OPPORTUNITIES IN THE GREATER BAY AREA

Positioned to serve clients

The Greater Bay Area (GBA) represents a significant urban cluster being developed in southern China which includes Hong Kong, Macau and the nine most developed cities in Guangdong province. GBA has a population of 68 million with GDP of $1.5 trillion which is 12 per cent of China s economy. Its development is supported by significant infrastructure projects, including a high-speed train link between Hong Kong and China and the longest sea bridge in the world linking Hong Kong, China (Zhuhai) and Macau. As a leading bank in Hong Kong, we are uniquely positioned to provide our clients access to GBA cities and are developing capabilities to serve this exciting region.

Greater China & North Asia

Profit before taxation

$2,369m ↑ 22%
underlying basis

$2,263m ↑ 14%
statutory basis

The difference of $106 million between statutory and underlying profit represents restructuring.

Risk-weighted assets

$81bn ↓ -4%

Loans and advances to customers

Greater China & North Asia
44% of Group

Income split by key markets

Hong Kong **61%**
Korea **16%**
China **13%**
Others **10%**

Region overview

Greater China & North Asia generated the largest share of the Group's income in 2018, at 41 per cent, and includes our clients in Hong Kong, Korea, China, Taiwan, Japan and Macau. Of these, Hong Kong remains the Group's largest market, underpinned by a diversified franchise and deeply rooted presence.

The region is highly interconnected, with China's economy at its core. Our global footprint and strong regional presence, distinctive proposition and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy.

We are building on the region's ongoing economic growth, the rising wealth of its population, the increasing sophistication and internationalisation of Chinese businesses and the resulting increased usage of the renminbi internationally.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients
- Capture opportunities arising from China's opening, including the Greater Bay Area, renminbi, Belt & Road Initiative, onshore capital markets and mainland wealth, as well as from development in our digital capabilities
- Strengthen market position in Hong Kong, and improve performance in China and Korea

Progress

- We have been active in the opening of China's capital markets, helping overseas investors do business through channels such as Bond Connect, Stock Connect and the Qualified Domestic Institutional Investor initiative
- Good progress in Retail Banking in Hong Kong. We attracted more than 51,000 new Priority clients during the year and increased our active qualified Priority clients by 11 per cent
- In August, we applied for a virtual bank licence in Hong Kong and have been working to develop a strong platform and client proposition
- We have delivered a small profit in Retail Banking Korea and refreshed the strategic agenda in Retail Banking China where performance remained broadly flat

Performance highlights

- Underlying profit before taxation of $2,369 million was 22 per cent higher year-on-year with income growth and lower credit impairment partially offset by increased expenses as we continued to invest
- Underlying income of $6,157 million was 10 per cent higher year-on-year, with broad-based growth across all markets and client segments particularly in Hong Kong and China. Retail Banking income grew 8 per cent and Private Banking was up 13 per cent year-on-year, driven by Wealth Management and Deposits with improving margins and strong balance sheet growth. Corporate & Institutional Banking and Commercial Banking income grew 12 per cent and 11 per cent year-on-year respectively driven by strong Cash Management and Corporate Finance
- Balance sheet momentum was sustained with loans and advances to customers up 3 per cent and customer accounts up 6 per cent year-on-year

COLLABORATION WITH NTUC INCOME

Innovating e-claims process

Standard Chartered closely collaborated with NTUC Income Insurance Co operative Limited, one of Singapore s largest insurance providers, to develop a real time Application Programme Interface (API) payments solution to support the e claims process of the company's new innovative product Droplet via PayNow. This is Singapore s first insurance product that protects consumers against unpredictable surge pricing on ride hailing platforms when it rains. With this capability, NTUC Income was able to successfully reduce the turnaround time of claims processing and reimbursements for policyholders of Droplet and provide customers with a seamless digital journey from purchase to claim.

ASEAN & South Asia

Profit before taxation

$970m ↑ 97%

underlying basis

$1,075m ↑ 207%

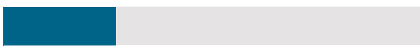
statutory basis

The difference of $105 million between statutory and underlying profit represents restructuring.

Risk-weighted assets

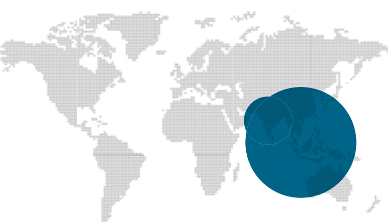
$88bn ↓ -9%

Loans and advances to customers



ASEAN & South Asia
27% of Group

Income split by key markets



Region overview

The Group has a long-standing and deep franchise across the ASEAN & South Asia region. We are the only international bank with a presence in all 10 ASEAN countries and have meaningful operations across many key South Asian markets – which is a key component of our international offering to corporate and institutional clients. The two markets in the region contributing the highest income are Singapore and India, where we have deep-rooted presence for more than 160 years.

The region generates over a quarter of the Group's income. Within the region, Singapore is home to the majority of our global business and functional leadership, as well as SC Ventures, our innovation hub.

The strong underlying economic growth in the ASEAN & South Asia region supports our opportunity to grow and sustainably improve returns. The region is benefiting from rising trade flows, including activity generated from the Belt & Road Initiative, continued strong investment and a rising middle class which is driving consumption growth and digital connectivity.

Strategic priorities

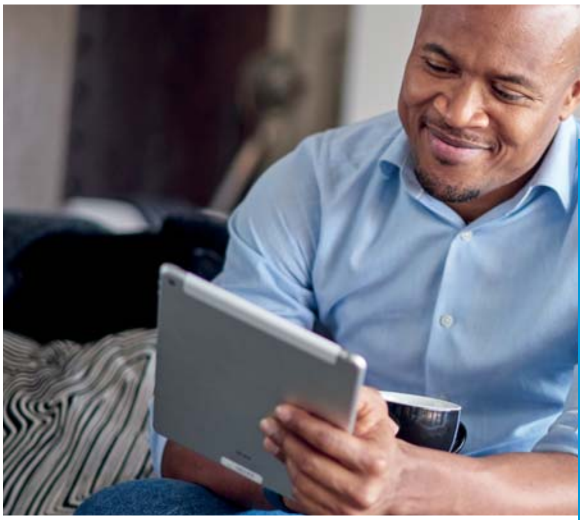
- Deliver comprehensive client propositions in larger markets and a targeted offering in smaller, high-growth markets; invest in technology and digital capabilities to build scale and offer best-in-class client experience
- Support clients' cross-border activities and expansions building on the ASEAN corridor (intra-ASEAN, ASEAN-China, ASEAN-India) and leverage the strength of our international network in Asia, Africa and the Middle East
- Deploy cost and capital to higher returning businesses and reshape sub-scale and unprofitable ones

Progress

- Eight out of 12 markets grew in both income and operating profit, reflecting the actions taken to deliver broad-based growth
- Delivered strong growth in targeted client segments – we added 10,000 Priority Banking clients, 2,000 Commercial Banking clients; Global Subsidiary and Priority Banking income grew strongly
- Shift to capital-lite business making progress – Retail Banking and Transaction Banking current accounts and savings accounts (CASA) income grew double-digit and risk-weighted assets reduced by 9 per cent. As a result, over 50 per cent of our income was from capital-lite products
- Launched market-leading digital capabilities to drive a better client experience, including real-time on-boarding in India and Retail Banking digital journeys in Singapore, India and Malaysia

Performance highlights

- Underlying profit before taxation almost doubled year-on-year to $970 million, underpinned by 4 per cent income growth, costs up 2 per cent and 51 per cent lower credit impairments from improved credit quality and recoveries
- Underlying income of $3,971 million is 4 per cent higher year-on-year, with income growth in Retail Banking, Corporate & Institutional Banking and Commercial Banking offsetting an income decline in Private Banking which was impacted by slower market activity
- Risk-weighted assets declined by 9 per cent year-on-year as we improved the asset quality mix; customer deposits were up 2 per cent, customer loans and advances declined 1 per cent year-on-year mainly in mortgages



DIGITAL TRANSFORMATION

Launched digital banking

We are well on course with our digital transformation agenda in Retail Banking. At the end of Q1 2018, we launched our first digital bank in Côte d Ivoire which was set up as our live laboratory for digital innovation. Since then, clients have opened more than 10,000 accounts with 65 per cent of these clients demographically below the age of 35. This initiative will be rolled out to other markets in 2019.

Africa & Middle East

Profit before taxation

$532m -17%

underlying basis

$432m -29%

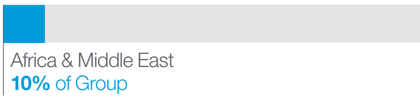
statutory basis

The difference of $100 million between statutory and underlying profit represents restructuring.

Risk-weighted assets

$53bn -6%

Loans and advances to customers



Income split by key markets

Region overview

We have a deep-rooted heritage of over 160 years in Africa & Middle East and are present in 25 markets, of which the UAE, Nigeria, Pakistan and Kenya are the largest by income. We are present in more sub-Saharan African markets than any other international banking group.

A rich history, deep client relationships and a unique footprint in the region and across key origination centres in Asia, Europe and the Americas enable us to seamlessly support our clients. Africa & Middle East is an important part of global trade and investment corridors, including those on China's Belt & Road Initiative and we are well placed to facilitate these flows.

Macroeconomic and geopolitical headwinds in 2018 impacted income momentum across both the Middle East and Africa; however, we remain confident that the opportunities in the region will support long-term sustainable growth for the Group. We continue to invest selectively and drive efficiencies.

Strategic priorities

- Continue to provide best-in-class structuring and financing solutions and drive origination through client initiatives
- Invest in market-leading digitisation initiatives in Retail Banking to protect and grow market share in core markets; continue with our retail transformation agenda to recalibrate our network and streamline structures
- De-risk and improve the quality of income with continuous focus on return enhancements

Progress

- After a successful launch of a digital-only bank in Côte d'Ivoire in the first half of 2018, we are extending this to other markets in Africa
- Despite geopolitical and macroeconomic headwinds, enhanced risk profile and tighter underwriting standards led to lower credit impairments year-on-year
- Cost efficiencies have allowed investments to continue through the cycle

Performance highlights

- Underlying profit before taxation of $532 million was down 17 per cent year-on-year driven by lower income partially offset by credit impairment with expenses largely flat. Good performance in East Africa and Saudi Arabia with underperformance in West Africa, Southern Africa and the UAE
- Underlying income of $2,604 million was down 6 per cent year-on-year due to macro and geopolitical headwinds and material currency devaluation in some of our markets. Middle East, North Africa and Pakistan were 6 per cent lower and Africa was down 5 per cent. Transaction Banking and Wealth Management income was largely flat, Financial Markets income declined due to lower volatility while Corporate Finance and Retail products reported an income decline year-on-year with lower margins more than offsetting volume growth
- Credit impairment was down $38 million year-on-year driven by improved risk profile through tighter underwriting standards
- Loans and advances to customers were up 1 per cent year-on-year and customer accounts declined 6 per cent

LEVERAGING OUR NETWORK

Promoting trade

Standard Chartered successfully closed an up to $1.5 billion Syndicated Subscription Financing facility for a major Financial Institution client s investment fund. The fund will target $5 billion in commitments with a broad mandate to invest in American companies that have or can develop a material business connection to China. Standard Chartered was selected as co lead arranger for our expertise in China markets coupled with our knowledge of and our strong relationships with large Chinese institutional investors, a long track record with our FI client, and our product expertise and leading role in the US Subscription Finance market.

Europe & Americas

Profit before taxation

$154m ↑ 117%

underlying basis

$99m ↑ 115%

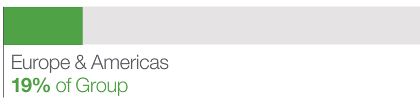
statutory basis

The difference of $55 million between statutory and underlying profit primarily represents regulatory provisions.

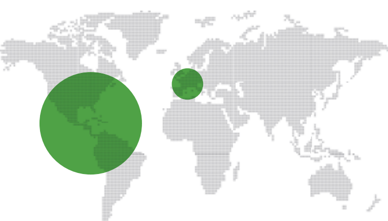
Risk-weighted assets

$41bn ↓ -9%

Loans and advances to customers



Income split by key markets



Region overview

The Group supports clients in Europe & Americas through hubs in London and New York as well as a presence in several European and Latin American markets. We offer our corporate and institutional clients rich network and product capabilities through our knowledge of working in and between Asia, Africa and the Middle East. We also have a Private Banking business, focused on serving clients with linkages to our Asia, Africa and Middle East footprint markets.

The region is a major income origination engine for the Group's Corporate & Institutional Banking business. Clients based in Europe & Americas generate over one-third of Corporate & Institutional Banking income, with two-thirds of that income booked in the Group's other regions where the service is provided.

The region is home to the Group's two biggest payment clearing centres and the largest trading room. Over 80 per cent of the region's income derives from Financial Markets and Transaction Banking products. Given this mix, the business we do across the Group with clients based in Europe & Americas generates above-average returns.

Strategic priorities

- Continue to attract new international corporate and financial institutional clients and deepen relationships with existing and new clients by banking them across more markets in our network
- Scale up our continental European business
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Grow our Private Banking franchise and assets under management in London and Jersey
- Leverage our network capabilities as new e-commerce based industries grow internationally

Progress

- Good progress in improving the share of business from targeted multinational corporate clients, with income up 48 per cent and 9 per cent from 'New 90' OECD and 'Next 100' client initiatives respectively
- Continued to diversify and selectively expand our client base in the region
- Delivered high returns through improved quality of income combined with risk-weighted assets optimisation
- Continued to improve the quality of our funding base by increasing the proportion of operating account liabilities relative to our balance sheet size
- Set up a new subsidiary in Frankfurt to continue to serve our European client base whether or not the UK leaves the EU

Performance highlights

- Underlying profit before taxation of $154 million more than doubled year-on-year from continued growth in income and lower credit impairments driven by an improvement in underlying credit quality. Expenses grew 3 per cent as investments in platforms and people were offset by lower regulatory expense
- Underlying income of $1,670 million was up 4 per cent year-on-year driven by strong momentum in Transaction Banking and Private Banking
- Income growth was broad-based with a number of markets growing at a double-digit rate and income generated by our clients, but booked elsewhere in the network, increased 8 per cent in 2018
- Loans and advances to customers were up 22 per cent year-on-year and customer accounts grew 16 per cent