

Standard Chartered PLC

Notes to the financial statements continued

2. Segmental Information continued

Performance by geographic regions and key countries continued

Entity-wide information

	2014						
	Hong Kong \$million	Singapore \$million	Korea \$million	India \$million	UAE \$million	China \$million	UK \$million
Net interest income	1,906	1,164	1,109	966	605	779	731
Fees and commissions income, net	1,040	582	219	225	263	133	83
Net trading income	702	165	-	173	136	(6)	81
- Underlying	609	171	(1)	173	136	(7)	72
- Own credit adjustment	93	(6)	1	-	-	1	9
Other operating income	397	116	52	88	66	13	89
Operating income	4,045	2,027	1,380	1,452	1,070	919	984
Operating expenses	(1,792)	(1,093)	(1,121)	(647)	(569)	(758)	(942)
Operating profit before impairment losses and taxation	2,253	934	259	805	501	161	42
Impairment losses on loans and advances and other credit risk provisions	(272)	(80)	(392)	(171)	(63)	(177)	(108)
Other impairment	(169)	(2)	(737)	(73)	-	-	(88)
Profit from associates and joint ventures	-	(1)	-	-	-	177	-
Profit/(loss) before taxation	1,812	851	(870)	561	438	161	(154)
Total assets employed ¹	156,528	120,845	54,437	30,083	28,322	36,250	172,259
Loans to customers ²	61,643	55,830	28,600	19,718	14,358	15,939	18,344
Capital expenditure ³	1,996	355	39	20	2	7	19

¹ Includes intra-group assets

² The analysis is based on the location of the customers rather than booking location of the loan

³ Includes capital expenditure in Hong Kong of \$1,966 million in respect of operating lease assets. Other capital expenditure comprises additions to property and equipment and software related intangibles including any post-acquisition additions made by the acquired entities

	2013						
	Hong Kong \$million	Singapore \$million	Korea \$million	India \$million	UAE \$million	China \$million	UK \$million
Net interest income	1,835	1,072	1,199	1,092	652	788	707
Fees and commissions income, net	875	579	236	264	291	129	161
Net trading income	722	311	73	159	233	(13)	161
- Underlying income	722	282	72	159	233	(12)	101
- Own credit adjustment	-	29	1	-	-	(1)	60
Other operating income	293	170	56	148	46	29	81
Operating income	3,725	2,132	1,564	1,663	1,222	933	1,110
Operating expenses	(1,666)	(1,129)	(1,120)	(684)	(573)	(753)	(812)
Operating profit before impairment losses and taxation	2,059	1,003	444	979	649	180	298
Impairment losses on loans and advances and other credit risk provisions	(135)	(88)	(427)	(195)	(52)	(58)	(6)
Other impairment	(4)	10	(1,029)	(105)	-	4	2
Profit from associates and joint ventures	-	-	-	-	-	146	2
Profit/(loss) before taxation	1,920	925	(1,012)	679	597	272	296
Total assets employed ¹	149,318	115,561	55,921	34,470	28,813	35,128	132,162
Loans to customers ²	61,173	57,540	29,760	22,767	15,734	15,489	16,543
Capital expenditure ³	905	320	27	26	3	26	41

¹ Includes intra-group assets

² The analysis is based on the location of the customers rather than booking location of the loan

³ Includes capital expenditure in Hong Kong of \$874 million in respect of operating lease assets. Other capital expenditure comprises additions to property and equipment and software related intangibles including any post-acquisition additions made by the acquired entities

Standard Chartered PLC – Additional information

A. Remuneration

The Group employed 90,940 staff at 31 December 2014 (2013: 86,640).

Performance and reward philosophy and principles

Our approach to performance, reward and benefits supports and drives our business strategy and reinforces our values in the context of a clearly articulated risk appetite.

Our approach:

- supports a strong performance-oriented culture, ensuring that individual reward and incentives relate directly to: (i) the performance and behaviour of the individual (ii) the performance of the business; and (iii) the interests of shareholders
- ensures a competitive reward package that reflects our international nature and enable us to attract, retain and motivate our employees
- reflects the fact that many of our employees bring international experience and expertise, and we recruit from a global marketplace
- encourages an appropriate mix of fixed and variable compensation based on (i) the individual's responsibility and (ii) the individual's risk profile and that of the business

Total remuneration is typically delivered via a combination of base salary and benefits plus variable compensation. Consistent with our pay for performance culture, our discretionary variable compensation incentives play an integral role in enabling us to recognise and reward superior performance and behaviour that support our values.

B. Summarised consolidated income statement

	1st half of 2014	2nd half of 2014	2014
	\$million	\$million	\$million
First and second half of 2014			
Interest income	8,603	8,381	16,984
Interest expense	(2,999)	(2,982)	(5,981)
Net interest income	5,604	5,399	11,003
Fees and commission income	2,284	2,367	4,651
Fees and commission expense	(223)	(249)	(472)
Net trading income ¹	954	942	1,896
Other operating income	635	621	1,256
Total non-interest income	3,650	3,681	7,331
Operating income	9,254	9,080	18,334
Staff costs	(3,454)	(3,334)	(6,788)
Premises costs	(441)	(469)	(910)
General administrative expenses ²	(875)	(1,833)	(2,708)
Depreciation and amortisation	(313)	(326)	(639)
Operating expenses	(5,083)	(5,962)	(11,045)
Operating profit before impairment losses and taxation	4,171	3,118	7,289
Impairment losses on loans and advances and other credit risk provisions	(846)	(1,295)	(2,141)
Other impairment:			
Goodwill Impairment	-	(758)	(758)
Other	(185)	(218)	(403)
Profit from associates and joint ventures	113	135	248
Profit before taxation	3,253	982	4,235
Taxation	(849)	(681)	(1,530)
Profit for the year	2,404	301	2,705
Profit attributable to:			
Non-controlling interests	44	48	92
Parent company shareholders	2,360	253	2,613
Profit for the year	2,404	301	2,705
Earnings per share:			
Basic earnings per ordinary share (cents)	94.6	8.3	102.2
Diluted earnings per ordinary share (cents)	94.0	8.2	101.6

¹ Includes own credit adjustment charge of \$15 million in the first half of 2014 and benefit of \$115 million in the second half of 2014, taking the full year benefit to \$100 million (2013: \$106 million)

² The second half of the 2014 includes a net charge of \$366 million (2013 second half: \$235 million) relating to the UK bank levy

Financial calendar

Financial Calendar

Results and dividend announced	4 March 2015
Ex-dividend date - Hong Kong	11 March 2015
Ex-dividend date - United Kingdom	12 March 2015
Record date for dividend	13 March 2015
Last date to elect for share dividend or to change standing instructions	23 April 2015
Annual General Meeting	6 May 2015
Dividend payment date	14 May 2015

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The following information for the Full Year Results 2014 will be available on our website:

The Video interviews with Peter Sands, Group Chief Executive and Andy Halford, Group Finance Director

The Analyst presentation in pdf format

The Webcast of the live analyst presentation in London with Q&A

A Podcast of analyst presentation

Images of our Board of directors and senior management are available for the media at <http://www.sc.com/en/about-us/our-people/index.html>

Information regarding the Group's commitment to Sustainability is available at <http://www.sc.com/sustainability>

Standard Chartered PLC – Forward looking statements and Basis of preparation

Forward looking statements

It is possible that this document could or 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 anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they 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.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

The Group undertakes no 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.

Disclaimer

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. No public offering of the Placing Shares will be made in the United States.

Basis of preparation

Unless another currency is specified, the word 'dollar' or symbol '\$' in this document means US dollar and the word 'cent' or symbol 'c' means one-hundredth of one US dollar.

Within this document, the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'; The Republic of Korea is referred to as Korea or South Korea; Greater China includes Hong Kong, Taiwan, China and Macau; North East (NE) Asia includes Korea, Japan and Mongolia; Middle East, North Africa and Pakistan (MENAP) includes United Arab Emirates (UAE), Bahrain, Qatar, Lebanon, Jordan, Saudi Arabia, Egypt, Oman, Iraq and Pakistan; South Asia includes India, Bangladesh, Nepal and Sri Lanka; and ASEAN includes Singapore, Malaysia, Indonesia, Brunei, Cambodia, Laos, Philippines, Thailand, Vietnam, Myanmar and Australia.

Geographic presentation of results

The Group operates a number of central booking locations, primarily in the ASEAN and Europe regions. Lending financially booked in these locations may not correspond to the location of the customers or to the country of credit responsibility (as defined on page 34). We have used the following bases for disclosures across this report:

- Within the geographic disclosures in the "Financial review" (pages 25 to 31) and in note 2 to the to the Financial statements (pages 72 to 71) Loans and Advances to Customers are reported based on the location of the customer
- The specific country disclosures within the "Risk overview" section (pages 34 to 36) of the "Risk review" are based on the Country of credit risk responsibility, i.e. primary country of parent entity and on a net exposure basis (as defined on page 34)
- Within the geographic disclosures in the "Risk profile" section (pages 41 to 43) and the 'Capital' section (pages 60) of the "Risk and Capital review" Loans and Advances to Customers and Risk Weighted Assets are reported based on the financial booking location

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