2015 was a challenging year. While our 2015 financial results were poor, they are set against a backdrop of continuing geo-political and economic headwinds and volatility across many of our markets as well as the effects of deliberate management actions. Our share price performance has also been disappointing, underperforming the wider equity market, which has seen broad declines driven largely by the same macroeconomic concerns.

2015 was also, in many ways, a watershed where we embarked on a clear path under a refreshed Management Team, led by Bill Winters. Our strategy, announced in November 2015, prioritises returns and the allocation of capital and investment to areas in which we have a long-term competitive advantage. We will fund much of this investment through efficiencies found elsewhere. My clear and singular focus, which is shared by the Board and the Management Team, is to deliver these comprehensive actions, which we believe will restore the Group's performance.

The Board is confident in the Group's compelling opportunities and that Bill Winters and the Management Team have the necessary focus to weather the current headwinds, and reposition the business for the future. Our markets remain attractive through the medium and long term, our franchise is hard to replicate and we remain well positioned to support wealth creation in Asia, Africa and the Middle East. We are not looking for a short-term fix, but building methodically on the foundations of a strong balance sheet, growing markets, and a vibrant and ethical organisational culture. A lot of actions have been started in a short time, which Bill will cover in his review of the year. However, we are under no illusions that a lot more needs to be done.

With the support of shareholders, the Group now has a capital ratio in our targeted range. From this strong foundation, the Management Team has taken significant action to reduce costs, and plans to deliver $2.3 billion more savings by the end of 2018. These cost savings are creating capacity for investments to enhance our conduct and compliance systems and processes, and to provide a better experience for our clients. The strategy to reposition the Group is also underway, including action to liquidate assets beyond our tightened risk tolerance while growing businesses that the Board believes offer a compelling opportunity for sustainable long-term performance. We are actively investing to build greater depth in our Retail presence in focus cities, growing the contribution to the Group from Private Banking and Wealth Management as well as from Africa, and remaining at the forefront of the internationalisation of the renminbi.

Board changes

As part of the multi-year Board refresh that started in 2011 – aimed at streamlining the Board while ensuring an optimum mix of tenure, experience, diversity and geographic knowledge – we have announced a number of further changes to our Board. With these changes, the size of the Board has now been reduced to 14 members, as we set out in February 2015. Ruth Markland and Paul Skinner, two of our longest-standing independent non-executive directors, stepped down from the Board on 31 December 2015. Dr Lars Thunell, independent non-executive director and Chair of our Board Risk Committee, has also decided to step down from the Board. As announced in January of this year, Lars will be replaced as the Chair of the Risk Committee by David Conner, who joined the Board as an independent non-executive director on 1 January 2016. On behalf of the Board, I would like to thank Ruth, Paul and Lars for their significant contributions to the Group, and to welcome David to the Board.

Additionally, after 26 years in the bank, Mike Rees has taken the decision to retire from the Group and will step down from the Board and his role as the Deputy Group Chief Executive effective 30 April 2016. Mike has made a major contribution to Standard Chartered over the years, and more recently provided valuable support to the Board and the Management Team in shaping and executing our strategy.

These changes, together with the arrival in April last year of Gay Huey Evans and Jasmine Whitbread, mean that the Board will consist of the Chairman, two executive directors, Bill Winters and Andy Halford, and 11 non-executive directors.

Finally, as I indicated at the start of 2015, it remains my intention to step down from the Board during the course of 2016. Naguib Kheraj, the Group's Senior Independent Director, is leading the search for the next Chairman. Until a successor is appointed, I will focus on supporting the strategic transformation that we have set in motion, and on ensuring that the challenges in the markets do not deter us from making the right decisions for the long-term value of the franchise. The Board and I will provide all possible support to Bill and the Management Team as they continue to execute the strategy.

Dividend

In light of recent performance and the newly announced strategic actions, including the £3.3 billion rights issue completed at the end of last year, the Board confirms its previously announced decision that no final dividend will be paid for the financial year ending 31 December 2015. The total dividend for 2015 will be 13.7 cents per share as declared with the half-year results and paid to shareholders on 19 October 2015, and as adjusted for the rights issue.

The Board recognises the importance of dividends to shareholders, and believes in balancing returns with investment in the franchise to support future growth, while preserving strong capital ratios. The size of any future ordinary dividends will be a function of future earnings and our capital position relative to regulatory and market expectations. Subject to these factors, the Board intends to declare a dividend on Ordinary Shares in respect of the 2016 financial year.

People and pay

For several consecutive years, reflecting recent poor financial performance, the Group has reduced the amounts paid out in incentives to staff. At the end of 2015, a large portion of the Group's senior management left the bank as part of our restructuring. The successful execution of our strategy over the coming years will rely on the dedication and commitment of the remaining staff, who are highly sought after by our competition. It is therefore important that we pay competitively, while maintaining the discipline of only rewarding good performance and good behaviours. The Group's remuneration decisions have been made in light of these factors. Accordingly, the annual incentive payments for 2015 are down by 22 per cent year-on-year, with no payments to the executive directors for 2015. Since 2011, annual incentives have fallen by 41 per cent.

The successful execution of our strategy will allow us to improve shareholder returns significantly from a strengthened capital base. To help drive this outcome, the Group has introduced a new long-term incentive plan for our senior management staff, including the Management Team. We believe it is right that our most senior staff are not rewarded for the performance in 2015, but clearly incentivised to execute our strategy and to create real, sustained shareholder value. The value of the plan will only pay out if the Group has made substantial progress towards our returns and other strategic objectives by 2018. We believe that this will link closely the remuneration of the Group's senior management to the value generated for shareholders. Specific proposals in relation to executive directors will be presented to shareholders for their approval at the Annual General Meeting on 4 May.

Summary

There remains a broad range of macroeconomic uncertainties and challenges in the global economy, including the rebalancing of China's economy, the impact of lower commodity prices, and ongoing geo-political tensions. While we cannot control many of these developments, you should expect us to continue to reduce our sensitivity to adverse trends, while we support our clients and invest in improving the Group's systems, staff resources and processes, in part so that we can be a leading force in the fight against financial crime.

It is in uncertain times such as these that, through generations, the Group has set itself apart by managing for the long term and not being unduly distracted by near-term cycles. In this uncertain environment it is all the more important that we execute on the strategy. We have a clear path to follow, an experienced, high-quality Management Team and Here for good, our brand promise, firmly embedded in our culture. The Board is determined that the Group continues to adapt to the changing external environment and to realise fully the opportunities that are present in and between our markets.

Finally, I would like to thank our clients and shareholders for their continued support and also our staff for their tremendous effort and dedication to Standard Chartered through a challenging period.

Sir John Peace
Chairman
23 February 2016

Overhauling Commercial Banking

Our Commercial Banking business is very uneven across our markets with some presences more established than others. Overall performance has been poor with high loan impairments and weak income. To address a prior lack of focus on this client base, we created the Commercial client segment in 2014 with the larger corporate clients coming out of our Retail business and the smallest of our Corporate & Institutional Clients. At the end of 2015, we roughly doubled the size of the segment by adding Local Corporate Clients from Corporate and Institutional Banking. We have established Commercial Banking as a focused division of small and medium-sized corporate clients whose needs are substantially local but who can leverage the Group's strong cross-border capabilities. We are rebuilding a consistent coverage and risk management organisation model to deal with this client base.

We have put a management structure in place for Commercial Banking with experienced regional managers and we are substantially upgrading our credit risk approach. We exited the former small and medium-sized enterprise business in the UAE and will continue to reduce operational risk through the completion of our customer due diligence remediation programme. To improve returns, we will upgrade or exit almost $10 billion of low returning RWAs, close to one-quarter of this client base.

From these secure foundations, we are looking to build the Commercial Banking business of our future. We continue to build out our network proposition, partnering with our Corporate and Institutional Banking business to bank their buyers and suppliers. Finally, the Commercial Banking team, has a renewed focus on expanding the client base with almost 3,000 new customers added across the network in 2015.

Given our starting point, there is no quick solution to achieving sustainably better returns from this segment. However, with a consistent and client-focused approach, we will build a competitive business that leverages the best of Standard Chartered to serve this important client base in our markets.

Transforming Retail Banking

Our Retail Banking transformation is well under way and has continued to make good progress in 2015. We have taken upfront charges of some $400 million to reduce ongoing costs, notably in Korea, and are investing to build a much more robust, efficient and nimble systems infrastructure across the Group. In many of our markets, our brand resonates with the growing affluent and emerging affluent client segments and we will invest to reinforce that brand. This, combined with a plan to deepen our presence in core cities where there is a large and growing affluent client base, is powering the growth of Priority Clients. Excluding transfers of clients into Priority, this client sub-segment grew income by over 10 per cent year-on-year. Priority Clients contributed 35 per cent of Retail Clients income in 2015, up from 27 per cent in 2014.

Our Retail business in core cities, excluding China and Korea, already generates equity returns well in excess of 10 per cent. We aim to replicate this success across the rest of our focus cities via selective investment and disciplined optimisation of branches. Where we cannot see a route to improved returns in an acceptable timeframe, we will scale down or exit our presence in cities and markets.

As mentioned above, we have taken action to manage our expense base in Korea and focus on growth through operational improvements and our cooperation with Shinsegae. Nevertheless, we expect our Korean retail operation to be challenged for some time.

Over the course of 2016, we will implement the first stages of our infrastructure overhaul, driving improved efficiency and service quality. We will substantially improve our digital offerings both at the point of client interface as well as through our operational processes. Taken together, we are confident that delivery against these targets will drive returns and growth to strong levels over the next three years.

Investing in Private Banking and Wealth Management

We have an outstanding distribution platform for wealth products delivered through our Retail and Private Banking segments. We will substantially increase our investment in both the Wealth platform and the Private Banking coverage channels in addition to the Retail investments mentioned above. Our primary focus in Wealth Management is to upgrade our infrastructure to improve our digital offering and service quality. We will seek to grow our assets under management sourced through our Private Bank by increasing the number of relationship managers, increasing the number of clients sourced through our corporate relationships and upgrading appropriate Retail Clients.

We have real competitive advantages in these business areas. Our strong Wealth Management platform, local presence, strong brand and advice capabilities position us very well versus local and global competition. The underlying demographic trends make this a particularly natural place for investment.

Our 2015 performance was severely impacted by a concentrated credit loss of $94 million in the first half. We have reviewed, and will continue to strengthen, our credit process to avoid a repeat. Our revised business model will focus less on concentrated lending and more on the distribution of Wealth Management products and advice. As such, we began our investment process in 2015, announcing the addition of a new head of the Private Banking and Wealth Management business, recruiting relationship managers and beginning our technology investment programme.

Establishing best-in-class control and conduct capabilities

Our commitment to improve our conduct and controls is factored into every strategic and operational decision we make. We are on the front line in the fight against financial crime and take this responsibility most seriously. We have invested significant amounts in people and into our underlying conduct and compliance infrastructure with a total cost in 2015 of over $1 billion, up 40 per cent year-on-year. We continue to cooperate fully with the US authorities and the Financial Conduct Authority in their ongoing investigations. As we stated in November 2015, we remain unable to determine when these investigations will conclude or the size of any potential fines that might result. We will provide further updates in due course.

Summary and outlook

We have a good and valuable franchise, core financial strength, outstanding client relationships, and the right team of people. We have made substantial strides in securing the Group's foundations, we continue to take action to get leaner and more focused, and we are creating capacity to invest.

Given current market conditions and the early stage of implementation of our strategy, we expect the financial performance of the Group to remain subdued during 2016. We will continue to take the necessary and sometimes painful actions to reposition the Group for returns and disciplined growth. We will increase the value of our franchise through the relentless focus on execution that we set out alongside our strategy announced in November 2015. We will continue to balance support for strong, high-returning clients with discipline on our tightened risk tolerances. We will continue to take out substantial costs and invest much of these savings into the future of the Group. We will also retain a strong balance sheet which both protects us from economic volatility and positions us for future opportunity when conditions allow.

Finally, I would like to thank our clients, all the staff at Standard Chartered and you, our shareholders, for your support. The past year has been tough for everyone in the Group and for all of us as shareholders. We are the custodians of a fabulous franchise and, through continued hard work and clear decisions, we intend to achieve our ambition of delivering at least 8 per cent ROE by 2018 and 10 per cent by 2020.

Bill Winters
Group Chief Executive
23 February 2016

Overall, the balance sheet remains highly liquid, well-capitalised and increasingly diverse as we liquidate exposures that are beyond our tightened risk tolerance, particularly large single-name exposures.

Summary and outlook

The weak momentum in the business reflects continued challenging market conditions combined with the immediate impact of the actions we have taken to strengthen the position of the Group. As we look forward, stresses remain apparent in our markets, and therefore we will continue to actively manage our portfolios. We have increased our capital base and are taking fundamental actions to reposition the Group for improved returns. The external headwinds are not improving. However, the strategy we are following is right for the Group. In these challenging conditions it is all the more important that we continue to execute with conviction and discipline.

2016 will be a year of accelerated execution. We will intensify our focus on balance sheet optimisation, on cost efficiency, and on investing to enhance controls and drive stronger returns in the future.

Andy Halford
Group Chief Financial Officer
23 February 2016

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Share capital and share premium account $million	Other equity instruments $million	Capital and capital redemption reserve[1] $million	Merger reserve $million	Available-for-sale reserve $million	Cash flow hedge reserve $million	Translation reserve $million	Retained earnings $million	Parent company shareholders ' equity $million	Non-controlling interests $million	Total $million
At 1 January 2014	6,707	-	18	12,421	446	15	(2,106)	28,745	46,246	595	46,841
Profit for the year	-	-	-	-	-	-	-	2,613	2,613	92	2,705
Other comprehensive income/(loss)	-	-	-	-	10	(72)	(1,042)	(50)[2]	(1,154)	(29)	(1,183)
Distributions	-	-	-	-	-	-	-	-	-	(60)	(60)
Shares issued, net of expenses	11	-	-	-	-	-	-	-	11	-	11
Net own shares adjustment	-	-	-	-	-	-	-	(93)	(93)	-	(93)
Share option expense, net of taxation	-	-	-	-	-	-	-	247	247	-	247
Dividends, net of scrip	-	-	-	-	-	-	-	(1,451)	(1,451)	-	(1,451)
Other increases/(decreases)[3]	-	-	-	-	-	-	-	13	13	(292)	(279)
As at 31 December 2014	**6,718**	**-**	**18**	**12,421**	**456**	**(57)**	**(3,148)**	**30,024**	**46,432**	**306**	**46,738**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,194)**	**(2,194)**	**(2)**	**(2,196)**
Other comprehensive (loss) /income	**-**	**-**	**-**	**-**	**(324)**	**11**	**(1,878)**	**(65)[2]**	**(2,256)**	**(38)**	**(2,294)**
Distributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26)**	**(26)**
Shares issued, net of expenses	**370**	**-**	**-**	**4,683**	**-**	**-**	**-**	**-**	**5,053**	**-**	**5,053**
Other equity instruments issued, net of expenses	**-**	**1,987**	**-**	**-**	**-**	**-**	**-**	**-**	**1,987**	**-**	**1,987**
Net own shares adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(58)**	**(58)**	**-**	**(58)**
Share option expense, net of taxation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**148**	**148**	**-**	**148**
Dividends, net of scrip	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(921)**	**(921)**	**-**	**(921)**
Other increases[4]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**81**
As at 31 December 2015	**7,088**	**1,987**	**18**	**17,104**	**132**	**(46)**	**(5,026)**	**26,934**	**48,191**	**321**	**48,512**

1 Includes capital reserve of $5 million and capital redemption reserve of $13 million

2 Comprises actuarial loss, net of taxation and non-controlling interests of $67 million (2014: $47 million)

3 Redemption of $300 million 7.267% Hybrid Tier 1 securities issued by Standard Chartered Bank Korea Limited

4 Additional investment from non-controlling interests in one of the Group's subsidiary undertakings

Standard Chartered PLC

Consolidated cash flow statement

For the year ended 31 December 2015

	Notes	2015 $million	2014 $million
Cash flows from operating activities			
(Loss)/profit before taxation		**(1,523)**	4,235
Adjustments for non-cash items and other adjustments included within income statement		**6,949**	4,470
Change in operating assets		**36,819**	(13,657)
Change in operating liabilities		**(70,244)**	59,321
Contributions to defined benefit schemes		**(109)**	(98)
UK and overseas taxes paid		**(1,285)**	(1,708)
Net cash (used in)/from operating activities		**(29,393)**	52,563
Cash flows from investing activities			
Purchase of property, plant and equipment		**(137)**	(189)
Disposal of property, plant and equipment		**109**	67
Acquisition of investment in subsidiaries, associatesand joint ventures, net of cash acquired		**667**	(64)
Purchase of investment securities		**(209,519)**	(196,054)
Disposal and maturity of investment securities		**195,457**	192,055
Dividends received from associates and joint ventures		**12**	13
Net cash used in investing activities		**(13,411)**	(4,172)
Cash flows from financing activities			
Issue of ordinary and preference share capital, net of expenses		**5,053**	11
Issue of Additional Tier 1 capital, net of expenses		**1,987**	-
Purchase of own shares		**(68)**	(110)
Exercise of share options through ESOP		**10**	17
Interest paid on subordinated liabilities		**(1,082)**	(1,090)
Gross proceeds from issue of subordinated liabilities		**-**	4,684
Repayment of subordinated liabilities		**(5)**	(2,114)
Investment/(repayment) to non-controlling interests		**82**	(298)
Interest paid on senior debts		**(584)**	(740)
Gross proceeds from issue of senior debts		**5,388**	6,579
Repayment of senior debts		**(6,947)**	(6,408)
Dividends paid to non-controlling interests, Additional Tier 1 securities holders and preference shareholders		**(192)**	(161)
Dividends paid to ordinary shareholders, net of scrip		**(755)**	(1,350)
Net cash from/(used in) financing activities		**2,887**	(980)
Net (decrease)/increase in cash and cash equivalents		**(39,917)**	47,411
Cash and cash equivalents at beginning of year		**129,870**	84,156
Effect of exchange rate movements on cash and cash equivalents		**(1,525)**	(1,697)
Cash and cash equivalents at end of year		**88,428**	129,870

1. Accounting Policies

(a) Statement of compliance

The Group financial statements consolidate those of Standard Chartered PLC (the Company) and its subsidiaries (together referred to as the Group) and equity account the Group's interest in associates and jointly controlled entities.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as endorsed by the European Union (EU). EU endorsed IFRS may differ from IFRS published by the International Accounting Standards Board (IASB) if a standard has not been endorsed by the EU.

At 31 December 2015, there were no unendorsed standards effective for the year ended 31 December 2015 affecting these consolidated financial statements and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Group.

As required by the Hong Kong Listing Rules, an explanation of the differences in accounting practices between EU endorsed IFRS and Hong Kong Financial Reporting Standards is required to be disclosed. There would be no significant differences had these accounts been prepared in accordance with Hong Kong Financial Reporting Standards.

There were no new standards applied during the year ended 31 December 2015.

(b) Basis of preparation

The basis of preparation and summary of significant accounting policies applicable to these consolidated financial statements can be found in Note 1 in the Annual Report and Accounts 2015.

Impact of revision of credit valuation adjustment and funding valuation adjustment methodology

The Group enhanced its methodology for estimating the credit valuation adjustment (CVA) for derivatives as at 31 December 2015. Previously, the CVA calculation was based on an expected counterparty loss calculation using historical default probabilities, whereas the enhanced methodology uses market-implied default probabilities. In addition, the funding valuation adjustment (FVA) was also enhanced moving from bank internal funding rates to market-based rates. The net effect of the changes in estimate reduced net trading income by $863 million. It is impracticable to estimate the effect of the changes in fair value estimates on future periods.

Credit valuation adjustments

The Group makes a credit valuation adjustment (CVA) against the fair value of derivative products. CVA is an adjustment to the fair value of the transactions to reflect the possibility that our counterparties may default and we may not receive the full market value of the outstanding transactions. It represents an estimate of the adjustment a market participant would include when deriving a purchase price to acquire our exposures. CVA is calculated for each subsidiary, and within each entity for each counterparty to which the entity has exposure and takes account of any collateral we may hold. The Group calculates the CVA by applying the probability of default (PD) on the potential estimated future positive exposure of the counterparty using market-implied PD. Where market-implied data is not readily available, we use market based proxies to estimate the PD. The methodologies do not, in general, account for 'wrong-way risk'. Wrong-way risk arises when the underlying value of the derivative prior to any CVA is positively correlated to the probability of default by the counterparty. The Group continues to include 'wrong-way risk' in its Prudential Valuation Adjustments. The CVA calculation was previously based on an expected counterparty loss calculation using historical default probabilities. As at 31 December 2015, the calculation was revised to use market-implied PD. The change in estimate reduced net trading income by $712 million.

Funding valuation adjustment

The Group makes a funding valuation adjustment (FVA) against derivative products. FVA reflects an estimate of the adjustment to its fair value that a market participant would make to incorporate funding costs that could arise in relation to the exposure. FVA is calculated by determining the net expected exposure at a counterparty level and then applying a funding rate to those exposures that reflect the market cost of funding. The FVA for collateralised derivatives is based on discounting the expected future cash flows at the relevant overnight indexed swap (OIS) rate after taking into consideration the terms of the underlying collateral agreement with the counterparty. The FVA for uncollateralised (including partially collateralised) derivatives incorporates the estimated present value of the market funding cost or benefit associated with funding these transactions. The FVA calculation was previously based on the Group's internal funding rates. As at 31 December 2015, the calculation was revised to use market based rates. The change in estimate reduced net trading income by $151 million.

2. Segmental Information

Performance by Client Segments

	2015						
	Corporate & Institutional	Commercial	Private Banking	Retail	Total reportable Segments	Corporate items not allocated	Total
	$million	$million	$million	$million	$million	$million	$million
Internal income	(55)	10	(20)	65	-	-	-
Net interest income	5,125	546	339	3,397	9,407	-	9,407
Non-interest income	3,258	269	238	2,117	5,882	-	5,882
Operating income[1]	8,328	825	557	5,579	15,289	-	15,289
Operating expenses[2]	(5,429)	(767)	(369)	(4,168)	(10,733)	(440)[3]	(11,173)
Operating profit before impairment losses and taxation	2,899	58	188	1,411	4,556	(440)	4,116
Impairment losses on loans and advances and other credit risk provisions[4]	(3,606)	(599)	(94)	(677)	(4,976)	-	(4,976)
Other impairment							
Goodwill impairment[5]	-	-	-	-	-	(488)	(488)
Other impairment[6]	(307)	(27)	(5)	(28)	(367)	-	(367)
Profit from associates and joint ventures	171	14	-	7	192	-	192
(Loss)/profit before taxation	(843)	(554)	89	713	(595)	(928)	(1,523)
Total assets employed	444,431	20,525	22,988	147,476	635,420	5,063	640,483
Of which: Loans to customers	140,379	11,107	15,068	94,849	261,403	-	261,403
Total liabilities employed	402,305	25,812	27,990	134,802	590,909	1,062	591,971
Of which: Customer accounts	200,975	19,071	24,532	114,549	359,127	-	359,127
Other segment items:							
Interests in associates and joint ventures	1,423	341	-	173	1,937	-	1,937
Capital expenditure[7]	1,112	81	45	152	1,390	-	1,390
Depreciation	321	13	7	96	437	-	437
Amortisation of intangible assets	135	14	8	70	227	-	227

1. Includes $495 million benefit relating to own credit adjustment, $863 million charge relating to a change in the methodology for estimating credit and funding valuation adjustments (Corporate & Institutional) and net gains on businesses sold/held for sale of $218 million (Retail $219 million gain and Commercial $1 million loss)
2. Includes $695 million charge relating to restructuring actions (Corporate & Institutional $231 million, Commercial $56 million, Private Bank $8 million and Retail $400 million)
3. Relates to $440 million for UK bank levy
4. Includes $968 million charge relating to restructuring actions in Corporate & Institutional
5. Relates to $488 million goodwill impairment charge in Taiwan ($362 million) and restructuring actions in Thailand ($126 million)
6. Includes $56 million charge relating to restructuring actions (Corporate & Institutional $13 million, Commercial $20 million, Retail $23 million)
7. Includes $885 million capital expenditure relating to operating lease assets

Standard Chartered PLC - Notes to the financial statements continued

2. Segmental Information continued

Performance by Client Segments continued

	2014						
	Corporate & Institutional	Commercial	Private Banking	Retail	Total reportable segments	Corporate items not allocated	Total
	$million	$million	$million	$million	$million	$million	$million
Internal income	6	2	(6)	(2)	-	-	-
Net interest income	5,821	722	346	4,114	11,003	-	11,003
Non-interest income[1]	4,704	458	272	1,897	7,331	-	7,331
Operating income	10,531	1,182	612	6,009	18,334	-	18,334
Operating expenses	(5,191)	(739)	(447)	(4,002)	(10,379)	(666)[2]	(11,045)
Operating profit before impairment losses and taxation	5,340	443	165	2,007	7,955	(666)	7,289
Impairment losses on loans and advances and other credit risk provisions	(991)	(212)	-	(938)	(2,141)	-	(2,141)
Other impairment							
Goodwill Impairment[3]	-	-	-	-	-	(758)	(758)
Other impairment	(307)	(35)	(16)	(45)	(403)	-	(403)
Profit from associates and joint ventures	198	22	-	28	248	-	248
Profit before taxation	4,240	218	149	1,052	5,659	(1,424)	4,235
Total assets employed	513,767	29,444	26,181	151,418	720,810	5,104	725,914
Of which: Loans to customers	157,970	14,651	18,056	97,922	288,599	-	288,599
Total liabilities employed	466,680	32,087	36,370	142,902	678,039	1,137	679,176
Of which: Customer accounts	244,731	22,787	29,621	117,050	414,189	-	414,189
Other segment items:							
Interests in associates and joint ventures	1,217	406	19	320	1,962	-	1,962
Capital expenditure[4]	2,264	120	44	98	2,526	-	2,526
Depreciation	305	13	4	112	434	-	434
Amortisation of intangible assets	107	13	6	79	205	-	205

1. Includes an own credit adjustment of $100 million (Corporate & Institutional) net benefit relating to own credit adjustment and $2 million net losses on businesses sold/held-for-sale

2. Relates to $366 million for UK bank levy and $300 million for US civil monetary penalty

3. Relates to $726 million and $32 million goodwill impairment charge in North East Asia and Greater China respectively

4. Includes capital expenditure of $1,966 million in respect of operating lease asset

2. Segmental Information continued

Performance by geographic regions and key countries

Entity-wide information

The Group manages its reportable client segments on a global basis. The Group's operations are based in the eight main geographic regions presented below; information is also provided for key countries in which the Group operates. The UK is the home country of the Company.

	2015								
	Greater China	North East Asia	South Asia	ASEAN	MENAP	Africa	Americas	Europe	Total
	$million	$million	$million	$million	$million	$million	$million	$million	$million
Internal income	69	(36)	(57)	63	84	76	6	(205)	-
Net interest income	2,494	861	1,240	1,878	845	916	326	847	9,407
Fees and commissions income, net	1,306	195	281	750	322	337	345	71	3,607
Net trading income	839	(14)	(178)	311	97	(36)	148	(255)	912
- Underlying	790	(17)	(178)	42	96	(36)	148	(428)	417
- Own credit adjustment	49	3	-	269	1	-	-	173	495
Other operating income	621	129	125	143	65	143	14	123	1,363
Operating income[1]	5,329	1,135	1,411	3,145	1,413	1,436	839	581	15,289
Operating expenses[2]	(3,023)	(1,480)	(842)	(1,935)	(975)	(951)	(812)	(1,155)	(11,173)
Operating profit before impairment losses and taxation	2,306	(345)	569	1,210	438	485	27	(574)	4,116
Impairment losses on loans and advances and other credit risk provisions[3]	(701)	(247)	(1,347)	(1,016)	(441)	(550)	(62)	(612)	(4,976)
Other impairment[4]	(410)	(12)	(34)	(195)	(3)	(48)	(9)	(144)	(855)
Profit from associates and joint ventures	173	-	-	16	-	4	-	(1)	192
Profit/(loss) before taxation	1,368	(604)	(812)	15	(6)	(109)	(44)	(1,331)	(1,523)
Total assets employed[5,6]	187,225	59,757	31,436	129,874	41,950	25,198	69,614	171,601	
Of which: Loans to customers[6]	77,675	28,608	19,287	66,942	19,485	11,562	11,498	26,346	
Average interest-earning assets	168,713	52,535	29,720	114,696	35,167	21,539	72,471	118,675	
Net interest margin (%)	1.5	1.6	4.0	1.7	2.6	4.6	0.5	0.5	1.7
Capital expenditure[7]	907	19	18	376	6	14	7	43	1,390

1. Includes $495 million benefit relating to own credit adjustment, $863 million charges relating to a change in the methodology for estimating credit and funding valuation adjustments, and $218 million net gain on businesses sold/held for sale
2. Includes $695 million charge relating to restructuring actions and $440 million for UK bank levy
3. Includes $968 million charge relating to restructuring actions
4. Includes $488 million of goodwill impairment charge and $56 million relating to restructuring actions
5. Includes intra-group assets
6. Based on the location of the customers rather than the booking location of the loan
7. Includes $885 million capital expenditure in Greater China relating to operating lease assets

2. Segmental Information continued

Performance by geographic regions and key countries continued

Entity-wide information

	2014								
	Greater China $million	North East Asia $million	South Asia $million	ASEAN $million	MENAP $million	Africa $million	Americas $million	Europe $million	Total $million
Internal income	(28)	(80)	(51)	54	82	93	(6)	(64)	-
Net interest income	3,006	1,238	1,267	2,251	951	988	396	906	11,003
Fees and commissions income, net	1,342	236	298	958	418	413	359	155	4,179
Net trading income	798	12	231	231	244	199	84	97	1,896
- Underlying	704	12	231	234	244	199	84	88	1,796
- Own credit adjustment	94	-	-	(3)	-	-	-	9	100
Other operating income	422	53	110	219	148	136	28	140	1,256
Operating income[1]	5,540	1,459	1,855	3,713	1,843	1,829	861	1,234	18,334
Operating expenses[2]	(2,911)	(1,179)	(793)	(2,078)	(984)	(990)	(968)	(1,142)	(11,045)
Operating profit before impairment losses and taxation	2,629	280	1,062	1,635	859	839	(107)	92	7,289
Impairment losses on loans and advances and other credit risk provisions	(469)	(394)	(183)	(698)	(89)	(175)	(21)	(112)	(2,141)
Other impairment[3]	(174)	(737)	(73)	(86)	(1)	(1)	(1)	(88)	(1,161)
Profit from associates and joint ventures	177	-	-	62	-	10	-	(1)	248
Profit/(loss) before taxation	2,163	(851)	806	913	769	673	(129)	(109)	4,235
Total assets employed[4,5]	213,196	64,896	35,941	160,286	44,225	26,456	91,999	172,274	
Of which: Loans to customers[5]	89,646	29,582	22,859	78,541	22,775	13,103	10,952	21,141	
Average interest-earning assets[5]	175,790	58,491	31,733	127,746	36,590	22,837	66,415	110,940	
Net interest margin (%)	1.7	2.0	3.8	1.8	2.8	4.7	0.6	0.8	1.9
Capital expenditure [6]	2,008	40	28	377	12	38	2	21	2,526

1. Includes $100 million benefit relating to own credit adjustment and $2 million net losses on businesses sold/held for sale
2. Includes $366 million UK bank levy in Europe and $300 million civil monetary penalty in Americas
3. Includes $32 million and $726 million related to goodwill impairment charge in Greater China and North East Asia respectively
4. Includes intra-group assets
5. Based on the location of the customers rather than booking location
6. Includes $1,966 million capital expenditure in Greater China relating to operating lease assets

3. Interest income

	2015 $million	2014 $million
Balances at central banks	**238**	246
Treasury bills	**647**	780
Loans and advances to banks	**1,020**	1,206
Loans and advances to customers	**10,266**	12,167
Listed debt securities	**712**	823
Unlisted debt securities	**1,623**	1,662
Accrued on impaired assets (discount unwind)	**107**	100
	14,613	16,984
Of which from financial instruments held at:		
Amortised cost	**11,808**	14,281
Available-for-sale	**2,425**	2,373
Held at fair value through profit or loss	**380**	330

4. Interest expense

	2015 $million	2014 $million
Deposits by banks	**396**	408
Customer accounts:		
Interest bearing current accounts and savings deposits	**971**	1,009
Time deposits	**2,501**	2,960
Debt securities in issue	**773**	866
Subordinated liabilities and other borrowed funds:		
Repayable within five years	**43**	74
Repayable after five years	**522**	664
	5,206	5,981
Of which from financial instruments held at:		
Amortised cost	**5,073**	5,541
Held at fair value through profit or loss	**133**	440

5. Net fees and commission

	2015 $million	2014 $million
Transaction Banking	**1,307**	1,484
Financial Markets	**173**	353
Corporate Finance	**310**	462
Wealth Management	**1,211**	1,151
Retail Products	**560**	668
Others	**46**	61
	3,607	4,179

Total fee income arising from financial instruments that are not fair valued through profit or loss is $1,190 million (2014: $1,596 million) and arising from trust and other fiduciary activities of $156 million (2014: $156 million).

Total fee expense arising from financial instruments that are not fair valued through profit or loss is $40 million (2014: $79 million) and arising from trust and other fiduciary activities of $25 million (2014: $21 million).

6. Net trading income

	2015 $million	2014 $million
Gains less losses on instruments held for trading:		
Foreign currency[1]	**1,608**	298
Trading securities	**(584)**	337
Interest rate derivatives	**(687)**	1,306
Credit and other derivatives	**423**	39
	760	1,980
Gains less losses from fair value hedging:		
Gains less losses from fair value hedged items	**198**	(1,301)
Gains less losses from fair value hedging instruments	**(192)**	1,272
	6	(29)
Gains less losses on instruments designated at fair value:		
Financial assets designated at fair value through profit or loss	**(118)**	(65)
Financial liabilities designated at fair value through profit or loss	**(391)**	(834)
Own credit adjustment	**495**	100
Derivatives managed with financial instruments designated at fair value through profit or loss	**160**	744
	146	(55)
	912	1,896

1 Includes foreign currency gains and losses arising on the translation of foreign currency monetary assets and liabilities

The 2015 disclosure includes $863m valuation losses relating to the change in the methodology of calculating the credit valuation adjustments and funding valuation adjustments.

Gains less losses on instruments held for trading is presented by product type. Gains or losses on certain trading securities are offset by gains or losses within interest rate derivatives and credit and other derivatives.

7. Other operating income

	2015 $million	2014 $million
Other operating income includes:		
Rental income from operating lease assets	**550**	562
Gains less losses on disposal of financial instruments:		
Available-for-sale	**332**	426
Loans and receivables	**4**	8
Net gain on sale of businesses	**222**	13
Dividend income	**111**	97
Gain on disposal of property, plant and equipment	**66**	49
Receipt of tax refund related income	**13**	26
Fair value loss on business classified as held for sale	**(4)**	(15)

8. Impairment losses on loans and advances and other credit risk provisions

The following table reconciles the charge for impairment provisions on loans and advances to the total impairment charge and other credit risk provision:

	2015 $million	2014 $million
Net charge against profit on loans and advances:		
Individual impairment charge	**4,820**	2,096
Portfolio impairment (release) / charge	**(4)**	38
	4,816	2,134
Impairment charges related to credit commitments	**94**	6
Impairment charges relating to debt securities classified as loans and receivables	**66**	1
Total impairment losses and other credit risk provisions on loans and advances	**4,976**	2,141

9. Other impairment

	2015 $million	2014 $million
Impairment of goodwill	**488**	758
Impairment of fixed assets	**149**	-
Impairment losses on available-for-sale financial assets:		
Debt securities	**5**	109
Equity shares	**142**	47
	147	156
Impairment of investment in associates	**46**	97
Impairment of acquired intangible assets	**1**	8
Impairment of commodity assets	**-**	139
Other	**42**	9
	873	1,167
Recovery of impairment on disposal of instruments[1]	**(18)**	(6)
	855	1,161

[1] Relates to private equity instruments sold during the year that had impairment provisions raised against them in prior years

10. Taxation

Determining the Group's taxation charge for the year involves a degree of estimation and judgement.

The following table provides analysis of taxation charge in the year:

	2015 $million	2014 $million
The charge for taxation based upon the (loss)/profit for the year comprises:		
Current tax:		
United Kingdom corporation tax at 20.25 per cent (2014: 21.5 per cent):		
Current tax (credit)/charge on income for the year	**(15)**	169
Adjustments in respect of years (including double taxation relief)	**57**	(130)
Double taxation relief	**(4)**	(8)
Foreign tax:		
Current tax charge on income for the year	**1,084**	1,460
Adjustments in respect of prior years	**49**	(29)
	1,171	1,462
Deferred tax:		
Origination/reversal of temporary differences	**(526)**	(15)
Adjustments in respect of prior years	**28**	83
	(498)	68
Tax on (loss)/profits on ordinary activities	**673**	1,530
Effective tax rate	**nm[1]**	36.1%

[1] Not meaningful

10. Taxation continued

The UK corporation tax rate was reduced from 21 per cent to 20 per cent with an effective date of 1 April 2015, giving a blended 20.25 per cent for the year.

Further reductions in the UK corporation tax rate to 19 per cent with an effective date of 1 April 2017 and to 18 per cent with an effective date of 1 April 2020 have been enacted at the balance sheet date. The rate reduction to 18 per cent did not have a significant impact on the Group.

Foreign taxation includes current taxation on Hong Kong profits of $131 million (31 December 2014: $207 million) on the profits assessable in Hong Kong.

Deferred taxation includes origination/reversal of temporary differences in Hong Kong profits of $(12) million (2014: $4 million) provided at a rate of 16.5 per cent (2014: 16.5 per cent) on the profits assessable to Hong Kong.

The tax charge for the year of $673 million (2014: $1,530 million) on a loss before taxation of $1,523 million (2014: profit before taxation of $4,235 million) reflected the impact of deferred tax assets not recognised and non-deductible goodwill impairment.

The taxation charge for the year is higher than the charge at the blended rate of corporation tax in the United Kingdom, 20.25 per cent. The differences are explained below:

	2015 $million	2014 $million
(Loss)/profit on ordinary activities before taxation	(1,523)	4,235
Tax at 20.25 per cent (2014: 21.5 per cent)	(308)	911
Effects of:		
Tax free income	(187)	(254)
Lower tax rates on overseas earnings	(42)	(146)
Higher tax rates on overseas earnings	230	492
Adjustments to tax charge in respect of prior years	134	(76)
Goodwill impairment	99	163
Deferred tax not recognised	314	-
Non-deductible expenses	326	525
Other items	107	(85)
Tax on (loss)/profit on ordinary activities	673	1,530

	2015			2014		
	Current Tax	Deferred Tax	Total	Current Tax	Deferred Tax	Total
Tax recognised in other comprehensive income	$million	$million	$million	$million	$million	$million
Available-for-sale assets	2	58	60	(16)	(50)	(66)
Cash flow hedges	-	(25)	(25)	-	31	31
Retirement benefit obligations	-	(10)	(10)	-	13	13
	2	23	25	(16)	(6)	(22)
Other tax recognised in equity						
Share-based payments	-	(6)	(6)	1	(2)	(1)
Total tax credit/(charge) recognised in equity	2	17	19	(15)	(8)	(23)

11. Dividends

Ordinary equity shares

	2015		2014	
	Pre-rights cents per share	**$million**	Pre-rights cents per share	$million
2014/2013 Final dividend declared and paid during the year	**57.20**	**1,412**	57.20	1,385
2015/2014 Interim dividend declared and paid during the year	**14.40**	**366**	28.80	710
		1,778		2,095

The amounts in the table above reflect the actual dividend per share declared and paid to shareholders in 2015 and 2014. Dividends on ordinary equity shares are recorded in the period in which they are declared and, in respect of the final dividend, have been approved by the shareholders. Accordingly, the final ordinary equity share dividends set out above relate to the respective prior years. The 2014 final dividend of 57.20 cents per ordinary share ($1,412 million) was paid to eligible shareholders on 14 May 2015 and the interim dividend of 14.40 cents per ordinary share ($366 million) was paid to eligible shareholders on 19 October 2015.

On 3 November 2015, the Board announced that no final dividend will be paid for 2015 financial year in light of the strategic review and the rights issue. Accordingly, the total dividend for 2015 is 14.40 cents per share on a pre-rights basis (2014: 86 cents per share)

Impact of the 2015 rights issue

On 3 November 2015, the Company announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per new ordinary share. The issue was on the basis of 2 ordinary shares for every 7 ordinary shares held on 18 November 2015. The dividend per share amounts in the table below have been adjusted for the bonus element included within the 2015 rights issue in line with the restatement of prior period earnings per share amounts required by IAS 33 *Earnings per share* (see note 12).

	2015	2014
	Post-rights cents per share	Post-rights cents per share
2014/2013 Final dividend declared and paid during the year	**54.44**	54.44
2015/2014 Interim dividend declared and paid during the year	**13.71**	27.41

Total dividend recommended and declared relating to 2015 on a post-rights basis is 13.71 cents per share (2014: 81.85 cents per share).

Preference shares

		2015	2014
		$million	$million
Non-cumulative irredeemable preference shares:	7 3/8 per cent preference shares of £1 each[1]	**11**	12
	8 1/4 per cent preference shares of £1 each[1]	**13**	13
Non-cumulative redeemable preference shares:	7.014 per cent preference shares of $5 each[2]	**53**	53
	6.409 per cent preference shares of $5 each[2]	**48**	48

1 Dividends on these preference shares are treated as interest expense and accrued accordingly

2 Dividends on these preference shares classified as equity are recorded in the period in which they are declared

Additional Tier 1 securities

	2015	2014
	$million	$million
$2 billion fixed rate resetting perpetual subordinated contingent convertible securities[3]	**65**	-

3 Dividends on these securities classified as equity are recorded in the period in which they are declared

12. Earnings per ordinary share

	2015			2014		
	(Loss)[1]	Weighted average number of shares	Per share amount	Profit[1]	Weighted average number of shares	Per share amount
	$million	('000)	cents	$million	('000)	cents
Basic (loss)/earnings per ordinary share	**(2,360)**	**2,568,098**	**(91.9)**	2,512	2,458,662	102.2
Pre-rights issue bonus earnings per ordinary share						
Impact of rights issue[2]	**-**	**-**	**-**	-	123,740	-
Post-rights issue basic (loss)/earnings per ordinary share	**(2,360)**	**2,568,098**	**(91.9)**	2,512	2,582,402	97.3
Effect of dilutive potential ordinary shares:						
Options[3]	**-**	**-**	**-**	-	15,250[2]	-
Diluted (loss)/earnings per ordinary share	**(2,360)**	**2,568,098**	**(91.9)**	2,512	2,597,652	96.7

[1] The (loss)/profit amounts represent the profit attributable to ordinary shareholders, which is (loss)/profit for the year after non-controlling interest and the declaration of dividends payable to the holders of the non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity (see note 11)

[2] On 3 November 2015, the Company announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per share. The issue was made as two shares for every seven shares held on 18 November 2015. As required by IAS 33 Earnings per share the impact of the bonus element included within the rights issue has been included in the calculations of the basic and diluted earnings per share for the year and prior year (and their normalised equivalent) has been represented accordingly as presented in note 16

[3] The impact of anti-dilutive options has been excluded from this amount as required by IAS 33 *Earnings per share*

There were no ordinary shares issued after the balance sheet date that would have significantly affected the number of ordinary shares used in the above calculation had they been issued prior to the end of the balance sheet date.

12. Earnings per ordinary share continued

The Group measures earnings per share on a normalised basis. This differs from earnings defined in IAS 33 *Earnings per share.* The table below provides a reconciliation.

	2015 $million	2014 $million
Operating income as reported	**15,289**	18,334
Items normalised:		
Fair value movements on own credit adjustment	**(495)**	(100)
Credit and funding valuation methodology adjustment	**863**	-
Gain on disposal of property	**(10)**	(49)
Net gain arising on sale of business	**(222)**	(13)
Fair value loss on business classified as held for sale	**4**	15
	140	(147)
Normalised operating income	**15,429**	18,187
Operating expenses as reported	**(11,173)**	(11,045)
Items normalised:		
Restructuring costs[1]	**695**	-
Amortisation of intangible assets arising on business combinations	**22**	40
Civil monetary penalty[2]	**-**	300
	717	340
Normalised operating expenses	**(10,456)**	(10,705)
Impairment losses on loans and advances and other impairment as reported	**(5,831)**	(3,302)
Items normalised:		
Impairment on loans and advances and other credit provisions[3]	**968**	-
Impairment of associates[1]	**46**	97
Impairment of fixed assets[1]	**10**	-
Impairment of acquired intangibles	**1**	8
Impairment of goodwill[3]	**488**	758
	1,513	863
Normalised impairment provisions	**(4,318)**	(2,439)
Taxation as reported	**(673)**	(1,530)
Tax on normalised items[3]	**(179)**	20
Normalised taxation	**(852)**	(1,510)
(Loss)/profit as reported[4]	**(2,360)**	2,512
Items normalised as above:		
Operating income	**140**	(147)
Operating expenses	**717**	340
Other impairment	**1,513**	863
Taxation	**(179)**	20
	2,191	1,076
Normalised (loss)/profit	**(169)**	3,588
Normalised basic (loss)/earnings per ordinary share (cents)	**(6.6)**	138.9[2]
Normalised diluted (loss)/earnings per ordinary share (cents)	**(6.6)**	138.1[2]

1 Includes charges relating to restructuring actions

2 In August 2014, Standard Chartered reached a settlement with the New York Department of Financial Services (NYDFS) regarding deficiencies in its anti-money laundering transaction surveillance system at the New York branch. There is no tax relief for this settlement

3 No tax is included in respect of the impairment of goodwill as no tax relief is available

4 The (loss)/profit amounts represent the profit attributable to ordinary shareholders, which is (loss)/profit for the year after non-controlling interest and the declaration of dividends payable to the holders of the non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity (see note 11)

13. Contingent liabilities and commitments

The table below shows the contract or underlying principal amounts and risk-weighted amounts of unmatured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

	2015 $million	2014 $million
Contingent liabilities		
Guarantees and irrevocable letters of credit	**29,694**	33,318
Other contingent liabilities	**9,361**	9,214
	39,055	42,532
Commitments		
Documentary credits and short-term trade-related transactions	**4,852**	7,911
Forward asset purchases and forward deposits placed	**530**	539[1]
Undrawn formal standby facilities, credit lines and other commitments to lend[1]		
One year and over	**45,327**	42,380[1]
Less than one year	**14,104**	18,490[1]
Unconditionally cancellable	**123,036**	142,601[1]
	187,849	211,921

[1] 2014 balances have been re-stated

The Group's share of contingent liabilities and commitments relating to joint ventures is $286 million (2014: $336 million).

Contingent liabilities

Where the Group undertakes to make a payment on behalf of its customers for guarantees issued such as for performance bonds or as irrevocable letters of credit as part of the Group's transaction banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs officials, for bids or offers and as shipping guarantees.

Commitments

Where the Group has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees whether cancellable or not or letters of credit, and the Group has not made payments at the balance sheet date, those instruments are included in these financial statements as commitments.

14. Legal and regulatory matters

While the Group seeks to comply with the letter and spirit of all applicable laws and regulations at all times, it has been, and may continue to be, subject to regulatory actions, reviews, requests for information (including subpoenas and requests for documents) and investigations across our markets, the outcomes of which are generally difficult to predict and can be material to the Group.

Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. Penalties imposed by authorities have included substantial monetary penalties, additional compliance and remediation requirements and additional business restrictions. In recent years, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations, and there can be no assurance that future penalties will not be of a different type or increased severity.

In 2012, the Group reached settlements with the US authorities regarding US sanctions compliance in the period 2001 to 2007, involving a Consent Order by the New York Department of Financial Services (NYDFS), a Cease and Desist Order by the Board of Governors of the Federal Reserve System (FED), Deferred Prosecution Agreements with each of the Department of Justice (DOJ) and the New York County District Attorney's Office (DANY) and a Settlement Agreement with the Office of Foreign Assets Control (together, the 'Settlements'). In addition to the civil penalties totalling $667 million, the terms of these Settlements include a number of conditions and ongoing obligations with regard to improving sanctions, Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) controls such as remediation programmes, reporting requirements, compliance reviews and programmes, banking transparency requirements, training measures, audit programmes, disclosure obligations and, in connection with the NYDFS Consent Order, the appointment of an independent monitor (the 'Monitor'). These obligations are managed under a programme of work referred to as the US Supervisory Remediation Program (SRP). The SRP comprises work streams designed to ensure compliance with the remediation requirements contained in all of the Settlements. In 2013 the Group also established a Financial Crime Risk Mitigation Programme (FCRMP), which is a comprehensive, multi-year programme designed to review and enhance many aspects of the Group's existing approach to money laundering prevention and to combating terrorism finance and the approach to sanctions compliance and the prevention of bribery and corruption. Many of the deliverables under the SRP are reliant on, or led by, individuals or functions outside the US, and in some cases represent the US implementation of Group-wide remediation or upgrade activity managed under the FCRMP. Consequently, there is a close working relationship between the SRP and FCRMP for the purpose of project coordination and delivery. As part of the FCRMP, the Group or its advisors may identify new issues, potential breaches or matters requiring further review or further process improvements that could impact the scope or duration of the FCRMP.

14. Legal and regulatory matters continued

The Group is engaged with all relevant authorities to implement these programmes and meet the obligations under the Settlements.

On 19 August 2014, the Group announced that it had reached a final settlement with the NYDFS regarding deficiencies in the AML transaction surveillance system in its New York branch (the 'Branch'). The system, which is separate from the sanctions screening process, is one part of the Group's overall financial crime controls and is designed to alert the Branch to unusual transaction patterns that require further investigation on a post-transaction basis.

The settlement provisions are summarised as follows:

(i) A civil monetary penalty of $300 million

(ii) Enhancements to the transaction surveillance system at the Branch

(iii) A two-year extension to the term of the Monitor

(iv) The following set of temporary remediation measures, which will remain in place until the transaction surveillance system's detection scenarios are operating to a standard approved by the Monitor:

- (a) The Branch will not, without prior approval of the NYDFS in consultation with the Monitor, open a dollar demand deposit account for any client that does not already have such an account with the Branch
- (b) Requirements for inclusion of identifying information for originators and beneficiaries of some affiliate and third-party payment messages cleared through the Branch
- (c) A restriction on dollar-clearing services for certain Hong Kong retail business clients
- (d) Enhanced monitoring of certain small and medium-sized enterprise clients in the UAE. The Group decided to exit this business as part of its broader efforts to sharpen its strategic focus, withdrawing from or realigning non-strategic businesses, including those where increased regulatory costs undermine their economic viability. The exit process is largely complete and, in accordance with the settlement agreement, dollar clearance restrictions were implemented effective 17 November 2014.

The remit of the SRP has been expanded to cover the management of these obligations.

On 9 December 2014, the Group announced that the DOJ, DANY and the Group had agreed to a three-year extension of the DPAs until 10 December 2017, and to the retention of a monitor to evaluate and make recommendations regarding the Group's sanctions compliance programme. The DOJ agreement acknowledges that the Group has taken a number of steps to comply with the requirements of the original DPAs and to enhance and optimise its sanctions compliance, including the implementation of more rigorous US sanctions policies and procedures, certified staff training, hiring of senior legal and financial crime compliance staff, and recently implementing additional measures to block payment instructions for countries subject to US sanctions laws and regulations. The Group will work closely with the authorities to make additional substantial improvements to its US sanctions programme to reach the standard required by the DPAs.

The Group is cooperating with an investigation by the US authorities and the New York State Attorney General relating to possible historical violations of US sanctions laws and regulations. In contrast to the 2012 settlements, which focused on the period before the Group's 2007 decision to stop doing new business with known Iranian parties, the ongoing investigation is focused on examining the extent to which conduct and control failures permitted clients with Iranian interests to conduct transactions through Standard Chartered Bank after 2007 and the extent to which any such failures were shared with relevant US authorities in 2012.

The Group recognises that its compliance with historical, current and future sanctions, as well as AML and BSA requirements, and customer due diligence practices, not just in the US but throughout its footprint, are and will remain a focus of the relevant authorities.

The FCA is investigating Standard Chartered Bank's financial crime controls, looking at the effectiveness and governance of those controls within the correspondent banking business carried out by Standard Chartered Bank's London branch, particularly in relation to the business carried on with respondent banks from outside the European Economic Area, and the effectiveness and governance of those controls in one of Standard Chartered Bank's overseas branches and the oversight exercised at Group level over those controls.

As part of their remit to oversee market conduct, regulators and other agencies in certain markets are conducting investigations or requesting reviews into a number of areas of regulatory compliance and market conduct, including sales and trading, involving a range of financial products, and submissions made to set various market interest rates and other financial benchmarks, such as foreign exchange. At relevant times, certain of the Group's branches and/or subsidiaries were (and are) participants in some of those markets, in some cases submitting data to bodies that set such rates and other financial benchmarks. The Group is contributing to industry proposals to strengthen financial benchmarks processes in certain markets and continues to review its practices and processes in the light of the investigations, reviews and the industry proposals.

The Group is cooperating with all relevant ongoing reviews, requests for information and investigations. The outcome of these reviews, requests for information and investigations is uncertain and could result in further actions, penalties or fines, but it is not possible to predict the extent of any liabilities or other consequences that may arise.

14. Legal and regulatory matters continued

In meeting regulatory expectations and demonstrating active risk management, the Group also takes steps to restrict or restructure or otherwise mitigate higher-risk business activities, which could include divesting or closing businesses that exist beyond risk tolerances.

15. Post balance sheet events

On 8 July 2015 the UK government announced changes to tax rates. These changes have been substantively enacted at the balance sheet date but take effect in future periods. The changes were as follows:

- Corporation tax surcharge
  An 8% corporation tax surcharge applies to UK profits of banks with effect from 1 January 2016. Management estimates that the impact of this change will not be material to the Group
- UK bank levy
  A phased reduction in the rate at which the UK bank levy is charged on qualifying liabilities is introduced. The current rates of 0.21 per cent for short term liabilities and 0.105 per cent for long term liabilities will be gradually reduced over the next 6 years. The rates applicable from 1 January 2021 will be 0.10 per cent for short term liabilities and 0.05 per cent for long term liabilities. In addition, the scope of the bank levy will be restricted to the balance sheet of UK operations only from 2021 onwards. The restriction of scope is currently in the process of consultation

16. Restatement of prior year

Earnings per share

On 3 November 2015, the Group announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per share. The issue was made as two shares for every seven held on 18 November 2015. As required by International Accounting Standard 33 – *Earnings per Share* (IAS 33) the Group has adjusted the 2014 basic, diluted, normalised basic and normalised diluted earnings per share for the bonus element included within the rights issue.

	As reported in 2014 cents	Restatement Adjustment factor	Restated cents
Basic earnings per ordinary share	102.2	1.051	97.3
Diluted earnings per ordinary share	101.6	1.051	96.7
Normalised basic earnings per ordinary share	145.9	1.051	138.9
Normalised diluted earnings per ordinary share	145.1	1.051	138.1

Dividend per share

The dividend per share amounts in the table below have been adjusted for the bonus element included within the 2015 rights issue in line with the restatement of prior period earnings per share amounts required by IAS 33.

	As reported in 2014 cents	Restatement Adjustment factor	Restated Cents
Dividend per share – Final dividend 2013	86.00	1.051	81.9
Dividend per share – Interim dividend 2014	28.80	1.051	27.4
Dividend per share – Final dividend 2014	86.00	1.051	81.9
Dividend per share – Interim dividend 2015	14.40	1.051	13.7

17. Dealings in Standard Chartered PLC listed securities

Except as disclosed, neither the Company nor any of its subsidiaries has bought, sold or redeemed any securities of the company listed on The Stock Exchange of Hong Kong Limited during the year.

	1995 Trust		2004 Trust		Total	
Number of shares	2015	2014	2015	2014	2015	2014
Shares purchased during the year	**6,448,053**	4,090,094	**439,906**	1,306,188	**6,887,959**	5,396,282
Market price of shares purchased ($ million)	**63**	84	**5**	26	**68**	110
Shares held at the end of the year	**4,861,846**	5,291,941	**137,850**	-	**4,999,696**	5,291,941
Maximum number of shares held during the year					**7,517,013**	7,808,099

18. Corporate governance

The directors confirm that the Group has complied with all of the provisions set out in the UK Corporate Governance Code 2014 during the year ended 31 December 2015, subject to Peter Sands not seeking re-election at the 2015 Annual General Meeting (AGM). This was a conscious decision following the announcement, made prior to the AGM, that Peter would step down from the Board on 10 June 2015, shortly after the AGM. We have complied with the code provisions of the Hong Kong Corporate Governance Code (Appendix 14 of the Hong Kong Listing Rules), save that the Board Risk Committee, instead of the Audit Committee, is responsible for the oversight of internal control (other than internal control over financial reporting) and risk management systems (Code provision C.3.3 (f), (g) and (h) of Appendix 14). The Group's governance structure of a separate Audit Committee and Board Risk Committee complies with recent amendments to the above provisions which apply to the Group's accounting period from 1 January 2016. The directors also confirm that the announcement of these results has been reviewed by the Company's Audit Committee. The Group confirms that it has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than required by Appendix 10 of the Hong Kong Listing Rules and that the directors of the Company have complied with the required standards of the adopted code of conduct.

19. Statutory accounts

The financial information included within this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015 were approved by the Board on 23 February 2016. These accounts will be published on the Company's website on 23 February 2016 and posted to shareholders on 24 March 2016 after which they will be delivered to the Registrar of Companies in England and Wales. The report of the auditors on these accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

Standard Chartered PLC – Shareholder information

Preference dividend and interest payment dates

Preference shares	1st half yearly dividend	2nd half yearly dividend
$7^{3}/_{8}$ per cent Non-cumulative irredeemable preference shares of £1 each	1 April 2016	1 October 2016
$8^{1}/_{4}$ per cent Non-cumulative irredeemable preference shares of £1 each	1 April 2016	1 October 2016
6.409 per cent Non-cumulative redeemable preference shares of $5 each	30 January 2016	30 July 2016
7.014 per cent Non-cumulative redeemable preference shares of $5 each	30 January 2016	30 July 2016

Annual general meeting

The annual general meeting (AGM) will be held at 11.00 am London time (6.00 pm Hong Kong time) on Wednesday 4 May 2016 at etc.venues, 200 Aldersgate, St Paul's, London, EC1A 4HD. Details of the business to be transacted at the AGM are included in the Notice of AGM 2016.

Details of voting at the Company's AGM and of proxy votes cast can be found on the Company's website at http://investors.sc.com on 4 May 2016.

Interim results

The interim results will be announced to the London Stock Exchange, the Stock Exchange of Hong Kong, the Bombay Stock Exchange and put on the Company's website.

Country-by-Country Reporting

In accordance with the requirements of the Capital Requirements (Country-by-Country) Regulations 2013, the Group will publish additional country-by-country information in respect of the year ended 31 December 2015, on or before 31 December 2016. This information will be available on the Group's website at www.sc.com. We have also published our approach to tax and tax policy.

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 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 visit our website at http://investors.sc.com/en/resource.cfm or contact the shareholder helpline on 0370 702 0138.

Previous dividend payments (Unadjusted for the impact of the 2010/2008 rights issue)

Dividend and financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Interim 2005	14 October 2005	18.94c/10.7437p/HK$1.46911	£11.878/$21.3578
Final 2005	12 May 2006	45.06c/24.9055p/HK$3.49343	£14.2760/$24.77885
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	£17.394/$27.190
Final 2010	11 May 2011	46.45c/28.272513p/HK$3.623404/INR1.9975170*	£15.994/$25.649
Interim 2011	7 October 2011	24.75c/15.81958125p/HK$1.928909813/INR1.13797125*	£14.127/$23.140
Final 2011	15 May 2012	51.25c/31.63032125p HK$3.9776083375/INR2.6667015*	£15.723/$24.634
Interim 2012	11 October 2012	27.23c/16.799630190p/HK$2.111362463/INR1.349803950*	£13.417/$21.041
Final 2012	14 May 2013	56.77c/36.5649893p/HK$4.4048756997/INR2.976283575*	£17.40/$26.28792
Interim 2013	17 October 2013	28.80c/17.8880256p/HK$2.233204992/INR1.6813*	£15.362/$24.07379
Final 2013	14 May 2014	57.20c/33.9211444p/HK$4.43464736/INR3.354626*	£11.949/$19.815
Interim 2014	20 October 2014	28.80c/17.891107200p/HK$2.2340016000/INR1.671842560*	£12.151/$20.207
Final 2014	14 May 2015	57.20c/37.16485p/HK$4.43329/INR3.514059*	£9.797/$14.374
Interim 2015	19 October 2015	14.40c/9.3979152p/HK$1.115985456/INR0.86139372*	£8.5226/$13.34383

*The INR dividend is per Indian Depository Receipt

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 www.ShareGift.org. There is no implication for Capital Gains Tax (no gain or loss) when you donate shares to charity, and UK taxpayers may be able to claim income tax 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 www.investorcentre.co.uk or contact our registrar for a mandate form.

Registrars and shareholder enquiries
If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 7ZY shareholder helpline number 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. You can check your shareholding at: www.computershare.com./hk/investors.

If you hold Indian Depository Receipts and you have enquiries, please contact Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

Chinese translation
If you would like a Chinese version of the 2015 Annual Report and Accounts please contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

本年報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 the Annual Report and Accounts, 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 or the US will be sent to you with your dividend documents.

Electronic communications
If you hold your shares on the UK register and in future you would like to receive the Annual Report and Accounts electronically rather than by post, please register online at: www.investorcentre.co.uk. Then click on Register and follow the instructions. You will need to have your Shareholder or ShareCare reference number when you log on. You can find this on your share certificate or ShareCare statement. Once registered you can also submit your proxy vote and dividend election electronically, and change your bank mandate or address information.

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, 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.

Except as required by any applicable 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.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer or solicitation of any securities, or any advice or recommendation with respect to any securities, in any jurisdiction.

Copies of this statement are available from:

Investor Relations, Standard Chartered PLC, 1 Basinghall Avenue, London, EC2V 5DD or on our website at http://investors.sc.com

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Further information for the Full Year Results 2015 will be available on our website:

2015 Annual Report and Accounts

An investor presentation in pdf format

A live and on demand audio webcast of the investor and analyst presentation in London with Q&A

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 ttp://www.sc.com/sustainability