: \$293 million<sup>1</sup>). Corporate & Institutional Banking credit impairment was lower than the previous six months, but higher than in the first half of 2018 due to lower recoveries, and lower net releases in stage 1 and 2 impairments. The Commercial Banking segment has experienced a significant reduction from the prior year due to lower stage 3 provisions and recoveries observed in the period. The increase in the Retail Banking credit impairment is due to non-recurring releases in the unsecured portfolio and the restructured portfolio in Korea in the first half of 2018; excluding these, the underlying impairment remains comparable. Private Banking is lower due to a net provision release of \$47 million in 2019.

### Credit impairment

|                                       | 6 months ended<br>30.06.19<br>\$million <sup>1</sup> | 6 months ended<br>31.12.18<br>\$million | 6 months ended<br>30.06.18<br>\$million |
|---------------------------------------|------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Corporate & Institutional Banking     | 110                                                  | 161                                     | 81                                      |
| Commercial Banking                    | 35                                                   | 138                                     | 106                                     |
| Retail Banking                        | 154                                                  | 148                                     | 119                                     |
| Private Banking                       | (47)                                                 | (1)                                     | 1                                       |
| Central & others                      | 2                                                    | 1                                       | (14)                                    |
| <b>Total credit impairment charge</b> | <b>254</b>                                           | <b>447</b>                              | <b>293</b>                              |
| Restructuring charge                  | –                                                    | (8)                                     | (79)                                    |

<sup>1</sup> In 2019 the Liquidation portfolio has been included in Ongoing business. Prior periods have not been restated

The credit quality of the corporate portfolio has remained stable, with improvement across a number of metrics. Credit grade 12 balances are slightly lower compared with year end at \$1.4 billion, although this is 40 per cent higher than the first half of 2018. This increase is primarily due to a material upgrade from stage 3 in India, and inflows that were recorded in the last quarter of 2018 for Commercial Banking. We have observed a continued decrease in net exposure on early alert, down from \$4.8 billion to \$4.1 billion in the first six months of the year, mainly due to reductions in counterparty exposure and accounts being regularised. While the percentage of investment grade clients in our corporate net exposure has decreased to 57 per cent from 62 per cent in the first half of 2019, this is primarily driven by a reduction in repurchase agreements with clearing brokers, which are volatile in nature. Excluding the impact of repurchase agreements, the investment grade net exposure remains stable at 52 per cent (31 December 2018: 51 per cent).

The Group is now reporting the liquidation portfolio as part of its underlying business. Gross credit-impaired (stage 3) loans have decreased to \$6.2 billion (31 December 2018: \$6.9 billion). The majority of the reduction occurred in Corporate & Institutional Banking, which decreased by \$0.5 billion, mainly due to write-offs and write-downs of well or fully-provided material accounts in the Africa & Middle East region. Both Corporate & Institutional Banking and Commercial Banking saw a lower level of stage 3 inflows. Stage 3 loans in Retail Banking and Private Banking remained stable in the year to date at \$0.8 billion and \$0.2 billion respectively.

Stage 3 cover ratio before collateral, of the total book, increased slightly to 60 per cent in the first half of 2019 (31 December 2018: 59 per cent), and including collateral remained stable at 81 per cent.

The Group maintains a strong liquidity position with healthy buffers above its risk appetite and minimum regulatory requirements. The liquidity coverage ratio decreased to 139 per cent from 154 per cent at the end of 2018, driven by period-end inflows and a shift in liability mix that led to higher outflows, and a smaller increase in high-quality liquid assets. Loans and deposits grew, with our advances-to-deposits ratio remaining broadly unchanged at 64 per cent (H2 2018: 63 per cent). We remain a net provider of liquidity to the interbank markets and our customer deposit base is diversified by type and maturity. We have a substantial portfolio of marketable securities which can be realised in the event of a liquidity stress.

Our Common Equity Tier 1 ratio of 13.5 per cent is in the middle of the Group's 13-14 per cent range, and is 72 basis points lower in the first half of 2019 primarily due to the share buyback, regulatory provisions and tax in relation to corporate entity restructuring. Group RWA increased \$12.4 billion driven by underlying asset growth, partially offset by RWA efficiencies.

Average Group value at risk (VaR) in the first half of 2019 was 36 per cent higher than the previous six months, and 38 per cent higher than the equivalent period in 2018, at \$28.2 million (H2 2018: \$20.8 million; H1 2018: \$20.4 million), primarily driven by an increase in non-trading book VaR, which has seen an increase in the Treasury Markets bond

## Standard Chartered - Group Chief Risk Officer's review

inventory, as well as reduced portfolio diversification. Trading activities remain primarily client driven.

Further details of the risk performance for the first six months of 2019 are set out in the Risk profile section

### Key indicators

|                                                                                                          | 30.06.19<br>\$million | 31.12.18<br>\$million | 30.06.18<br>\$million |
|----------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Group total business<sup>1</sup></b>                                                                  |                       |                       |                       |
| Stage 1 loans (\$ billion)                                                                               | 245.7                 | 237.1                 | 235.1                 |
| Stage 2 loans (\$ billion)                                                                               | 16.1                  | 17.4                  | 21.8                  |
| Stage 3 loans (\$ billion)                                                                               | 6.2                   | 6.9                   | 7.7                   |
| Stage 3 cover ratio                                                                                      | 60%                   | 59%                   | 57%                   |
| Stage 3 cover ratio (including collateral)                                                               | 81%                   | 81%                   | 79%                   |
| <b>Corporate &amp; Institutional Banking and Commercial Banking</b>                                      |                       |                       |                       |
| Investment grade corporate exposures as a percentage of total corporate exposures                        | 57%                   | 62%                   | 61%                   |
| Loans and advances maturing in one year or less as a percentage of total loans and advances to customers | 61% <sup>2</sup>      | 60% <sup>2</sup>      | 71%                   |
| Early alert portfolio (\$ billion)                                                                       | 4.1                   | 4.8                   | 6.9                   |
| Credit grade 12 (\$ billion)                                                                             | 1.4                   | 1.5                   | 1.0                   |
| Aggregate top 20 corporate exposures as a percentage of Tier 1 capital                                   | 62%                   | 55%                   | 53%                   |
| Collateralisation of sub-investment grade exposures maturing in more than 1 year                         | 47%                   | 51%                   | 55%                   |
| <b>Retail Banking</b>                                                                                    |                       |                       |                       |
| Loan-to-value ratio of retail mortgages                                                                  | 44%                   | 45%                   | 45%                   |

<sup>1</sup> These numbers represents total loans and advances to customers

<sup>2</sup> Excludes fair value through profit or loss (including fair value through profit or loss: 30.06.19: 69 per cent; 31.12.18: 70 per cent)

### Our risk management approach

We have continued to build out the ERMF, allowing the Group to identify and manage risks holistically, as well as strengthening the Group's capabilities to understand, articulate and control the nature and level of risks we take while still effectively serving our clients.

Since the launch of the ERMF in 2018, awareness of the framework has increased significantly and we have made good progress in delivering our strategic initiatives to embed the ERMF across the organisation. An ERMF Effectiveness Review was carried out last year, following which we identified key initiatives to address areas of improvement in the management of the 10 principal risks. We are closely monitoring implementation progress across these deliverables for the Group.

The ERMF, which sets out a refreshed risk culture and sharper delineation of responsibilities across the three lines of defence, is being adopted in the branches and subsidiaries. To facilitate this, we have rolled out a country self-assessment process to evaluate how the ERMF and Risk Type Frameworks are embedded locally. Over the course of the year the Group aims to further strengthen its risk management practices across the markets in which we operate, with stronger links between the three lines of defence and greater first-line risk ownership.

### Principal risks

Principal risks are those risks that are inherent in our strategy and business model. These are formally defined in our ERMF which provides a structure for monitoring and control of these risks through the Board-approved Risk Appetite. The Group will not compromise adherence to its Risk Appetite in order to pursue revenue growth or higher returns. The table below provides an overview of the Group's principal risks and how these are managed. The Group's principal risks have not changed since the time of publication of our 2018 Annual Report and further details on these can be found in our 2018 Annual Report.

## Standard Chartered - Group Chief Risk Officer's review

| Principal Risk Types                | How these are managed                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit Risk                         | The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors                                                                                                                                                                                             |
| Country Risk <sup>1</sup>           | The Group manages its country cross-border exposures following the principle of diversification across geographies and controls business activities in line with the level of jurisdiction risk                                                                                                                                                  |
| Traded Risk                         | The Group should control its trading portfolio and activities to ensure that Traded Risk losses (financial or reputational) do not cause material damage to the Group's franchise                                                                                                                                                                |
| Capital and Liquidity Risk          | The Group should maintain a strong capital position, including the maintenance of management buffers sufficient to support its strategic aims, and hold an adequate buffer of high-quality liquid assets to survive extreme but plausible liquidity stress scenarios for at least 60 days without recourse to extraordinary central bank support |
| Operational Risk                    | The Group aims to control Operational Risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise                                                                                                                           |
| Reputational Risk                   | The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight                                                                                                                     |
| Compliance Risk                     | The Group has no appetite for breaches in laws and regulations, while recognising that regulatory non-compliance cannot be entirely avoided, the Group strives to reduce this to an absolute minimum                                                                                                                                             |
| Conduct Risk                        | The Group has no appetite for negative Conduct Risk outcomes arising from negligent or wilful actions by the Group or individuals, recognising that while incidents are unwanted, they cannot be entirely avoided                                                                                                                                |
| Information and Cyber Security Risk | The Group seeks to avoid risk and uncertainty for our critical information assets and systems and has a low appetite for material incidents affecting these or the wider operations and reputation of the bank                                                                                                                                   |
| Financial Crime Risk                | The Group has no appetite for breaches in laws and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided                                                                                                                                                                        |

<sup>1</sup> Effective from July 2019, the Country Risk Type Framework has been updated to expand our risk coverage from the existing Country Cross Border Risk to Gross Country Risk, which encompasses Transfer and Convertibility Risk and Local Currency Risk. Further details will be provided in the 2019 Annual Report

### Our principal uncertainties

Principal uncertainties refer to unpredictable and uncontrollable outcomes from certain events and circumstances which may have the potential to have a material impact on our business. As part of our continuous risk identification process, we have updated the Group's principal uncertainties from those disclosed in the 2018 Annual Report.

The table below summarises our current list of principal uncertainties, outlining the risk trend changes relative to 2018-year end, the reasons for the changes and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment of material risks that the Group faces as identified by senior management. This list is not designed to be exhaustive and there may be additional risks which materialise or have an adverse effect on the Group. Our mitigation approach for these risks may not be successful in completely eliminating them, but rather shows the Group's attempt to reduce or manage the risk. As certain risks develop and materialise over time, management will take appropriate incremental steps based on the materiality of the impact of the risk to the operations of the Group.

| Principal uncertainties                                                                                                                                                                                                           | Risk trend since December 2018 <sup>1</sup> | Key risk trend drivers                                                                                                                                                                                                                                                                                                                                                       | How these are mitigated                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geopolitical events, in particular: extended trade tensions driven by geopolitical and trade concerns, unrest in Hong Kong, Middle East geopolitical tensions, and post-Brexit implications                                       | ↑                                           | There are increasing concerns on global geopolitical and trade implications following the deterioration of relations between the US and China. Recent political protests have additionally elevated the risk in Hong Kong. The risk in the Middle East has elevated due to concerns about Iran while political events in the UK have increased the risk of disorderly Brexit | <ul style="list-style-type: none"> <li>We monitor and assess geopolitical events and act as appropriate to ensure we minimise the impact to the Group and our clients</li> <li>We conduct stress tests and portfolio reviews at a Group, country and business level to assess the impact of extreme but plausible geopolitical events</li> </ul>                                                                   |
| Macroeconomic conditions, in particular: moderation of growth in key footprint markets led by China and political volatility. Sharp interest rate changes, and foreign currency volatility in both emerging and developed markets | ↔                                           | The risk remains at similar levels as at the end of 2018                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>We monitor economic trends and conduct stress tests and portfolio reviews at a Group, country and business level to assess the impact of extreme but plausible events</li> <li>We monitor on a centralised basis contractual and behavioural Interest Rate Risk exposures, and manage these within a clearly defined risk management framework and risk appetite</li> </ul> |

## Standard Chartered - Group Chief Risk Officer's review

|                                                                                                                                         |   |                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate related physical risks and transition risks <sup>2</sup>                                                                        | ↔ | The risk remains at similar levels as at the end of 2018                                                                                                                                                                          | <ul style="list-style-type: none"> <li>We are developing a climate risk framework to deliver a consistent group-wide approach to climate risk management. We are also a member of the Risk Management Working Group under the Bank of England's Climate Financial Risk Forum</li> <li>We have reduced our risk appetite to carbon-intensive sectors by introducing technical standards for coal-fired power plants, and restrictions on new coal mining clients and projects. In September 2018, we announced that we would no longer provide financing for new coal-fired power plants anywhere in the world. In February 2019, we communicated that we would no longer trade coal-based derivative products</li> <li>We achieved, two years ahead of schedule, our public target to fund and facilitate \$4 billion toward clean technology between 2016 and 2020</li> </ul> |
| Regulatory reviews and investigations, legal proceedings                                                                                | ↓ | Following settlement with the US and UK authorities on long-standing financial crime-related matters, this risk has now decreased                                                                                                 | <ul style="list-style-type: none"> <li>We have invested in enhancing systems and controls, and implemented remediation programmes (where relevant)</li> <li>We continue to train and educate our people on conduct, conflicts of interest, information security and financial crime compliance in order to reduce our exposure to legal and regulatory proceedings</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Regulatory changes                                                                                                                      | ↔ | The risk remains at similar levels as at the end of 2018                                                                                                                                                                          | <ul style="list-style-type: none"> <li>We actively monitor regulatory initiatives across our footprint to identify any potential impact and change to our business model</li> <li>We have established relevant project management programmes to review and improve end-to-end processes in terms of oversight and accountability, transparency, permission and controls, legal entry level limits and training</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| New technologies and digitisation, including Business Disruption Risk, responsible use of artificial intelligence and Obsolescence Risk | ↑ | New technologies are becoming more sophisticated and further embedded in the banking sector. Regulators are placing increasing emphasis on resilience. Our business model is placing increasing reliance on third-party suppliers | <ul style="list-style-type: none"> <li>We monitor emerging trends, opportunities and risk developments in the technology space which may have implications on the banking sector</li> <li>We are engaged in building our capabilities to ensure we remain relevant and are able to capitalise rapidly on technology trends</li> <li>We continue to make headway in harnessing new technologies, and we are investing in machine-learning solutions that rapidly analyse large datasets and fine-tune the accuracy of our financial crime tools</li> <li>We are actively targeting the reduction of obsolescent/end-of-support technology following a technology and innovation-led approach</li> </ul>                                                                                                                                                                         |
| Increased data privacy and security risks from strategic and wider use of data                                                          | ↑ | Recent penalties on firms who have suffered data losses or breaches demonstrates the increasing risk                                                                                                                              | <ul style="list-style-type: none"> <li>We have existing governance and control frameworks for the deployment of new technologies</li> <li>We have designed a programme to manage the risks posed by rapidly evolving cyber security threats</li> <li>We maintain a vigilant watch on legal and regulatory developments in relation to data protection to identify any potential impact to the business</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

<sup>1</sup> The risk trend refers to the overall risk score trend which is a combination of potential impact, likelihood and velocity of change

<sup>2</sup> Physical risks refer to the risk of increasingly extreme weather events while transition risks refer to the risk of changes to market dynamics due to governments' response to climate change

## Standard Chartered - Group Chief Risk Officer's review

### Summary

We want to be at the forefront of building a sustainable, resilient finance industry with a risk culture that champions social and economic development across our global footprint. We have laid the foundations, and now seek to create an innovative Risk and Conduct, Financial Crime and Compliance function that fully harnesses our competitive advantages. By being cognisant of both our strengths and areas where we can do better, we can ensure that the progress we make is enduring and consistent with our brand promise to be Here for good.

**Mark Smith**

*Group Chief Risk Officer*

*1 August 2019*

## Supplementary financial information

### 1. Analysis of underlying performance by key market

The following tables provide information for key markets in which the Group operates. The numbers are prepared on a management view. Refer to the notes to the financial statements in the Half Year Report for details.

|                                                               | 6 months ended 30.06.19 |                    |                    |                        |                    |                  |                 |                 |
|---------------------------------------------------------------|-------------------------|--------------------|--------------------|------------------------|--------------------|------------------|-----------------|-----------------|
|                                                               | Hong Kong<br>\$million  | Korea<br>\$million | China<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million |
| Operating income                                              | 1,854                   | 505                | 445                | 871                    | 502                | 327              | 330             | 365             |
| Operating expenses                                            | (938)                   | (390)              | (323)              | (484)                  | (328)              | (210)            | (342)           | (296)           |
| Operating profit/(loss) before impairment losses and taxation | 916                     | 115                | 122                | 387                    | 174                | 117              | (12)            | 69              |
| Credit impairment                                             | (36)                    | 7                  | (43)               | (7)                    | (41)               | (26)             | (15)            | (50)            |
| Other impairment                                              | (8)                     | –                  | –                  | –                      | –                  | –                | –               | –               |
| Profit from associates and joint ventures                     | –                       | –                  | 153                | –                      | –                  | –                | –               | –               |
| Underlying profit/(loss) before taxation                      | 872                     | 122                | 232                | 380                    | 133                | 91               | (27)            | 19              |
| Total assets employed                                         | 158,434                 | 50,832             | 31,702             | 84,532                 | 31,036             | 20,934           | 150,284         | 53,320          |
| Of which: loans and advances to customers including FVTPL     | 73,924                  | 32,059             | 15,725             | 46,953                 | 16,154             | 10,673           | 41,903          | 15,008          |
| Total liabilities employed                                    | 142,036                 | 44,965             | 27,523             | 83,526                 | 21,188             | 14,467           | 154,052         | 53,447          |
| Of which: customer accounts                                   | 118,556                 | 36,132             | 20,513             | 63,702                 | 15,808             | 10,702           | 86,514          | 26,335          |

|                                                           | 6 months ended 31.12.18 |                    |                    |                        |                    |                  |                 |                 |
|-----------------------------------------------------------|-------------------------|--------------------|--------------------|------------------------|--------------------|------------------|-----------------|-----------------|
|                                                           | Hong Kong<br>\$million  | Korea<br>\$million | China<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million |
| Operating income                                          | 1,903                   | 475                | 399                | 702                    | 467                | 280              | 378             | 334             |
| Operating expenses                                        | (983)                   | (393)              | (342)              | (497)                  | (333)              | (220)            | (341)           | (300)           |
| Operating profit before impairment losses and taxation    | 920                     | 82                 | 57                 | 205                    | 134                | 60               | 37              | 34              |
| Credit impairment                                         | (42)                    | 2                  | (21)               | (59)                   | (101)              | (140)            | (6)             | (7)             |
| Other impairment                                          | (64)                    | (4)                | –                  | 10                     | 1                  | –                | (7)             | –               |
| Profit from associates and joint ventures                 | –                       | –                  | 49                 | –                      | –                  | –                | –               | –               |
| Underlying profit/(loss) before taxation                  | 814                     | 80                 | 85                 | 156                    | 34                 | (80)             | 24              | 27              |
| Total assets employed                                     | 153,372                 | 51,306             | 30,272             | 81,882                 | 29,886             | 19,847           | 136,967         | 48,706          |
| Of which: loans and advances to customers including FVTPL | 71,971                  | 33,435             | 12,894             | 46,342                 | 16,567             | 10,749           | 41,248          | 13,464          |
| Total liabilities employed                                | 139,332                 | 45,347             | 27,158             | 80,200                 | 20,554             | 13,679           | 148,041         | 42,301          |
| Of which: customer accounts                               | 116,999                 | 36,894             | 21,801             | 58,415                 | 16,306             | 10,517           | 93,096          | 16,218          |

|                                                           | 6 months ended 30.06.18 |                    |                    |                        |                    |                  |                 |                 |
|-----------------------------------------------------------|-------------------------|--------------------|--------------------|------------------------|--------------------|------------------|-----------------|-----------------|
|                                                           | Hong Kong<br>\$million  | Korea<br>\$million | China<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million |
| Operating income                                          | 1,849                   | 534                | 422                | 845                    | 482                | 357              | 441             | 333             |
| Operating expenses                                        | (961)                   | (404)              | (333)              | (512)                  | (344)              | (233)            | (330)           | (321)           |
| Operating profit before impairment losses and taxation    | 888                     | 130                | 89                 | 333                    | 138                | 124              | 111             | 12              |
| Credit impairment                                         | (15)                    | (3)                | (9)                | (56)                   | (29)               | (56)             | (45)            | (29)            |
| Other impairment                                          | (45)                    | 5                  | –                  | (10)                   | (2)                | –                | 24              | –               |
| Profit from associates and joint ventures                 | –                       | –                  | 156                | –                      | –                  | –                | –               | –               |
| Underlying profit/(loss) before taxation                  | 828                     | 132                | 236                | 267                    | 107                | 68               | 90              | (17)            |
| Total assets employed                                     | 153,021                 | 52,536             | 31,639             | 83,211                 | 27,370             | 18,477           | 140,227         | 52,578          |
| Of which: loans and advances to customers including FVTPL | 73,390                  | 33,289             | 13,959             | 46,022                 | 15,958             | 11,100           | 37,828          | 11,173          |
| Total liabilities employed                                | 135,252                 | 46,942             | 28,693             | 82,305                 | 18,049             | 14,373           | 154,925         | 45,610          |
| Of which: customer accounts                               | 112,948                 | 38,029             | 21,492             | 59,619                 | 14,397             | 11,890           | 94,960          | 18,190          |

## Standard Chartered PLC – Supplementary financial information

### 2. Analysis of underlying performance by Retail Banking and Commercial Banking segments

#### Retail Banking

|                                                        | 6 months ended 30.06.19                 |                                 |                                   |                                |                    |
|--------------------------------------------------------|-----------------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------------|
|                                                        | Greater China & North Asia<br>\$million | ASEAN & South Asia<br>\$million | Africa & Middle East<br>\$million | Europe & Americas<br>\$million | Total<br>\$million |
| Operating income                                       | 1,520                                   | 707                             | 349                               | 19                             | 2,595              |
| Operating expenses                                     | (979)                                   | (531)                           | (301)                             | (12)                           | (1,823)            |
| Operating profit before impairment losses and taxation | 541                                     | 176                             | 48                                | 7                              | 772                |
| Credit impairment                                      | (65)                                    | (63)                            | (26)                              | –                              | (154)              |
| Underlying profit before taxation                      | 476                                     | 113                             | 22                                | 7                              | 618                |
| Restructuring                                          | –                                       | (1)                             | –                                 | –                              | (1)                |
| Statutory profit before taxation                       | 476                                     | 112                             | 22                                | 7                              | 617                |
| Loans and advances to customers including FVTPL        | 67,192                                  | 28,103                          | 5,371                             | 529                            | 101,195            |
| Customer accounts                                      | 95,598                                  | 34,152                          | 8,440                             | 1,066                          | 139,256            |

|                                                        | 6 months ended 31.12.18                 |                                 |                                   |                                |                    |
|--------------------------------------------------------|-----------------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------------|
|                                                        | Greater China & North Asia<br>\$million | ASEAN & South Asia<br>\$million | Africa & Middle East<br>\$million | Europe & Americas<br>\$million | Total<br>\$million |
| Operating income                                       | 1,401                                   | 640                             | 361                               | 19                             | 2,421              |
| Operating expenses                                     | (987)                                   | (524)                           | (330)                             | (11)                           | (1,852)            |
| Operating profit before impairment losses and taxation | 414                                     | 116                             | 31                                | 8                              | 569                |
| Credit impairment                                      | (41)                                    | (70)                            | (37)                              | –                              | (148)              |
| Other impairment                                       | (5)                                     | –                               | –                                 | –                              | (5)                |
| Underlying profit/(loss) before taxation               | 368                                     | 46                              | (6)                               | 8                              | 416                |
| Restructuring                                          | (17)                                    | (17)                            | (30)                              | –                              | (64)               |
| Statutory profit/(loss) before taxation                | 351                                     | 29                              | (36)                              | 8                              | 352                |
| Loans and advances to customers including FVTPL        | 67,718                                  | 27,812                          | 5,595                             | 510                            | 101,635            |
| Customer accounts                                      | 95,086                                  | 32,120                          | 8,433                             | 1,052                          | 136,691            |

|                                                        | 6 months ended 30.06.18                 |                                 |                                   |                                |                    |
|--------------------------------------------------------|-----------------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------------|
|                                                        | Greater China & North Asia<br>\$million | ASEAN & South Asia<br>\$million | Africa & Middle East<br>\$million | Europe & Americas<br>\$million | Total<br>\$million |
| Operating income                                       | 1,485                                   | 712                             | 404                               | 19                             | 2,620              |
| Operating expenses                                     | (972)                                   | (559)                           | (338)                             | (15)                           | (1,884)            |
| Operating profit before impairment losses and taxation | 513                                     | 153                             | 66                                | 4                              | 736                |
| Credit impairment                                      | (31)                                    | (65)                            | (23)                              | –                              | (119)              |
| Underlying profit before taxation                      | 482                                     | 88                              | 43                                | 4                              | 617                |
| Restructuring                                          | (1)                                     | (3)                             | –                                 | –                              | (4)                |
| Statutory profit before taxation                       | 481                                     | 85                              | 43                                | 4                              | 613                |
| Loans and advances to customers including FVTPL        | 66,897                                  | 28,128                          | 5,973                             | 532                            | 101,530            |
| Customer accounts                                      | 90,840                                  | 31,292                          | 8,987                             | 1,135                          | 132,254            |

## Standard Chartered PLC – Supplementary financial information

### Commercial Banking

|                                                        | 6 months ended 30.06.19                    |                                    |                                      |                    |
|--------------------------------------------------------|--------------------------------------------|------------------------------------|--------------------------------------|--------------------|
|                                                        | Greater China &<br>North Asia<br>\$million | ASEAN &<br>South Asia<br>\$million | Africa &<br>Middle East<br>\$million | Total<br>\$million |
| Operating income                                       | 301                                        | 278                                | 167                                  | 746                |
| Operating expenses                                     | (177)                                      | (143)                              | (105)                                | (425)              |
| Operating profit before impairment losses and taxation | 124                                        | 135                                | 62                                   | 321                |
| Credit impairment                                      | (9)                                        | (13)                               | (13)                                 | (35)               |
| Underlying profit before taxation                      | 115                                        | 122                                | 49                                   | 286                |
| Statutory profit before taxation                       | 115                                        | 122                                | 49                                   | 286                |
| Loans and advances to customers including FVTPL        | 14,051                                     | 9,255                              | 4,923                                | 28,229             |
| Customer accounts                                      | 19,018                                     | 9,694                              | 3,164                                | 31,876             |

|                                                        | 6 months ended 31.12.18                    |                                    |                                      |                    |
|--------------------------------------------------------|--------------------------------------------|------------------------------------|--------------------------------------|--------------------|
|                                                        | Greater China &<br>North Asia<br>\$million | ASEAN &<br>South Asia<br>\$million | Africa &<br>Middle East<br>\$million | Total<br>\$million |
| Operating income                                       | 289                                        | 260                                | 136                                  | 685                |
| Operating expenses                                     | (191)                                      | (170)                              | (102)                                | (463)              |
| Operating profit before impairment losses and taxation | 98                                         | 90                                 | 34                                   | 222                |
| Credit impairment                                      | (6)                                        | (48)                               | (84)                                 | (138)              |
| Underlying profit/(loss) before taxation               | 92                                         | 42                                 | (50)                                 | 84                 |
| Restructuring                                          | (6)                                        | (3)                                | (2)                                  | (11)               |
| Statutory profit/(loss) before taxation                | 86                                         | 39                                 | (52)                                 | 73                 |
| Loans and advances to customers including FVTPL        | 13,926                                     | 9,118                              | 4,227                                | 27,271             |
| Customer accounts                                      | 22,011                                     | 9,720                              | 3,129                                | 34,860             |

|                                                        | 6 months ended 30.06.18                    |                                    |                                      |                    |
|--------------------------------------------------------|--------------------------------------------|------------------------------------|--------------------------------------|--------------------|
|                                                        | Greater China &<br>North Asia<br>\$million | ASEAN &<br>South Asia<br>\$million | Africa &<br>Middle East<br>\$million | Total<br>\$million |
| Operating income                                       | 295                                        | 263                                | 148                                  | 706                |
| Operating expenses                                     | (198)                                      | (160)                              | (102)                                | (460)              |
| Operating profit before impairment losses and taxation | 97                                         | 103                                | 46                                   | 246                |
| Credit impairment                                      | (17)                                       | (25)                               | (64)                                 | (106)              |
| Underlying profit/(loss) before taxation               | 80                                         | 78                                 | (18)                                 | 140                |
| Restructuring                                          | (1)                                        | –                                  | –                                    | (1)                |
| Statutory profit/(loss) before taxation                | 79                                         | 78                                 | (18)                                 | 139                |
| Loans and advances to customers including FVTPL        | 14,628                                     | 9,281                              | 4,662                                | 28,571             |
| Customer accounts                                      | 20,496                                     | 9,282                              | 2,918                                | 32,696             |

## Standard Chartered PLC – Supplementary financial information

### 3. Average balance sheets and yields

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 30 June 2019, 31 December 2018 and 30 June 2018. For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.

#### Average assets

| 6 months ended 30.06.19                                                 |                                                   |                                               |                              |                  |
|-------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------|------------------|
|                                                                         | Average non-interest earning balance<br>\$million | Average interest earning balance<br>\$million | Interest income<br>\$million | Gross yield<br>% |
| Cash and balances at central banks                                      | 18,068                                            | 30,318                                        | 189                          | 1.26             |
| Gross loans and advances to banks                                       | 2,306                                             | 84,011                                        | 1,356                        | 3.25             |
| Gross loans and advances to customers                                   | –                                                 | 318,653                                       | 5,851                        | 3.70             |
| Impairment provisions against loans and advances to banks and customers | –                                                 | (5,030)                                       | –                            | –                |
| Investment securities                                                   | 2,794                                             | 156,817                                       | 2,447                        | 3.15             |
| Property, plant and equipment and intangible assets                     | 10,945                                            | –                                             | –                            | –                |
| Prepayments, accrued income and other assets                            | 79,040                                            | –                                             | –                            | –                |
| Investment associates and joint ventures                                | 2,547                                             | –                                             | –                            | –                |
| Total average assets                                                    | 115,700                                           | 584,769                                       | 9,843                        | 3.39             |

| 6 months ended 31.12.18                                                 |                                                   |                                               |                              |                  |
|-------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------|------------------|
|                                                                         | Average non-interest earning balance<br>\$million | Average interest earning balance<br>\$million | Interest income<br>\$million | Gross yield<br>% |
| Cash and balances at central banks                                      | 21,126                                            | 32,238                                        | 193                          | 1.19             |
| Gross loans and advances to banks                                       | (109)                                             | 86,389                                        | 1,210                        | 2.78             |
| Gross loans and advances to customers                                   | –                                                 | 302,311                                       | 5,527                        | 3.63             |
| Impairment provisions against loans and advances to banks and customers | –                                                 | (5,384)                                       | –                            | –                |
| Investment securities                                                   | 2,456                                             | 146,438                                       | 2,107                        | 2.85             |
| Property, plant and equipment and intangible assets                     | 10,825                                            | –                                             | –                            | –                |
| Prepayments, accrued income and other assets                            | 74,894                                            | –                                             | –                            | –                |
| Investment associates and joint ventures                                | 2,439                                             | –                                             | –                            | –                |
| Total average assets                                                    | 111,631                                           | 561,992                                       | 9,037                        | 3.19             |

| 6 months ended 30.06.18                                                 |                                                   |                                               |                              |                  |
|-------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------|------------------|
|                                                                         | Average non-interest earning balance<br>\$million | Average interest earning balance<br>\$million | Interest income<br>\$million | Gross yield<br>% |
| Cash and balances at central banks                                      | 28,382                                            | 33,230                                        | 171                          | 1.04             |
| Gross loans and advances to banks                                       | 2,809                                             | 85,661                                        | 1,083                        | 2.55             |
| Gross loans and advances to customers                                   | –                                                 | 301,476                                       | 5,091                        | 3.41             |
| Impairment provisions against loans and advances to banks and customers | –                                                 | (6,023)                                       | –                            | –                |
| Investment securities                                                   | 2,625                                             | 139,870                                       | 1,882                        | 2.71             |
| Property, plant and equipment and intangible assets                     | 10,492                                            | –                                             | –                            | –                |
| Prepayments, accrued income and other assets                            | 82,047                                            | –                                             | –                            | –                |
| Investment associates and joint ventures                                | 2,477                                             | –                                             | –                            | –                |
| Total average assets                                                    | 128,832                                           | 554,214                                       | 8,227                        | 2.99             |

## Standard Chartered PLC – Supplementary financial information

### Average liabilities

|                                                   | 6 months ended 30.06.19                           |                                               |                               |                |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------|-------------------------------|----------------|
|                                                   | Average non-interest bearing balance<br>\$million | Average interest bearing balance<br>\$million | Interest expense<br>\$million | Rate paid<br>% |
| Deposits by banks                                 | 6,027                                             | 39,264                                        | 613                           | 3.15           |
| Customer accounts:                                |                                                   |                                               |                               |                |
| Current accounts and savings deposits             | 38,489                                            | 179,706                                       | 989                           | 1.11           |
| Time and other deposits                           | 8,390                                             | 217,373                                       | 2,625                         | 2.44           |
| Debt securities in issue                          | –                                                 | 57,510                                        | 608                           | 2.13           |
| Accruals, deferred income and other liabilities   | 87,681                                            | 4                                             | –                             | –              |
| Subordinated liabilities and other borrowed funds | –                                                 | 14,877                                        | 390                           | 5.29           |
| Non-controlling interests                         | 9                                                 | –                                             | –                             | –              |
| Shareholders' funds                               | 50,054                                            | –                                             | –                             | –              |
| Total average liabilities and shareholders' funds | 190,650                                           | 508,734                                       | 5,225                         | 2.07           |
| Net yield                                         |                                                   |                                               |                               | 1.32           |
| Net interest margin                               |                                                   |                                               |                               | 1.59           |

|                                                   | 6 months ended 31.12.18                           |                                               |                               |                |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------|-------------------------------|----------------|
|                                                   | Average non-interest bearing balance<br>\$million | Average interest bearing balance<br>\$million | Interest expense<br>\$million | Rate paid<br>% |
| Deposits by banks                                 | 5,899                                             | 33,529                                        | 372                           | 2.20           |
| Customer accounts:                                |                                                   |                                               |                               |                |
| Current accounts and savings deposits             | 37,585                                            | 174,397                                       | 940                           | 1.07           |
| Time and other deposits                           | 9,309                                             | 205,271                                       | 2,230                         | 2.16           |
| Debt securities in issue                          | (26)                                              | 53,488                                        | 682                           | 2.53           |
| Accruals, deferred income and other liabilities   | 98,040                                            | –                                             | –                             | –              |
| Subordinated liabilities and other borrowed funds | –                                                 | 14,922                                        | 381                           | 5.06           |
| Non-controlling interests                         | 22                                                | –                                             | –                             | –              |
| Shareholders' funds                               | 49,711                                            | –                                             | –                             | –              |
| Total average liabilities and shareholders' funds | 200,540                                           | 481,608                                       | 4,605                         | 1.90           |
| Net yield                                         |                                                   |                                               |                               | 1.29           |
| Net interest margin                               |                                                   |                                               |                               | 1.56           |

|                                                   | 6 months ended 30.06.18                           |                                               |                               |                |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------|-------------------------------|----------------|
|                                                   | Average non-interest bearing balance<br>\$million | Average interest bearing balance<br>\$million | Interest expense<br>\$million | Rate paid<br>% |
| Deposits by banks                                 | 6,748                                             | 35,481                                        | 439                           | 2.50           |
| Customer accounts:                                |                                                   |                                               |                               |                |
| Current accounts and savings deposits             | 40,255                                            | 182,578                                       | 727                           | 0.80           |
| Time and other deposits                           | 8,000                                             | 197,362                                       | 1,867                         | 1.91           |
| Debt securities in issue                          | 301                                               | 54,496                                        | 447                           | 1.65           |
| Accruals, deferred income and other liabilities   | 92,341                                            | –                                             | –                             | –              |
| Subordinated liabilities and other borrowed funds | –                                                 | 16,652                                        | 386                           | 4.67           |
| Non-controlling interests                         | 74                                                | –                                             | –                             | –              |
| Shareholders' funds                               | 50,779                                            | –                                             | –                             | –              |
| Total average liabilities and shareholders' funds | 198,498                                           | 486,569                                       | 3,866                         | 1.60           |
| Net yield                                         |                                                   |                                               |                               | 1.39           |
| Net interest margin                               |                                                   |                                               |                               | 1.59           |

## Standard Chartered PLC – Shareholder information

### Dividend and interest payment dates

#### 2019 interim dividend

|                          |                                        |
|--------------------------|----------------------------------------|
| Ex-dividend date         | 8 August 2019 (UK), 7 August 2019 (HK) |
| Record date for dividend | 9 August 2019                          |
| Dividend payment date    | 21 October 2019                        |

#### 2019 final dividend

|                                        |                                        |
|----------------------------------------|----------------------------------------|
| Results and dividend announcement date | (provisional only)<br>27 February 2020 |
|----------------------------------------|----------------------------------------|

#### Preference shares

#### Next half-yearly dividend

|                                                                         |                               |
|-------------------------------------------------------------------------|-------------------------------|
| 7 3/8 per cent Non-cumulative irredeemable preference shares of £1 each | 1 October 2019                |
| 8 1/4 per cent Non-cumulative irredeemable preference shares of £1 each | 1 October 2019                |
| 6.409 per cent Non-cumulative preference shares of \$5 each             | 30 July 2019, 30 October 2019 |
| 7.014 per cent Non-cumulative preference shares of \$5 each             | 30 July 2019                  |

### Previous dividend payments (unadjusted for the impact of the 2015/2010/2008 Rights Issues)

| Dividend and financial year | Payment date         | Dividend per ordinary share                                       | Cost of one new ordinary share under share dividend scheme |
|-----------------------------|----------------------|-------------------------------------------------------------------|------------------------------------------------------------|
| Interim 2006                | 11 October 2006      | 20.83c/11.14409p/HK\$1.622699                                     | £13.2360/\$25.03589                                        |
| Final 2006                  | 11 May 2007          | 50.21c/25.17397p/HK\$3.926106                                     | £14.2140/\$27.42591                                        |
| Interim 2007                | 10 October 2007      | 23.12c/11.39043p/HK\$1.794713                                     | £15.2560/\$30.17637                                        |
| Final 2007                  | 16 May 2008          | 56.23c/28.33485p/HK\$4.380092                                     | £16.2420/\$32.78447                                        |
| Interim 2008                | 9 October 2008       | 25.67c/13.96133p/HK\$1.995046                                     | £14.00/\$26.0148                                           |
| Final 2008                  | 15 May 2009          | 42.32c/28.4693p/HK\$3.279597                                      | £8.342/\$11.7405                                           |
| Interim 2009                | 8 October 2009       | 21.23c/13.25177p/HK\$1.645304                                     | £13.876/\$22.799                                           |
| Final 2009                  | 13 May 2010          | 44.80c/29.54233p/HK\$3.478306                                     | £17.351/\$26.252                                           |
| Interim 2010                | 5 October 2010       | 23.35c/14.71618p/HK\$1.811274/INR0.984124 <sup>1</sup>            | £17.394/\$27.190                                           |
| Final 2010                  | 11 May 2011          | 46.65c/28.272513p/HK\$3.623404/INR1.9975170 <sup>1</sup>          | £15.994/\$25.649                                           |
| Interim 2011                | 7 October 2011       | 24.75c/15.81958125p/HK\$1.928909813/INR1.13797125 <sup>1</sup>    | £14.127/\$23.140                                           |
| Final 2011                  | 15 May 2012          | 51.25c/31.63032125p/HK\$3.9776083375/INR2.6667015 <sup>1</sup>    | £15.723/\$24.634                                           |
| Interim 2012                | 11 October 2012      | 27.23c/16.799630190p/HK\$2.111362463/INR1.349803950 <sup>1</sup>  | £13.417/\$21.041                                           |
| Final 2012                  | 14 May 2013          | 56.77c/36.5649893p/HK\$4.4048756997/INR2.976283575 <sup>1</sup>   | £17.40/\$26.28792                                          |
| Interim 2013                | 17 October 2013      | 28.80c/17.8880256p/HK\$2.233204992/INR1.6813 <sup>1</sup>         | £15.362/\$24.07379                                         |
| Final 2013                  | 14 May 2014          | 57.20c/33.9211444p/HK\$4.43464736/INR3.354626 <sup>1</sup>        | £11.949/\$19.815                                           |
| Interim 2014                | 20 October 2014      | 28.80c/17.891107200p/HK\$2.2340016000/INR1.671842560 <sup>1</sup> | £12.151/\$20.207                                           |
| Final 2014                  | 14 May 2015          | 57.20c/37.16485p/HK\$4.43329/INR3.514059 <sup>1</sup>             | £9.797/\$14.374                                            |
| Interim 2015                | 19 October 2015      | 14.40c/9.3979152p/HK\$1.115985456/INR0.86139372 <sup>1</sup>      | £8.5226/\$13.34383                                         |
| Final 2015                  | No dividend declared | N/A                                                               | N/A                                                        |
| Interim 2016                | No dividend declared | N/A                                                               | N/A                                                        |
| Final 2016                  | No dividend declared | N/A                                                               | N/A                                                        |
| Interim 2017                | No dividend declared | N/A                                                               | N/A                                                        |
| Final 2017                  | 17 May 2018          | 11.00c/7.88046p/HK\$0.86293/INR0.653643340 <sup>1</sup>           | £7.7600/\$10.83451                                         |
| Interim 2018                | 22 October 2018      | 6.00c/4.59747p/HK\$0.46978/INR0.3696175 <sup>1</sup>              | £6.7104/\$8.51952                                          |
| Final 2018                  | 16 May 2019          | 15.00c/11.569905p/HK\$1.176260/INR0.957691650 <sup>1</sup>        | N/A                                                        |

<sup>1</sup> The INR dividend is per Indian Depository Receipt

### ShareCare

ShareCare is available to shareholders on the Company's UK register who have a UK address and bank account, and allows you to hold your Standard Chartered shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare you will still be invited to attend the Company's AGM and you will still receive your dividend at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay. If you would like to receive more information please contact the shareholder helpline on 0370 702 0138.

### Donating shares to ShareGift

Shareholders who have a small number of shares often find it uneconomical to sell them. An alternative is to consider donating them to the charity ShareGift (registered charity 1052686), which collects donations of unwanted shares until there are enough to sell and uses the proceeds to support UK charities. Further information can be obtained from the Company's Registrars or from ShareGift on 020 7930 3737 or from sharegift.org. There is no implication for Capital Gains Tax (no gain no loss) when you donate shares to charity and UK tax payers may be able to claim income tax

## Standard Chartered PLC – Shareholder information

relief on the value of their donation.

### Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account. Please register online at [investorcentre.co.uk](http://investorcentre.co.uk) or contact our registrar for a mandate form.

### Registrars and shareholder enquiries

The Company's ordinary shares are listed on the Official List and traded on the London Stock Exchange. The Company's ordinary shares are also listed on The Stock Exchange of Hong Kong Limited, and through Indian Depository Receipts on the Bombay Stock Exchange and National Stock Exchange of India.

If you have any enquiries relating to your shareholding and you hold your shares on the United Kingdom register, please contact our registrar Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, or contact the shareholder helpline on 0370 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. You can check your shareholding at: [computershare.com/hk/investors](http://computershare.com/hk/investors).

If you hold Indian Depository Receipts and you have enquiries, please contact Karvy Fintech Private Limited, Karvy Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Hyderabad 500032, India.

### Chinese translation

If you would like a Chinese version of this Half Year Report, please contact: Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. 本半年報告之中文譯本可向香港中央證券登記有限公司索取，地址：香港灣仔皇后大道東183號合和中心17M樓。Shareholders on the Hong Kong branch register who have asked to receive corporate communications in either Chinese or English can change this election by contacting Computershare. If there is a dispute between any translation and the English version of this Half-Year Report, the English text shall prevail.

### Taxation

Information on taxation applying to dividends paid to you if you are a shareholder in the United Kingdom, Hong Kong and the United States will be sent to you with your dividend documents.

### Forward-looking statements

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or other words of similar meaning. By their very nature, such statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group 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 Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.