

Corporate & Institutional Banking

Profit before taxation

\$2,072m ↑ 64%

underlying basis

\$1,675m ↑ 70%

statutory basis

The difference of \$397 million between statutory and underlying profit primarily represents restructuring¹ items mainly related to the Principal Finance business.

Risk-weighted assets

\$129bn ↓ -12%

Return on equity (RoE)

6.8% ↑ 285bps

underlying basis

Return on tangible equity (RoTE)

7.4% ↑ 299bps

underlying basis

KPIs



Proportion of low returning client risk-weighted assets

Aim: Reduce perennial³ sub-optimal risk-weighted assets and bring down the proportion of low returning client risk-weighted assets.

Analysis: Our perennial sub-optimal RWA has reduced 45 per cent year-on-year. The proportion of low-returning client risk-weighted assets⁴ has increased from 15.3 per cent in 2017 to 15.5 per cent driven primarily by a larger reduction in overall RWA when compared to the reduction in sub-optimal RWA.

15.5% ↑ of RWAs



Collaboration with other client segments

Aim: Increased collaboration with other client segments to generate cross-segment business opportunities.

Analysis: Added 157,000 new Employee Banking account sign-ups from Corporate & Institutional Banking Clients.

157,000 ↑ new sign-ups



Segment overview

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across more than 60 markets, providing solutions to over 5,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Our clients include large corporations, governments, banks and investors operating or investing in Asia, Africa and the Middle East. Our strong and deep local presence across these markets enables us to connect our clients multi laterally to investors, suppliers, buyers and sellers and enable them to move capital, manage risk, invest to create wealth, and provide them with bespoke financing solutions.

We collaborate increasingly with other segments, introducing Commercial Banking services to our clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering our clients' employees banking services through Retail Banking.

Finally, we are committed to sustainable finance, delivering on our ambitions to increase support and funding for financial products and services that have a positive impact on our communities and environment.

Strategic priorities

- Deliver sustainable growth for clients by understanding their agendas, providing trusted advice and data-driven analytical insights, and strengthening our leadership in flow business
- Generate high-quality returns by driving balance sheet velocity, improving funding quality and maintaining risk controls
- Partner with clients and strategically selected third parties to expand capabilities and to address emerging client needs while driving innovation and efficiency
- Improved balance sheet quality, with investment-grade clients now representing 63 per cent of customer loans and advances (2017: 57 per cent) and high-quality operating account balances improving to 49 per cent of Transaction Banking customer balances (2017: 48 per cent)
- Co-founded the Trade Information Network which aims to be the first inclusive global multi-bank, multi-corporate network in trade finance. The network will provide clients and participants with a standardised platform driving improved financing optionality, pricing transparency and efficiency

Progress

- Completed on-boarding of over 100 new OECD clients, and continued to deepen relationships with existing clients
- More closely aligned the Corporate & Institutional Banking and Commercial Banking segments, generating synergies across deal origination and capital allocation
- Our momentum in developing and connecting our clients' ecosystems continues with over 81 buyers² (2017: 43) and 2,625 suppliers² (2017: 2,099) on-boarded

Performance highlights

- Underlying profit before taxation of \$2,072 million was up 64 per cent year-on-year primarily driven by higher income and lower credit impairment
- Underlying income of \$6,860 million was up 6 per cent year-on-year primarily driven by Cash Management and Financial Markets income which partially offset margin compression in Corporate Finance and Trade Finance. Good balance sheet momentum with loans and advances to customers up 11 per cent year-on-year
- RoE improved from 3.9 to 6.8 per cent and RoTE improved from 4.4 to 7.4 per cent

CO-PARTNERING WITH ANT FINANCIAL

Providing cross-border remittance solution

During the year, we were appointed by Ant Financial to be their core partner bank for a newly developed blockchain cross-border remittance solution to make remittances easier, cheaper and more secure. The bank played an integral role in the development of the solution. As core partner bank, we will act as the settlement bank providing instant foreign exchange rates and liquidity to enable real time fund transfers.



Note 1: Restructuring items includes Principal Finance (\$375 million), Shipping Operating Leases (\$34 million) and other items

Note 2: Buyers: CIB clients/Suppliers: CIB clients' network of buyers/suppliers, end-customers and service providers

Note 3: Perennial sub-optimal clients are clients who have returned below 3% RoRWA for the last three years

Note 4: In 2018, the methodology for calculating the proportion of low returning client RWA was revised to include securitisation program benefits and alignment of reported RWA to that managed by the segment. As a result, prior year comparatives has been re-presented (originally stated at 16.8% and 15.6% for 2017 and 2016 respectively)

Retail Banking

Profit before taxation

\$1,033m ↑ 18%

underlying basis

\$965m ↑ 13%

statutory basis

The difference of \$68 million between statutory and underlying profit represents restructuring.

Risk-weighted assets

\$43bn ↓ -3%

Return on equity (RoE)

10.8% ↑ 163bps

underlying basis

Return on tangible equity (RoTE)

11.8% ↑ 149bps

underlying basis

KPIs



Digital adoption

Aim: Align the Group's services to how clients want to interact and increase efficiency by reducing the amount of manual processing.

Analysis: Online applications have continued to grow year-on-year with the proportion of Retail Banking clients that are digital-active up from 44.7 per cent in 2017 to 49.4 per cent at the end of 2018.

49.4% ↑ number of clients



Priority client focus

Aim: Increase the proportion of income from Priority clients, reflecting the strategic shift in client mix towards affluent and emerging affluent clients.

Analysis: The share of Retail Banking income from Priority clients increased from 44.8 per cent in 2017 to 47 per cent in 2018, supported by more than 100,000 new-to-bank Priority clients in the year.

47.0% ↑ share of income



Segment overview

Retail Banking serves over nine million individuals and small businesses, with a focus on affluent and emerging affluent in many of the world's fastest-growing cities. We provide digital banking services with a human touch to our clients with services spanning across deposits, payments, financing products and wealth management, as well as supporting their business banking needs.

Retail Banking generates approximately one-third of the Group's operating income and one-quarter of its operating profit. We are closely integrated with the Group's other client segments; for example, offering employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a high-quality liquidity source for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to improve productivity and client experience through driving digitisation, cost efficiencies and simplifying processes.

Strategic priorities

- Continue to focus on affluent and emerging affluent clients and their wealth needs and capture the significant rise of the middle class in our markets
- Continue to build on our client ecosystem and alliances initiatives
- Improve our clients' experience through an enhanced end-to-end digital offering, with intuitive platforms, best-in-class products and service responding to the change in digital habits of clients in our markets

- Launched Premium Banking in eight markets
- A further improvement in digital adoption, with 49 per cent of clients now actively using online or mobile banking compared to 45 per cent in 2017

Performance highlights

- Underlying profit before taxation of \$1,033 million was up 18 per cent year-on-year as income growth and lower credit impairment more than offset increased expenses
- Underlying income of \$5,041 million was up 4 per cent year-on-year with growth of 8 per cent in Greater China & North Asia, and 4 per cent in ASEAN & South Asia, partially offsetting a 6 per cent decline in Africa & Middle East
- Strong income momentum from Deposits with improved margins and balance growth together with growth in Wealth Management, particularly in the first half of the year. Together, Deposits and Wealth Management income, representing 61 per cent of Retail Banking income, grew 15 per cent year on year
- RoE improved from 9.2 to 10.8 per cent and RoTE improved from 10.3 to 11.8 per cent

Progress

- Increased the share of income from Priority clients from 45 per cent in 2017 to 47 per cent as a result of strong Wealth Management and Deposit income growth and increasing client numbers
- Launched the first digital-only bank in Côte d'Ivoire with a plan to roll out across other markets in the Africa & Middle East region and develop stand-alone digital banking propositions in key markets in Asia
- Launched real time on-boarding in India, enabling straight-through current and savings account opening and more efficient Credit Cards and Personal Loan applications with significantly improved customer experience

UNDERSTANDING CLIENTS' BANKING NEEDS

Building relationships through technology

We are thoughtfully and consistently investing in digital capabilities to enhance our products and services, drive end to end process improvements and increase the ability of our clients to self-serve their needs. This investment has resulted in our new voice recognition platforms and cross-border payment options on mobile and tablet devices for clients who need to bank anytime, anywhere. Every innovation is based on insights: we spend time getting to know our clients and understanding their banking needs and financial goals.



Commercial Banking

Profit before taxation

\$224m ↓ -21%

underlying basis

\$212m ↓ -21%

statutory basis

The difference of \$12 million between statutory and underlying profit represents restructuring.

Risk-weighted assets

\$30bn ↓ -8%

Return on equity (RoE)

3.1% ↓ -79bps

underlying basis

Return on tangible equity (RoTE)

3.4% ↓ -98bps

underlying basis

KPIs

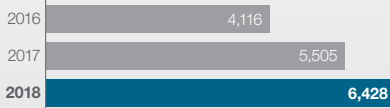


New-to-bank clients

Aim: Build scale by on-boarding new clients and bank our clients' networks of suppliers and buyers.

Analysis: We have on-boarded over 6,400 new clients in 2018, a 17 per cent increase year-on-year. New-to-Bank clients onboarded in 2018 generated \$64m of income, primarily cash and FX, and \$2bn additional cash liabilities.

6,428 ↑ of clients



Reshaping income mix

Aim: Reshape the income mix towards capital-lite² products.

Analysis: Share of cash and FX income increased from 37 per cent of total income in 2016 to 44 per cent in 2018. We have set up dedicated liabilities teams in key markets and continue to focus on cash rich sectors, cash-only non-borrowing clients and FX cross-sell opportunities.

43.7% ↑ of income



Note 1: Includes contingent liabilities

Note 2: Comprises of income from products with low RWA consumption or products which are non-funding in nature

Segment overview

Commercial Banking serves over 45,000 local corporations and medium-sized enterprises in 26 markets across Asia, Africa and the Middle East. We aim to be our clients' main international bank, providing a full range of international financial solutions in areas such as Trade Finance, Cash Management, Financial Markets and Corporate Finance.

Through our close linkages with Retail Banking and Private Banking, our clients can access additional services they value including employee banking services and personal wealth solutions. We also collaborate with Corporate & Institutional Banking to service their clients' end-to-end supply chains.

Our clients represent a large and important portion of the economies we serve and are potential future multinational corporates. Commercial Banking is at the heart of the Group's purpose to drive commerce and prosperity through our unique diversity.

Strategic priorities

- Drive quality sustainable growth by deepening relationships with existing clients and on-boarding new clients, focusing on rapidly growing and internationalising companies
- Improve balance sheet and income mix, accelerating cash and FX growth
- Continue to enhance capital allocation discipline and credit risk management
- Improve client experience, leveraging technology and investing in frontline training, tools and analytics

- Increased Straight2Bank utilisation by Commercial Banking active clients from 52 per cent in 2017 to 58 per cent in 2018
- Rolled out new digital platform to empower frontline staff with client analytics and data-driven insights into our clients' needs

Performance highlights

- Underlying profit before taxation of \$224 million was down 21 per cent year-on-year due to higher credit impairments in Africa & Middle East
- Underlying income of \$1,391 million was up 4 per cent year-on-year mainly driven by growth from Cash. Income was up 11 per cent in Greater China & North Asia and up 4 per cent in ASEAN & South Asia, partially offsetting a 6 per cent decline in Africa & Middle East
- RoE declined from 3.9 to 3.1 per cent and RoTE declined from 4.4 to 3.4 per cent

Progress

- On-boarded over 6,400 new clients in 2018, of which 19 per cent came from our clients' international and domestic networks of buyers and suppliers
- Increased share of income from cash and FX products to 44 per cent (up from 39 per cent in 2017)
- Strengthened foundations in credit risk management and improved asset quality, with RWA¹ efficiency improving from 78 per cent in 2017 to 74 per cent in 2018. However, gross credit impairments remain elevated, partially offset by recoveries

IMPROVING CLIENT EXPERIENCE

Reducing client on-boarding turnaround time

We have seen significant improvements in our clients' satisfaction, as measured by our intelligence surveys. Our clients tell us these improvements were driven by faster and simpler documentation and account opening, more localised and faster decision making and digitisation of our platforms. We remain focused on improving client experience, simplifying, automating and digitising our processes. We have reduced client on-boarding turnaround time by 67 percent and significantly improved credit turnaround time by 20 per cent from 2016 to 2018 respectively.



Private Banking

Profit before taxation

\$(14)m nm
underlying basis

\$(38)m nm
statutory basis

The difference of \$24 million between statutory and underlying loss represents restructuring.

Risk-weighted assets

\$6bn ↓ -1%

Return on equity (RoE)

(1.0)% ↓ -90bps
underlying basis

Return on tangible equity (RoTE)

(1.0)% ↓ -97bps
underlying basis

KPIs

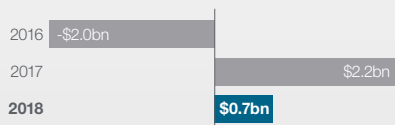


Net new money

Aim: Grow and deepen client relationships, improve investment penetration and attract new clients.

Analysis: We added \$0.7bn of net new money in 2018, delivering positive inflows for the second consecutive year.

\$0.7bn ↑ of net new money

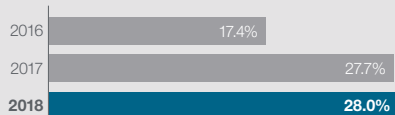


Net client score for ease of doing business

Aim: Holistically improve the Private Banking client experience through all touch points with the Group.

Analysis: Launched in 2016, the annual Private Banking client satisfaction survey reviews multiple dimensions of client sentiment and measures our progress in putting client needs at the heart of everything we do. In 2018, 28 per cent of clients rated us very easy to do business which was consistent with 2017.

28.0% ↑ more clients



Segment overview

Private Banking offers a full suite of investment, credit and wealth planning solutions to grow and protect the wealth of high-net-worth individuals across our footprint.

Our investment advisory capabilities and product platform are independent from research houses and product providers, allowing us to put client interests at the centre of our business. This is coupled with an extensive network across Asia, Africa and the Middle East which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of our universal banking proposition, clients can also leverage our global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs. Private Banking services can be accessed from six leading financial centres: Hong Kong, Singapore, London, Jersey, Dubai and Mumbai.

Strategic priorities

- Leverage the significant wealth creation and wealth transfers taking place in our markets to achieve greater scale in the business
- Make it easier for clients to access products and services across the Group
- Improve clients' experience and grow the share of our clients' assets under management by enhancing our advisory proposition and reducing the turnaround time of the investment process
- Implement a rigorous controls enhancement plan to balance growth and controls

Progress

- Targeted marketing of our investment philosophy and advisory capabilities which are both focused on mitigating biases in clients' investment decisions, in order to continue our shift towards clients with more than \$5 million in assets under management
- Leveraged our new open architecture platforms for Equity Structured Products, Fixed Income and FX/FX Derivatives to significantly enhance trading activity and simplified critical processes to reduce client transaction time
- Continued investments in building a senior team of frontline relationship managers across our markets

- Strengthened our client position through the referrals programme to and from Commercial and Corporate & Institutional Banking

Performance highlights

- Private Banking generated an underlying income of \$516 million which was up 3 per cent year-on-year, making a second consecutive year of top line growth in our third year of transformation. The income growth was mainly driven by improved product margins across Retail Deposits and Wealth Lending and higher Managed Investment income. Wealth Management and Retail Products income were up 2 per cent and 5 per cent respectively
- There was an underlying loss before taxation of \$14 million however, compared with a loss of \$1 million in the prior period, due to non-recurrence of cost provision release in the prior year (\$10 million) and an increase in largely one-off costs including a regulatory fine (\$5 million)
- Assets under management decreased \$5 billion or 8 per cent from 31 December 2017, mainly impacted by negative market movements, offsetting net new money growth of \$0.7 billion during the year
- RoE and RoTE declined from (0.1) to (1.0) per cent

DELIVERING DIFFERENTIATED ADVANTAGE

Offering leading edge platforms to our clients

At Standard Chartered we consistently strive to enhance client experience. In 2018, we launched FXDConnect – FX Derivatives Pricing and Execution System for private bank, which completes our Connect Suite covering all major asset classes. This further streamlines processes, provides market pricing across a range of counterparties and increases speed of delivery to clients. Our Connect Suite is market leading in terms of open architecture price discovery and order management capabilities, allowing our clients to capture more trading opportunities.





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



Income split by key markets



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%

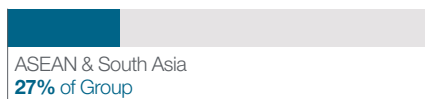
statutory basis

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

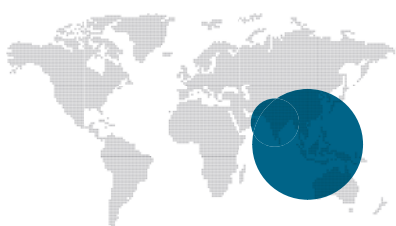
Risk-weighted assets

\$88bn ↓ -9%

Loans and advances to customers



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

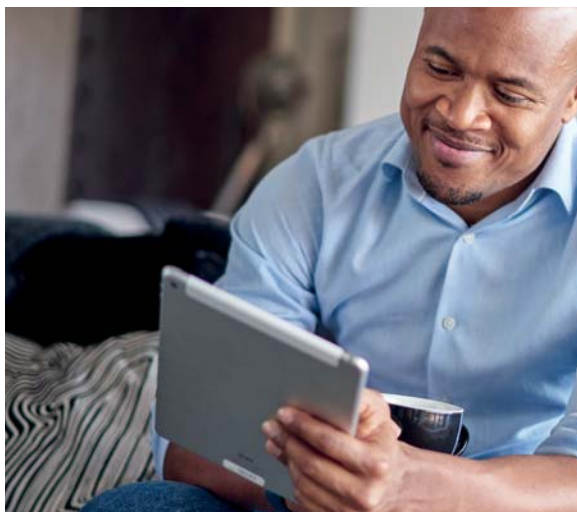
- Deliver comprehensive client propositions in larger markets and a targeted offering in smaller, high-growth markets; invest in technology and digital capabilities to build scale and offer best-in-class client experience
- Support clients' cross-border activities and expansions building on the ASEAN 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
- 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

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

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%

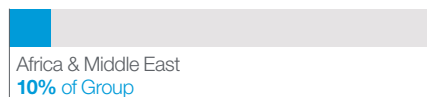
statutory basis

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

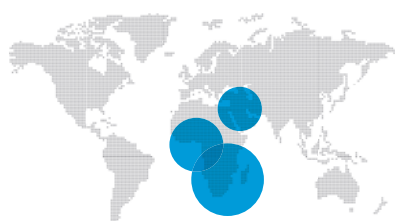
Risk-weighted assets

\$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%

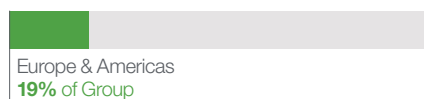
statutory basis

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

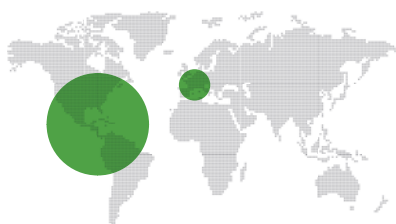
Risk-weighted assets

\$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