

Standard Chartered Plc (HK)

FY14 Results: Winter Comes Early

Following StanChart's FY14 results & new restructuring plan, we cut our EPS estimates by 25% in 2015E and 16% 2016E, which helps build CET1 to 12% beyond 2016 (from 10.7% today), and avoids any share issuance. **The Group is making a trade-off between revenues & capital.** We assume the plan for gross RWA reductions of \$25bn-30bn focuses on low revenue/RWA business (2.8% vs. 5.5% avg), leading to a net revenue impact of \$850mm, or -5% vs. FY14. That said, STAN will also reinvest in higher return areas, leading to net RWA reductions of \$15bn overall. We further assume cost saves of \$1.8bn merely offset expense inflation & rising reg costs; this leads to +2% expense growth in FY15, and flat thereafter. Finally, we take up loan impairments to 1.13% for FY15 (from 0.91%) but leave FY16E at 0.83% (see below). With shares trading at 1x tangible book & 10.2x 2016E, we stay Neutral for now – but believe mgmt has helped put a floor under the stock near-term.

- *Last night we did an initial report with a broad discussion on results, restructuring, and takeaways, which can be found here ([the note](#)).*
- **Asset Quality:** the key miss in 2H14 results was asset quality, with loan impairments of \$1.3bn, up 53% H/H, to the highest level since the GFC (1.03%). ASEAN was the worst area, with loans -11% H/H and credit costs surging from \$215mm (0.52%) to \$483mm (1.41%), or 40% of Group impairments. Greater China saw credit costs up +21% H/H to \$257mm (0.68%). The one area of good news was Korea, where PRDS claims are now half the level of 6 months ago, and provisions in Northeast Asia (\$185mm) are -11% for the previous two halves (from 1.56% to 1.34%).
- **Shrinkage:** Apart from ASEAN, China loans shrank -6% H/H on commodity/trade; MENAP -4%, Europe -2%; India loans fell -11% Y/Y as the offshore book collapsed -22%. By area of risk-reduction, Cards & Personal loans are -12% Y/Y (to \$21bn), after falling 14% last year; Commodity loans are -10% H/H, with most reduction in Producers (-14%).
Estimates: We cut our revenue estimates by -4% and -7%, respectively, in 2015E and 2016E, to \$17.8bn & \$17.9bn, and our cost estimates by -1% and -3%. This leads to a sharp fall in PPOP by -8% and -12%, with the bottom-line further hit by higher provisions. Note that NPL coverage is still just 52% today vs. 80% pre-GFC/IFRS.

Standard Chartered Plc (HK) (Reuters: 2888.HK, Bloomberg: 2888 HK)

\$ in mn, year-end Dec	FY11A	FY12A	FY13A	FY14A	FY15E	FY16E
Operating Profit (\$ mn)	7,813	8,728	8,478	7,670	7,274	7,394
Net Profit (\$ mn)	4,748	4,786	3,989	2,693	2,613	3,719
Cash EPS (\$)	1.98	1.98	1.63	1.09	1.04	1.47
DPS (\$)	0.76	0.84	0.86	0.86	0.86	0.86
EPS growth (%)	2.7%	(0.3%)	(17.5%)	(33.2%)	(4.1%)	40.6%
ROE	12.2%	11.4%	8.9%	6.4%	6.0%	8.2%
P/E (x)	7.6	7.6	9.2	13.8	14.4	10.2
BVPS (\$)	17.08	18.80	19.05	18.78	18.79	19.24
P/BV (x)	0.9	0.8	0.8	0.8	0.8	0.8
Dividend Yield	5.1%	5.6%	5.7%	5.7%	5.7%	5.7%
Fully Diluted EPS (\$)	2.01	2.03	1.67	1.21	1.12	1.55

Source: Company data, Bloomberg, J.P. Morgan estimates.

Neutral

2888.HK, 2888 HK

Price: HK\$116.40

Price Target: HK\$115.00

Hong Kong

Asia Financials

Josh Klaczek ^{AC}

(852) 2800-8534

josh.klaczek@jpmorgan.com

Bloomberg JPMA KLACZEK <GO>

J.P. Morgan Securities (Asia Pacific) Limited

Joy Wu

(852) 2800-8557

joy.wu@jpmorgan.com

J.P. Morgan Securities (Asia Pacific) Limited

Raul Sinha

(44-20) 7742-2190

raul.sinha@jpmorgan.com

J.P. Morgan Securities plc

Price Performance

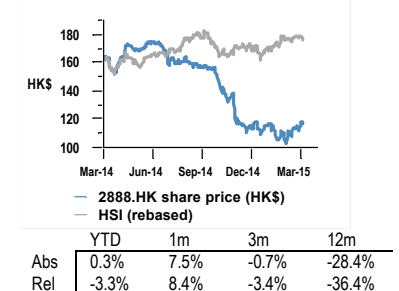


Table 2: STAN: RoNAV and EPS sensitivity to total impairments

	JPMe '17E	Sensitivity
Total impairments	0.75%	-10bps
Adj RoNAV	9.7%	0.5%
Adj EPS	\$1.63	\$0.08

Source: J.P. Morgan estimates, Company data.

Company Data

52-week Range (HK\$)	175.70-102.60
Market Cap (\$ mn)	35,781
Market Cap (\$ mn)	35,781
Shares O/S (mn)	2,384
Fiscal Year End	Dec
Price (HK\$)	116.40
Date Of Price	04 Mar 15
3M - Avg daily val (HK\$ mn)	189.58
3M - Avg daily val (\$ mn)	24.4
3M - Avg daily vol (mn)	1.71
HSI	24,465.38
Exchange Rate	7.76
Price Target (HK\$)	115.00
Price Target End Date	31-Dec-15

See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

<p>Key catalyst for the stock price:</p> <ul style="list-style-type: none"> • Strategic Re-organization to focus on efficiencies • Several parts of the business are under pressure or ex-growth (Korea, India, Taiwan) • Cheap Valuation 	<p>Upside risks to our view:</p> <ul style="list-style-type: none"> • Higher-than-expected loan & fee growth • Less NIM compression • Better macro economic environment 	<p>Downside risks to our view:</p> <ul style="list-style-type: none"> • Rising credit costs across the franchise • Weaker markets revenue • Regulatory impact on capita
---	---	---

Key financial metrics	FY13	FY14	FY15E	FY16E
NII (LC)	11,156	11,003	10,701	10,694
Total revenue (LC)	18,671	18,234	17,759	17,857
Revenue growth (%)	-1%	-2%	-3%	1%
Costs (LC)	-10,193	-10,564	-10,485	-10,463
PPOP (LC)	8,478	7,670	7,274	7,394
LLP (LC)	-1,617	-2,141	-3,158	-2,262
Net income (LC)	3,989	2,512	2,113	3,219
NIMs (%)	1.70%	1.57%	1.43%	1.39%
Non-ll/Revenue (%)	40%	40%	40%	40%
CIR (%)	55%	58%	59%	59%
Costs/Assets (%)	1.56%	1.51%	1.40%	1.36%
PPOP/Assets (%)	1.29%	2.11%	1.89%	1.02%
LLP/Loans (%)	0.55%	0.73%	1.12%	0.82%
ROA (%)	0.75%	0.48%	0.38%	0.47%
ROE (%)	10.7%	7.2%	6.1%	7.5%
Tier 1 capital (%)	13.0%	10.7%	11.2%	11.7%
NPL ratio (%)	2.1%	2.4%	2.7%	3.0%
NPL coverage (%)	55.1%	52.9%	52.3%	52.6%

Key model assumptions	FY13	FY14	FY15E	FY16E
Net interest margin	1.70%	1.57%	1.43%	1.39%
Asset growth	6%	6%	8%	6%
Credit cost	0.55%	0.73%	1.11%	0.82%

Source: Company and J.P. Morgan estimates.

Sensitivity analysis	PPOP		EPS	
	FY15E	FY16E	FY15E	FY16E
Sensitivity to				
10bps increase in NIM	7%	7%	24%	17%
5% chg in asset growth	7%	7%	24%	18%
5% chg in non-NII growth	5%	5%	17%	12%
10bps increase in credit cost	-	-	13%	9%

Source: J.P. Morgan estimates.

Comparative metrics	Price	Mkt Cap	P/E		P/BV		ROE		YTD
	LC	\$Mn	FY15E	FY16E	FY15E	FY16E	FY15E	FY16E	Stock perf.
HSBC	69.8	172,988	9.9	n.a.	0.9	n.a.	9%	n.a.	-7.8%
Standard Chartered	116.4	37,115	17.8	11.8	0.8	0.8	5%	7%	0.3%

Source: Bloomberg, J.P. Morgan estimates. Prices are as of Mar 5

Valuation and price target basis

Our December 2015 PT of HK\$115 derives from a combination of (i) a sum-of-the parts valuation based on fair values of each of the six markets, which we think is in-line with how European investors look at the stock (implied value of HK\$115); and (ii) a DDM analysis, where we forecast normalized ROEs of 8.0% and a cost of capital of 11.0%, in-line with how we think Asia investors will look at the stock (implied value of HK\$119).

PT Derivation

SOTP-based Valuation	Earnings	Value	Per share
Post Tax Core Earnings	27,838	286,351	114
Minorities & prefs	-1,487	-14,867	-6
Capital Excess/ (Shortfall)	0	15,199	6
Price Target (Dec-15E)	26,351	286,682	HK\$115

P/BV-based Valuation

Cost of capital	11.0%
Long-term growth	1.0%
Fair P/BV	0.70
Normalised ROE	8.0%
PV of Terminal Value	HK\$98
PV of Dividends	HK\$20
Fair value	HK\$119

Source: Bloomberg, Company and J.P. Morgan estimates.

JPM vs. consensus, change in estimates

EPS	FY15E	FY16E
JPM old	1.51	1.69
JPM new	1.14	1.41
% chg	-25%	-16%
Consensus	1.62	1.83

Source: Bloomberg, J.P. Morgan estimates.

New Targets Prioritize Capital Build Towards 11-12%

The group has outlined new targets with the primary objective of capital build towards 11-12% CET1, in our view. While this is positive for capital trajectory going forward (we increase our CET1 estimates by 90bps in FY16), we forecast materially weaker earnings in the medium term due to lower revenues and elevated provisions. We are cutting our adj EPS estimates by 25% and 16% for FY15E and FY16E. We outline the key targets/ guidance below:

- **Cost savings of \$1.8bn over the next 3 years:** The group targets gross cost savings of \$1.8bn over the next 3 years split as \$0.4-0.5bn underlying cost savings per annum and \$0.3-0.6bn lower costs due to business exits. The key drivers of underlying cost saves are continued digitization & automation of processes, head count reductions and branch rationalizations.
- **\$25-30bn RWA savings over the next 2 years:** The group plans to reduce \$25-30bn less-profitable RWAs over the next 2 years and indicated that this will have an additional income impact. At 3% revenue/RWA ratio, we estimate that this implies ~\$850-900m lower revenue. We note that this is a gross number and redeployment of the released capital in to more profitable businesses will partly offset the income loss.
- **CET1 between 11-12% in 2015 and thereafter:** The group now targets 11-12% CET1 in 2015, which implies a buffer of 230-330bps above the current known minimum capital requirements of 8.7%. The group's FY14 CET1 ratio is 10.7%.
- **RoE>10% in the medium term**

Revenues Rebased Lower

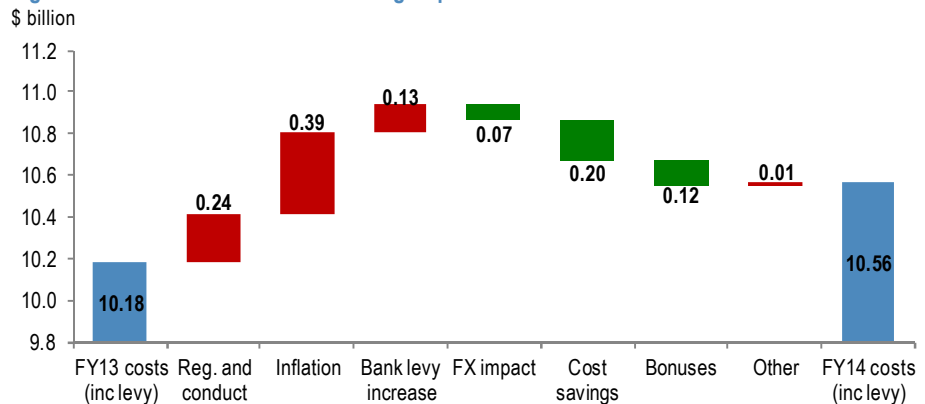
The new restructuring plan implies a rebasing of revenue expectations in our view. The overall revenue impact of the new plan can be split into 2 categories i) impact from the business exits and ii) impact from exiting less profitable client relationships.

- **Impact from business disposals:** The group has exited some businesses in 2014 and plans to exit some more businesses in 2015 (in total 15 businesses in 2014-15). The group outlines the revenue impact of these business exits to be ~\$450m in 2015.
- **Impact from exiting less profitable client relationships:** The group's plan to reduce \$25-30bn gross RWAs is likely to have a revenue impact in the near term in our view. Revenue/ RWA for the group was 5.3% in 2014 and the group indicated that Revenue/ RWA for targeted RWAs is significantly lower than the group level. A 2-3% Revenue/ RWA implies \$0.5-0.9bn revenue impact from RWA reduction. However, we note that this is a gross number and redeployment of the released capital to more profitable businesses will partly offset the income loss.
- We cut our revenue estimates by 4% and 7% respectively in 2015E and 2016E to \$17.8bn and \$17.9bn as we include the impact of restructuring and disposals.

Gross Cost Saves of \$1.8bn Over 3 years

The group targets gross cost savings of \$1.8bn over the next 3 years split as \$0.4-0.5bn underlying cost savings per annum and \$0.3-0.6bn lower costs due to business exits. The underlying inflation for the group was \$0.4bn in 2014 with regulatory and conduct costs adding further \$0.2bn in 2014. The chart below shows the drivers of group operating costs in 2014.

Figure 1: Standard Chartered: Drivers of group costs in 2014



Source: J.P. Morgan estimates, Company data.

We believe that group's underlying cost saves will likely cover the inflation increase over the next 3 years but an increase in bank levy and regulatory and compliance costs may result in higher group costs on a reported basis excluding the restructuring charges. We forecast group costs of \$10.5bn for FY15E and FY16E compared to FY14 costs of \$10.6bn excluding restructuring. We also include \$0.5bn annual restructuring costs in our estimates in FY15E and FY16E.

Changes to Estimates

We cut our adj. EPS estimates by -25% and -16% in FY15E and FY16E driven by lower revenues, partly offset by lower costs. We also include \$0.5bn per annum restructuring charges in our estimates in FY15E and FY16E and \$0.5bn litigation provisions in FY15E.

Revenues: We now forecast flat revenues growth (ex disposals of \$450m) in FY15E and 1% growth in FY16E.

Costs (ex restructuring): We now forecast costs to decline -1% in FY15E and to remain flat in FY16E.

Provisions: Following the miss on provisions in 4Q14, we increase our total impairments estimate to 120bps in FY15E which declines to 90bps in FY16E. 4Q14 loan impairments were 105bps and total impairments were 135bps.

Price Target: We maintain our Price Target unchanged at HK\$115.

Table 3: Standard Chartered: Changes to estimates

\$ million

	FY15E new	FY15E old	% Δ		FY16E new	FY16E old	% Δ
Total Income	17,759	18,530	-4%		17,857	19,173	-7%
Operating Costs	-10,485	-10,595	-1%		-10,463	-10,752	-3%
Pre Provision Operating profit	7,274	7,935	-8%		7,394	8,421	-12%
Loan Impairments	-3,158	-2,691	17%		-2,262	-2,523	-10%
Other Impairments	-200	-113			-200	-88	
Income from Associates	251	256	-2%		254	284	-10%
PBT (ex one off costs)	4,167	5,388	-23%		5,186	6,094	-15%
Exceptionals (restructuring and litigation)	-1,000				-500		
PBT	3,167	5,388	-41%		4,686	6,094	-23%
Tax expense	-855	-1,385	-38%		-1,265	-1,584	-20%
Post tax profit	2,312	4,003			3,421	4,510	
Minority interest	-98	-118			-101	-120	
Preference Dividends	-101	-101			-101	-101	
Profit attributable	2,113	3,784	-44%		3,219	4,289	-25%
Headline EPS	0.84	1.51	-44%		1.27	1.69	-25%
Diluted Adj EPS	1.14	1.51	-25%		1.41	1.69	-16%
DPS	0.86	0.86	0%		0.86	0.86	0%
NAVps	16.1	17.4	-7%		16.6	18.3	-9%
Adj RoNAV	7.1%	8.9%			8.7%	9.5%	
Loan impairments rate	1.11%	0.91%			0.82%	0.84%	
Total impairments rate	1.20%	0.96%			0.90%	0.88%	
B3 CET1 ratio	11.2%	10.4%			11.7%	10.8%	

Source: J.P. Morgan estimates, Company data.

Table 4: Standard Chartered: Group P&L estimates

\$ million

	FY13	FY14	FY15E	FY16E
Net Interest Income	11,156	11,003	10,701	10,694
Non Interest Income & Internal Income	7,515	7,231	7,058	7,163
Total Income	18,671	18,234	17,759	17,857
Operating Costs	-10,193	-10,564	-10,485	-10,463
Pre Provision Operating profit	8,478	7,670	7,274	7,394
Loan Impairments	-1,617	-2,141	-3,158	-2,262
Other Impairments	-129	-403	-200	-200
Income from Associates	226	248	251	254
PBT (ex one offs)	6,958	5,374	4,167	5,186
Exceptionals (litigation and restructuring)	-894	-1,139	-1,000	-500
PBT	6,064	4,235	3,167	4,686
Tax expense	-1,864	-1,530	-855	-1,265
Post tax profit	4,200	2,705	2,312	3,421
Minority interest	-110	-92	-98	-101
Preferred Dividends	-101	-101	-101	-101
Profit attributable	3,989	2,512	2,113	3,219
Headline EPS	1.63	1.02	0.84	1.27
Diluted Adj EPS	2.01	1.35	1.14	1.41
DPS	0.86	0.86	0.86	0.86
NAVps	15.9	16.1	16.1	16.6
Adj RoNAV	13.1%	8.5%	7.1%	8.7%
Loan Impairments rate	0.55%	0.73%	1.11%	0.82%
Total impairments rate	0.60%	0.88%	1.20%	0.90%
Basel 3 CET1 ratio	11.1%	10.7%	11.2%	11.7%

Source: J.P. Morgan estimates, Company data.

4Q14 Results Summary

Revenues were \$18.2bn ex own credit and were inline with Cons and JPMe (\$18.1bn). Costs at \$10.5bn ex restructuring (\$181m) were inline. Impairment at \$2.5bn were 13% above JPMe leading to clean PBT \$5.4bn ex restructuring and US litigation (6%/4% below Cons/JPMe).

Loan Impairment at \$759m in 4Q14 increased to 105bps annualized, above our estimate of 92bps. Gross NPLs were up to \$7.5bn (\$7.2bn at 1H14), which is up only 4% helped by retail. The group also reduced its Commodity exposure by \$6bn in 2H14 to \$55bn.

CET1 was better at 10.7% (JPMe 10.4%) driven by lower RWA (\$342bn vs JPMe \$363bn). The group absorbed model related RWA inflation of \$15bn in 2014, inclusive of anticipated changes in 2015. Net loans were down to \$289bn (JPMe \$295bn) with deposits up to \$414bn. TNAV/s was \$16.11.

Table 5: Standard Chartered: FY14 results summary

\$ million

	FY13	FY14A	FY14E	1H13	2H13	1H14	2H14A	2H14E	3Q13	4Q13	3Q14	4Q14A	4Q14E
Net interest income	11,156		11,134	5,598	5,558	5,604		5,530					
Non interest income	7,515		6,995	4,153	3,362	3,665		3,330					
Total Income	18,671	18,234	18,130	9,751	8,920	9,269	8,965	8,861	4,471	4,449	4,514	4,451	4,347
Operating expenses	-10,193	-10,745	-10,496	-5,034	-5,159	-5,083	-5,662	-5,413	-2,424	-2,735	-2,523	-3,139	-2,890
Pre-provision operating profit	8,478	7,489	7,634	4,717	3,761	4,186	3,303	3,448	2,047	1,714	1,991	1,312	1,457
Loan impairments	-1,617	-2,141	-2,064	-730	-887	-846	-1,295	-1,218	-288	-599	-536	-759	-682
Other impairments	-129	-403	-198	-11	-118	-185	-218	-13	-1	-117	-3	-215	-10
Profit from associates	226	248	232	112	114	113	135	119	72	42	78	57	41
Clean Pretax profits	6,958	5,193	5,603	4,088	2,870	3,268	1,925	2,335	1,830	1,040	1,530	395	805
Exceptional items (litigation, own credit)	-894	-958	-315	-763	-131	-15	-943	-300					
Pretax profits	6,064	4,235	5,288	3,325	2,739	3,253	982	2,035					
Taxes	-1,864	-1,530	-1,444	-1,089	-775	-849	-681	-595					
Minority interest	-110	-92	-115	-55	-55	-44	-48	-71					
Pref shares	-101	-101	-100	-50	-51	-50	-51	-50					
Net attributable income	3,989	2,512	3,629	2,131	1,858	2,310	202	1,319					
TNAV/s	\$15.9	\$16.1	\$16.7	\$15.4	\$15.9	\$16.43	\$16.1	\$16.7					
B3 CET1 ratio	11.1%	10.7%	10.4%		11.1%	10.7%	10.7%	10.4%					
RWAs		341.6	363.2			351.6	341.6	363.2					
Loans and advances		288.6	294.8			305.1	288.6	294.8			296.4	288.6	294.8
Customer deposits		414.2	391.7			390.5	414.2	391.7			395.5	414.2	391.7
CIC	5,257	4,140	4,490	2,931	2,326	2,443	1,697	2,047					
Commercial	647	218	219	426	221	165	53	54					
Private Banking	173	149	170	81	92	71	78	99					
Retail	1,116	1,052	1,101	650	466	589	463	512					
Corporate center	-235	-366	-376	0	-235	0	-366	-376					
Total clean pretax	6,958	5,193	5,603	4,088	2,870	3,268	1,925	2,335					

Source: J.P. Morgan estimates, Company data.

Investment Thesis, Valuation and Risks

Standard Chartered Plc (HK) *(Neutral; Price Target: HK\$115.00)*

Investment Thesis

We believe that StanChart remains a unique franchise, spread across markets that we believe offer long-term growth but also some near-term challenges. While Standard Chartered's 3Q IMS showed some stabilization in revenues, we also witnessed a significant rise in impairments (commodity related) which creates a material headwind for profitability in our view especially with global commodity prices down c40% since the peak. Although valuation is inexpensive at 0.8x P/B 2015E, we believe that the shares are unlikely to re-rate until the pace of impairment rise moderates, which appears unlikely to us on a 12-month view. We remain Neutral.

Valuation

Our December 2015 PT of HK\$115 derives from a combination of: (i) a sum-of-the-parts valuation based on fair values of each of the six markets, which we think is in line with how European investors look at the stock (implied value of HK\$115); and (ii) a DDM analysis, where we forecast normalized ROEs of 8.0% and a cost of capital of 11.0%, in line with how we think Asia investors will look at the stock (implied value of HK\$119).

Risks to Rating and Price Target

The key upside and downside risks that could prevent our rating and price target from being achieved include the following:

- Macro economic risks (both upside and downside): Being an EM-focused bank, StanChart is exposed to general macroeconomic variables in EM, such as a slowdown or a quicker-than-expected recovery in GDP growth, inflationary pressures, depreciation of EM currencies & cross border & political risks.
- China hard landing (downside): Standard Chartered has direct and indirect exposure to Mainland China and a China hard-landing scenario poses downside risk to our investment thesis.
- Pick-up in growth (upside): Standard Chartered remains geared to growth in Asia and a material pick-up in growth in Asia poses upside risk to our estimates.
- Regulatory uncertainty (downside): Standard Chartered remains exposed to the uncertain regulatory environment in the UK.
- Weakness in commodity prices (downside): Given the weakness in commodity prices globally, the provisions can rise significantly which poses downside risk to our estimates.

Standard Chartered Plc (HK): Summary of Financials

Income Statement					Growth Rates				
\$ in millions, year end Dec	FY13	FY14	FY15E	FY16E		FY13	FY14	FY15E	FY16E
NIM (as % of avg. assets)	1.8%	1.7%	1.5%	1.5%	Loans	0.7%	(1.9%)	(4.1%)	(0.0%)
Earning assets/assets	72.4%	69.6%	67.2%	66.2%	Deposits	3.5%	5.9%	(4.3%)	0.0%
Margins (as % of Avg. Assets)	1.3%	1.2%	1.0%	1.0%	Assets	5.9%	7.6%	6.1%	(0.1%)
					Equity	1.9%	0.4%	1.3%	3.6%
Net Interest Income	11,156	11,003	10,701	10,694	RWA	7.7%	5.1%	(2.4%)	0.2%
Total Non-Interest Income	7,515	7,231	7,058	7,163	Net Interest Income	3.5%	(1.4%)	(2.7%)	(0.1%)
Fee Income	0	0	0	0	Non-Interest Income	(6.1%)	(3.8%)	(2.4%)	1.5%
Dealing Income	0	0	0	0	of which Fee Grth	(100.0%)	-	-	-
					Revenues	(0.6%)	(2.3%)	(2.6%)	0.6%
Total operating revenues	18,671	18,234	17,759	17,857	Costs	1.4%	3.6%	(0.8%)	(0.2%)
					Pre-Provision Profits	(2.9%)	(9.5%)	(5.2%)	1.6%
Operating costs	(10,193)	(10,564)	(10,485)	(10,463)	Loan Loss Provisions	35.2%	32.4%	47.5%	(28.4%)
Pre-Prov. Profits	8,478	7,670	7,274	7,394	Pre-Tax	(11.5%)	(27.2%)	(17.0%)	41.4%
Provisions	(1,617)	(2,141)	(3,158)	(2,262)	Attributable Income	(16.7%)	(32.5%)	(3.0%)	42.3%
Other Inc	-	-	-	-	EPS	(17.5%)	(33.2%)	(4.1%)	40.6%
Other Exp.	(129)	(403)	(200)	(200)	DPS	2.4%	0.0%	0.0%	0.0%
Exceptionals	(894)	(958)	(500)	0					
Associate	226	248	251	254	Balance Sheet Gearing				
Pre-tax	6,064	4,416	3,667	5,186	Loan/deposit	74.4%	68.7%	68.7%	68.6%
Tax	(1,864)	(1,530)	(855)	(1,265)	Investment/assets	28.2%	28.3%	29.9%	30.8%
Minorities	(110)	(92)	(98)	(101)	Loan/Assets	44.7%	41.6%	37.8%	35.9%
Attributable Income	3,989	2,693	2,613	3,719	Customer deposits/liab.	62.3%	61.0%	54.8%	55.0%
					LT debt/liabilities	18.9%	19.8%	21.4%	23.6%
Per Share Data USD					Asset Quality/Capital				
EPS	1.63	1.09	1.04	1.47	Loan loss reserves/loans	(1.2%)	(1.4%)	(1.5%)	(1.6%)
DPS	0.86	0.86	0.86	0.86	NPLs/loans	2.1%	2.4%	2.7%	3.0%
Payout	52.8%	79.0%	82.4%	58.6%	Loan loss reserves/NPLs	55.1%	52.9%	52.3%	52.6%
Book value	19.05	18.78	18.79	19.24	Growth in NPLs	15.7%	15.6%	7.5%	6.5%
Fully Diluted Shares	2,447	2,473	2,503	2,534	Tier 1 Ratio	11.7%	10.7%	11.2%	11.7%
PPOP per share	3.49	3.12	2.92	2.93	Total CAR	16.5%	11.1%	11.6%	12.1%
Key Balance sheet \$ in millions					Du-Pont Analysis				
Net Loans	290,708	284,695	272,597	272,173	NIM (as % of avg. assets)	1.8%	1.7%	1.5%	1.5%
LLR	(3,481)	(3,909)	(4,223)	(4,521)	Earning assets/assets	72.4%	69.6%	67.2%	66.2%
Gross Loans	294,189	288,604	276,820	276,693	Margins (as % of Avg. Assets)	1.3%	1.2%	1.0%	1.0%
NPLs	6,479	7,492	8,050	8,577	Non-Int. Rev./ Revenues	40.2%	39.7%	39.7%	40.1%
Investments	193,853	202,695	244,908	228,997	Non IR/Avg. Assets	1.1%	1.0%	0.9%	0.9%
Other earning assets	36,843	42,216	42,216	42,216	Revenue/Assets	2.8%	2.6%	2.4%	2.3%
Avg. IEA	474,755	487,582	503,139	510,028	Cost/Income	54.6%	57.9%	59.0%	58.6%
Goodwill	6,070	5,190	5,190	5,190	Cost/Assets	1.6%	1.5%	1.4%	1.4%
Assets	674,380	725,914	770,523	769,840	Pre-Provision ROA	1.3%	1.1%	1.0%	1.0%
					LLP/Loans	(0.6%)	(0.7%)	(1.1%)	(0.8%)
Deposits	390,971	414,189	396,510	396,681	Loan/Assets	44.7%	41.6%	37.8%	35.9%
Long-term bond funding	118,598	140,453	159,049	181,402	Other Prov, Income/ Assets	(0.1%)	(0.2%)	(0.1%)	0.0%
Other Borrowings	84,986	94,898	109,133	125,503	Operating ROA	1.0%	0.8%	0.6%	0.7%
Avg. IBL	581,445	626,461	668,800	683,873	Pre-Tax ROA	0.9%	0.6%	0.5%	0.7%
Avg. Assets	655,449	700,147	748,218	770,182	Tax rate	30.7%	34.6%	23.3%	24.4%
Common Equity	46,246	46,432	47,056	48,767	Minorities & Outside Distbn.	0.1%	0.1%	0.0%	0.0%
RWA	325,196	341,648	333,560	334,386	ROA	0.6%	0.4%	0.4%	0.5%
Avg. RWA	313,529	333,422	337,604	333,973	RORWA	1.3%	0.9%	0.8%	1.2%
					Equity/Assets	7.0%	6.6%	6.2%	6.2%
					ROE	8.9%	6.4%	6.0%	8.2%

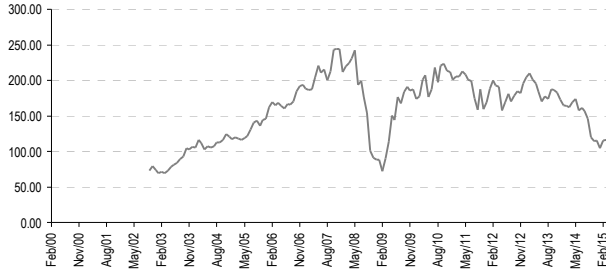
Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile
Standard Chartered PLC (BRITAIN / Financials)
 As Of: 04-Mar-2015

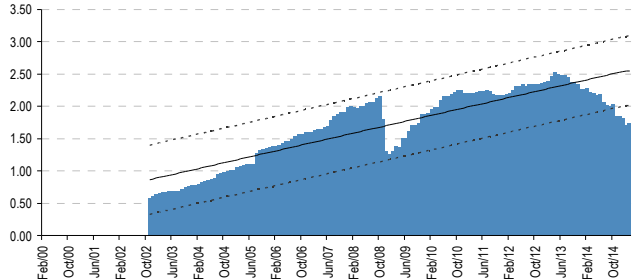
Global Equity Quantitative Analysis

Quant_Strategy@jpmorgan.com

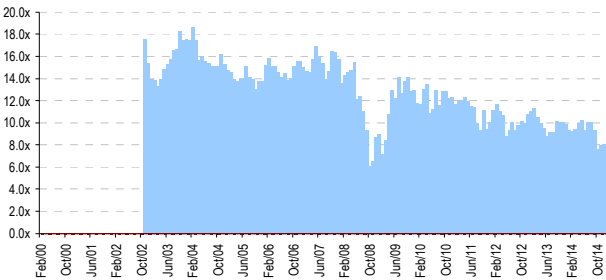
Local Share Price Current: **116.30**



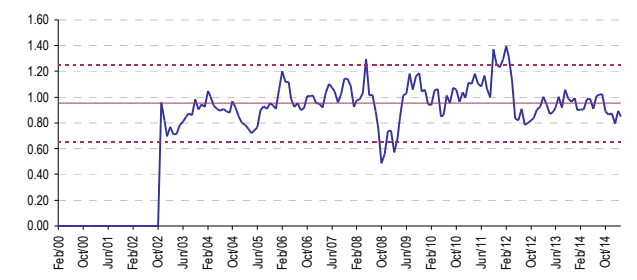
12 Mth Forward EPS Current: **1.74**



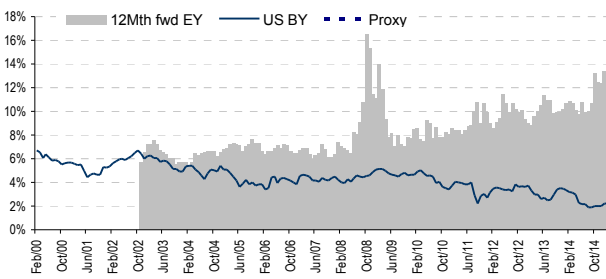
PE (1Yr Forward) Current: **8.6x**



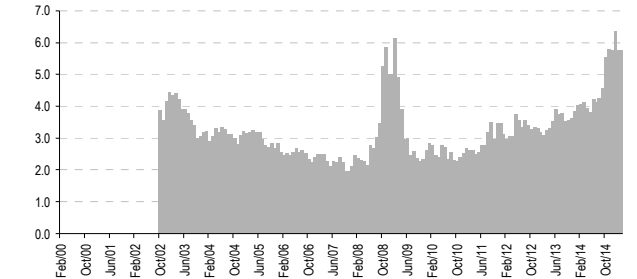
P/E Relative to Great Britain Index Current: **0.85**



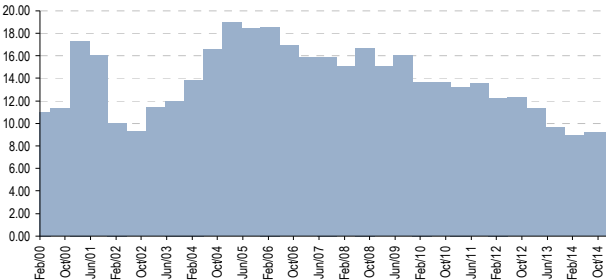
Earnings Yield (& Local Bond Yield) Current: **12%**



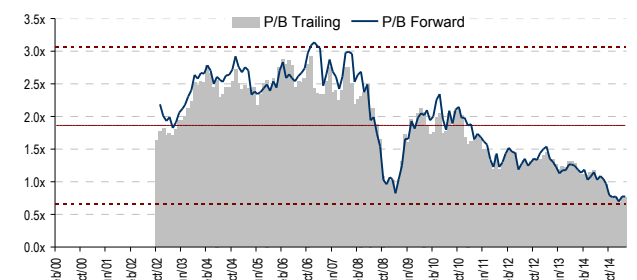
Dividend Yield (Trailing) Current: **5.75**



ROE (Trailing) Current: **9.18**



Price/Book (Value) Current: **0.8x**



Summary

Standard Chartered PLC		TICKER 2888 HK		As Of: 4-Mar-15							
BRITAIN				Local Price: 116.30							
Financials				EPS: 1.74							
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	8.61x										
P/BV (Trailing)	0.77	0.69	2.92	1.86	1.86	3.07	0.66	-10%	281%	143%	143%
Dividend Yield (Trailing)	5.75x	1.97	6.36	3.09	3.25	5.09	1.41	-66%	11%	-46%	-43%
ROE (Trailing)	9.18	8.93	18.97	13.62	13.73	19.75	7.71	-3%	107%	48%	50%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, JPMorgan Quantitative & Derivative Strategy

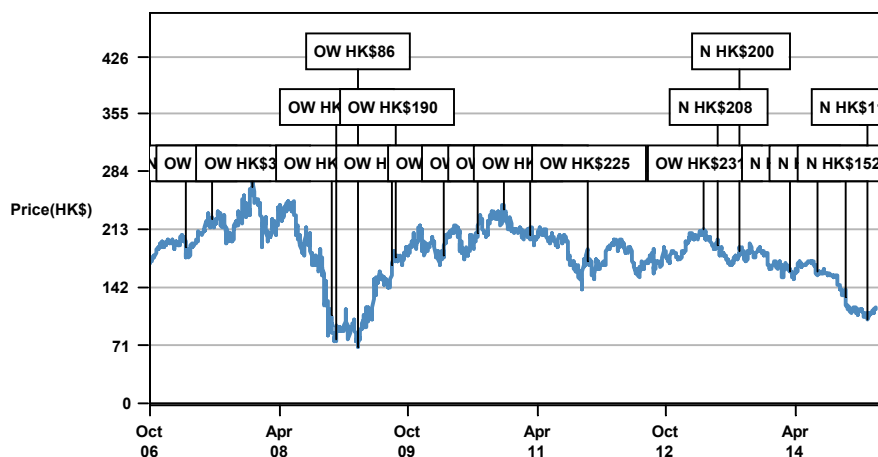
Analyst Certification: The research analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. For all Korea-based research analysts listed on the front cover, they also certify, as per KOFIA requirements, that their analysis was made in good faith and that the views reflect their own opinion, without undue influence or intervention.

Important Disclosures

- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for Standard Chartered Plc (HK) within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: Standard Chartered Plc (HK).
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: Standard Chartered Plc (HK).
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Standard Chartered Plc (HK).
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-securities-related: Standard Chartered Plc (HK).
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation from investment banking Standard Chartered Plc (HK).
- **Investment Banking (next 3 months):** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Standard Chartered Plc (HK).
- **Non-Investment Banking Compensation:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Standard Chartered Plc (HK).
- **Broker:** J.P. Morgan Securities plc acts as Corporate Broker to Standard Chartered Plc (HK).
- Clients should contact the analysts through a J.P. Morgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan-covered companies by visiting <https://jpm.com/research/disclosures>, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request. J.P. Morgan's Strategy, Technical, and Quantitative Research teams may screen companies not covered by J.P. Morgan. For important disclosures for these companies, please call 1-800-477-0406 or e-mail research.disclosure.inquiries@jpmorgan.com.

Standard Chartered Plc (HK) (2888.HK, 2888 HK) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 28, 2007.

Date	Rating	Share Price (HK\$)	Price Target (HK\$)
28-Feb-07	N	191.84	205.00
21-Jun-07	OW	226.40	308.00
06-Dec-07	OW	265.12	320.00
07-Nov-08	OW	107.58	150.00
25-Nov-08	OW	78.03	100.00
04-Mar-09	OW	67.75	86.00
27-Jul-09	OW	170.10	185.00
05-Aug-09	OW	178.80	190.00
03-Mar-10	OW	183.00	210.00
23-Jul-10	OW	209.40	225.00
12-Nov-10	OW	238.00	250.00
02-Mar-11	OW	206.60	240.00
28-Oct-11	OW	175.30	225.00
06-Mar-13	OW	214.80	231.00
08-May-13	N	193.90	208.00
07-Aug-13	N	187.50	200.00
09-Mar-14	N	162.70	181.00
02-Jul-14	N	160.90	169.00
28-Oct-14	N	131.30	152.00
02-Feb-15	N	103.70	115.00

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, www.jpmorganmarkets.com.

Coverage Universe: Klaczek, Josh A: Aozora Bank (8304) (8304.T), HSBC Holdings plc (0005.HK), Mitsubishi UFJ Financial Group (8306) (8306.T), Mizuho Financial Group (8411) (8411.T), Noah Holdings Ltd (NOAH), Resona Holdings (8308) (8308.T), Shinsei Bank (8303) (8303.T), Standard Chartered Plc (HK) (2888.HK), Sumitomo Mitsui Financial Group (8316) (8316.T), Sun Hung Kai & Co Ltd (0086.HK), Value Partners Group Limited (0806.HK)

J.P. Morgan Equity Research Ratings Distribution, as of January 1, 2015

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	45%	43%	12%
IB clients*	56%	49%	33%
JPMS Equity Research Coverage	45%	48%	7%
IB clients*	75%	67%	52%

*Percentage of investment banking clients in each rating category.

For purposes only of FINRA/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at <http://www.jpmorganmarkets.com>, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com.

Equity Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of JPMS, are not registered/qualified as research analysts under NASD/NYSE rules, may not be associated persons of JPMS, and may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan ("JPM") is the global brand name for J.P. Morgan Securities LLC ("JPMS") and its affiliates worldwide. J.P. Morgan Cazenove is a marketing name for the U.K. investment banking businesses and EMEA cash equities and equity research businesses of JPMorgan Chase & Co. and its subsidiaries.

All research reports made available to clients are simultaneously available on our client website, J.P. Morgan Markets. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research reports available on a particular stock, please contact your sales representative.

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your J.P. Morgan Representative or visit the OCC's website at <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>

Legal Entities Disclosures

U.S.: JPMS is a member of NYSE, FINRA, SIPC and the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC. **U.K.:** JPMorgan Chase N.A., London Branch, is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from J.P. Morgan on request. J.P. Morgan Securities plc (JPMS plc) is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England & Wales No. 2711006. Registered Office 25 Bank Street, London, E14 5JP. **South Africa:** J.P. Morgan Equities South Africa Proprietary Limited is a member of the Johannesburg Securities Exchange and is regulated by the Financial Services Board. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong and/or J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul Branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (JPMAL) (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (JPMAL) (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by ASIC and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. **Taiwan:** J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. **India:** J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai - 400098, is a member of the National Stock Exchange of India Limited (SEBI Registration Number - INB 230675231/INF 230675231/INE 230675231) and Bombay Stock Exchange Limited (SEBI Registration Number - INB 010675237/INF 010675237) and is regulated by Securities and Exchange Board of India. Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: www.jpmpi.com. For non local research reports, this material is not distributed in India by J.P. Morgan India Private Limited. **Thailand:** This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Philippines:** J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Mexico:** J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero is a member of the Mexican Stock Exchange and authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **Singapore:** This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 199/03/2014 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. This material is provided in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289. Recipients of this document are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the document. **Japan:** JPMorgan Securities Japan Co., Ltd. is regulated by the Financial Services Agency in Japan. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets Services License issued by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Saudi Arabia:** J.P. Morgan Saudi Arabia Ltd. is authorized by the Capital Market Authority of the Kingdom of Saudi Arabia (CMA) to carry out dealing as an agent, arranging, advising and custody, with respect to securities business under licence number 35-07079 and its registered address is at 8th Floor, Al-Faisaliyah Tower, King Fahad Road, P.O. Box 51907, Riyadh 11553, Kingdom of Saudi Arabia. **Dubai:** JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - Building 3, Level 7, PO Box 506551, Dubai, UAE.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by JPMS plc. Investment research issued by JPMS plc has been prepared in accordance with JPMS plc's policies for managing conflicts of interest arising as a result of

publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by JPMSAL in Australia to "wholesale clients" only. This material does not take into account the specific investment objectives, financial situation or particular needs of the recipient. The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Corporations Act 2001. **Germany:** This material is distributed in Germany by J.P. Morgan Securities plc, Frankfurt Branch and J.P.Morgan Chase Bank, N.A., Frankfurt Branch which are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider/market maker for derivative warrants, callable bull bear contracts and stock options listed on the Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: <http://www.hkex.com.hk>. **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, JPMorgan Securities Japan Co., Ltd., will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between JPMorgan Securities Japan Co., Ltd., and the customer in advance. Financial Instruments Firms: JPMorgan Securities Japan Co., Ltd., Kanto Local Finance Bureau (kinsho) No. 82 Participating Association / Japan Securities Dealers Association, The Financial Futures Association of Japan, Type II Financial Instruments Firms Association and Japan Investment Advisers Association. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul Branch. **Singapore:** JPMSAL and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **Taiwan:** This material is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan Limited). **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **Brazil:** Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMS and/or its affiliates and the analyst's involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. JPMS distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a J.P. Morgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

"Other Disclosures" last revised November 29, 2014.

Copyright 2015 JPMorgan Chase & Co. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.