

press release

Half Year 2014 income and profits lower following challenging business and market conditions

Taking action on multiple fronts as we reshape our business to maximize future growth opportunities

Income of Standard Chartered Grows 15% to US\$ 515 million in Mainland China

- Operating income^[1] was down 5 per cent to \$9,269 million from H1 2013 but up 4 per cent from \$8,920 million in H2 2013
- Profit before tax of \$3,268^[1] million was down 20 per cent from \$4,088^[1] million in H1 2013 but up 14 per cent from \$2,870^[1] million in H2 2013
- Operating income of over \$100 million in 20 markets and operating profit of over \$100 million in 8 markets
- Continue to support clients: average trade assets up 5 per cent, cash FX volumes up 24 per cent and FX options up 45 per cent; customer loans and advances up 3 per cent
- Balance sheet continues to be highly liquid, well diversified and strongly capitalised
- Dividend per share increased 0 per cent to 28.8 cents per share
- Normalised return on ordinary shareholders' equity of 10.4 per cent (H1 2013: 13.3 per cent; H2 2013: 9.1 per cent)

London, 6 August 2014 – As guided in the June pre-close statement, the first half of 2014 was challenging. Negative sentiment towards emerging markets impacted the Financial Markets business, whilst the Group faced continuing challenges in Korea. As a result, income fell 5 per cent to \$9,269 million and profit before tax fell 20 per cent to \$3,268 million.

The Group took a number of actions during the first half to manage short-term performance challenges, whilst executing our refreshed strategy to position the Bank for the long-term growth opportunities we see across Asia, Africa and the Middle East. Some of these actions created a short-term impact on both income and costs.

[1] Excluding Own Credit Adjustment (OCA). OCA is the adjustment taken for the firm's own credit risk on the liabilities reported at Fair Value, under the Fair Value Measurement rules (FVM) Fair Value measurement is an accounting standard under IFRS 13, whereby firms may choose to carry trades at Fair Value instead of amortised cost. H1 2013 profit before tax also excludes goodwill impairment.

The Group is focused on striking the right balance between growth and returns. Actions in the first half include exiting of non-core and subscale businesses, including Prime Credit in Hong Kong and our Private Banking operations in Miami, Geneva and Korea; and optimising the deployment of capital, with \$9 billion of RWA freed-up into higher return business and products.

Our reorganisation will deliver efficiencies and opportunities, focusing attention and resources on the differing needs of clients across all of our client segments. The reorganisation is enabling the business to boost revenue through better linkages between the client segments - for example, using Commercial Banking and Retail Clients to provide supply chain and employee banking for our large corporate clients. The Group is also focussing on creating productivity improvements across the bank in order to create capacity to invest for growth. Investment capacity will be directed towards higher return business, and expanding our digital banking platforms.

Twenty of our markets delivered more than \$100m in income, with eight returning more than \$100m in profits. Africa income was up 3 per cent, Hong Kong up 3 per cent and China up 15 per cent. Income from Greater China was up 5 per cent, benefiting from the increasing inter-connectivity within the region, particularly between Hong Kong and mainland China.

Commenting on these results, Group Chief Executive of Standard Chartered Peter Sands, said: “Our performance this first half is clearly disappointing. We’re taking action on multiple fronts, both in response to near term pressures and to execute our refreshed strategy, with the objective of getting back to a trajectory of sustainable, profitable growth. There are immense opportunities in our markets and we are confident we can translate the strength of our balance sheet and the depth and quality of our client franchise into sustained shareholder value creation.”

In the first half of 2014, income of Standard Chartered in China was up 15% to US\$ 515 million, and operating profit before tax was up 65% to US\$ 193 million, compared with the first half of 2013. Despite the slowdown in economic growth, the Bank saw strong corporate client activities, cross border trades as well as a steady increase in its RMB business. China continued to be the largest contributor to the network income of Standard Chartered Group. The Bank has continued its investment in China, by opening the sub-branch in the China (Shanghai) Pilot Free Trade Zone (“the PFTZ”) and launching its credit card

business. The Bank now has a network covering 27 cities with 104 outlets in China, and has reached a few inland cities.

The Bank maintained its market leading position across many RMB products and markets and continues to see increasing opportunities from RMB internationalization. In the first half of 2014, the Bank became one of the first market-makers for direct trading between the GBP and the RMB, was among the first batch of banks to launch cross-border RMB loans in the Suzhou Industrial Park, and teamed up with its client to conduct the first non-quota based RMB two-way cross-border sweeping transaction in the PFTZ.

Jerry Zhang, Chief Executive Officer and Executive Vice Chairman, Standard Chartered China, said: “Our business in China has delivered a resilient performance against the slowing economic growth. With the deepening of financial reform and progress of RMB internationalization, interest rate liberation and capital account opening, Standard Chartered will have ample opportunities to utilize its global network advantage and provide more innovative and high quality financial products and services to our clients in, from and into China. We are committed to continuously investing in China, further expanding our service network, and contributing to the development of China’s economy in the long run.”

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Note to Editors

Standard Chartered

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world’s most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

In China, the Bank set up its first branch in Shanghai in 1858 and has remained in operation throughout the past 155 years. Standard Chartered Bank (China) Limited is one of the first foreign banks to locally incorporate in China in April 2007. This demonstrates the Bank’s commitment to the China market, and its leading position as a foreign bank in the banking industry. Standard Chartered has one of the largest foreign bank networks in China – with 25 branches, 78 sub-branches and 1 Village Bank, totally 104 outlets, including the China (Shanghai) Pilot Free Trade Zone Sub-Branch opened in March 2014.

Standard Chartered China has been laurelled with a number of awards since 2013, honouring its achievements and endeavours in different areas including the 2013 "China Best Employer" and "Best Employer for Social Responsibility" by Peking University and Zhilian.com, "Best Practice of Social Responsibility Award" by China Banking Association, "2013 Shanghai CSR Innovation Award" by AmCham, "Shanghai Financial Innovation Award" by Shanghai Municipal Government, "China Top 10 Best Trade Finance Provider" by Ministry of Commerce of the People's Republic of China, 2013 "Best Trading for Cross Currency Swap" and "The Best FX Market Maker for Non-CNY Currency Pair" by China Foreign Exchange Trade System, "Best Transaction Bank in China" and "Best Structured Trade Finance Provider in China" by "The Asset", 2014 "Excellence In Customer Experience" by "Retail Banker", and the Bank's QDII Mutual Fund was awarded "Best FX Wealth Management Product" by "Shanghai Securities News".

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