



standard  
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Half Year Report 2024

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

The information within this report is unaudited.

Unless the context requires, within this document, 'China' refers to the People's Republic of China and, for the purposes of this document only, excludes Hong Kong Special Administrative Region (Hong Kong), Macau Special Administrative Region (Macau) and Taiwan. 'Korea' or 'South Korea' refers to the Republic of Korea.

Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and nm stands for not meaningful. Standard Chartered PLC is incorporated in England and Wales with limited liability. Standard Chartered PLC is headquartered in London.

The Group's head office provides guidance on governance and regulatory standards. Standard Chartered PLC stock codes are: HKSE 02888 and LSE STAN.LN.

# Standard Chartered PLC – Results for the first half and second quarter ended 30 June 2024

All figures are presented on an underlying basis and comparisons are made to 2023 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on page 24.

## Bill Winters, Group Chief Executive, said:

“We produced a strong set of results for the first half of the year, demonstrating the value of our franchise as a cross-border corporate and investment bank and a leading wealth manager for affluent clients. We generated double-digit income growth, with positive momentum continuing into the second quarter, and with continued discipline in managing our expenses. This led to a 20% growth in underlying profit before tax. Reflecting confidence in our performance and robust capital position, we are upgrading our guidance for income growth, which we now expect to be above 7% in 2024, and we are announcing our largest ever share buyback of \$1.5bn. This brings our total shareholder distributions announced since full-year 2023 results to \$2.7bn.”

## Selected information on Q2'24 financial performance with comparisons to Q2'23 unless otherwise stated

- Operating income up 6% to \$4.8bn, up 7% at constant currency (ccy)
  - Net interest income (NII) up 6% at ccy to \$2.6bn, primarily due to the short-term hedge roll-off and benefit from treasury optimisation activities; Non NII up 9% at ccy to \$2.2bn
  - Wealth Solutions up 27% at ccy, with broad-based growth across products and supported by robust leading indicators in net new sales and Affluent new to bank clients
  - Global Banking up 11% at ccy, driven by pipeline execution and higher origination and distribution volumes
  - Global Markets down 7% at ccy with non-repeat of strong prior year episodic income in Macro Trading
- Operating expenses up 2% to \$2.9bn, up 4% at ccy driven by inflation and business growth
- Credit impairment charge of \$73m includes \$146m from Wealth & Retail Banking (WRB) in line with recent run rate and \$66m release from impact of sovereign upgrades booked across CIB and Central & Other
  - High risk assets of \$8.5bn broadly flat quarter-on-quarter
  - Loan-loss rate (LLR) of 12bps, down 4bps on prior year and down 11bps on prior quarter
- Underlying profit before tax of \$1.8bn, up 15% at ccy; reported profit before tax of \$1.6bn, up 5% at ccy
- Restructuring and other items of \$250m of which \$174m primarily relates to recycling of FX translation losses from reserves into the P&L on the sale of Zimbabwe (no impact on tangible net asset value and capital ratios)
- Balance sheet remains strong, liquid and well diversified
  - Loans and advances to customers of \$276bn, down \$8bn or 3% since 31.3.24 from run-off of Treasury balances and FX translation; up \$1bn on an underlying basis with continued growth in CIB offsetting mortgage headwinds in WRB
  - Customer deposits of \$468bn, up \$9bn or 2% since 31.3.24; growth in WRB term deposits and CIB CASA
- Risk-weighted assets (RWA) of \$242bn, down \$10bn or 4% since 31.3.24
  - Credit risk RWA down \$8bn; from improved asset quality including sovereign upgrades, optimisation initiatives and FX translation
  - Market risk RWA down \$2bn reflecting lower risk as Markets activity reduced
- The Group remains strongly capitalised
  - Common equity tier 1 (CET1) ratio 14.6% (31.3.24: 13.6%), above 13-14% target range
  - \$1.5bn share buyback starting imminently is expected to reduce CET1 ratio by approximately 60bps
  - Interim ordinary dividend increased 50% to 9 cents per share (\$230m)
- Tangible net asset value per share of \$14.44, up 54 cents since 31.3.24
- Return on Tangible Equity (RoTE) of 12.9%, up 1%pts

### Selected information on H1'24 financial performance with comparisons to H1'23 unless otherwise stated

- Operating income up 11% to \$10.0bn, up 13% at ccy; up 10% at ccy excluding notable items
  - NII up 5% at ccy to \$5.0bn; Non NII up 22% at ccy to \$5.0bn, up 16% at ccy excluding two notable items
  - Wealth Solutions up 25% at ccy, record performance, net new sales more than doubled to \$13bn and Wealth AUM increased by 12% since 31.12.23 to \$135bn
  - Global Banking up 14% at ccy driven by higher origination and distribution volumes, executing on a strong pipeline
  - Global Markets up 5% at ccy with flow income up 7%. Strong double-digit growth in Credit Trading and Commodities offset lower episodic income in FX and Rates
  - Two notable items of \$258m from revaluation of FX positions in Egypt and hyperinflation in Ghana
- Operating expenses up 3% to \$5.7bn, up 5% at ccy
  - Positive 8% income-to-cost jaws at ccy, with the cost-to-income ratio improving 4%pts to 57%
- Credit impairment charge of \$249m, up \$77m as WRB charges normalise following the release of management overlays in the first half last year
- Other impairment charge of \$143m mostly relates to write-off of software assets with no impact on capital ratios
- Underlying profit before tax of \$4.0bn, up 21% at ccy; reported profit before tax of \$3.5bn, up 6% at ccy
- Restructuring charges of \$150m; Other items of \$289m primarily the recycling of FX translation losses and a provision in respect of the Korea equity linked securities portfolio
- Tax charge of \$1.1bn; underlying effective tax rate of 30.1%
- Balance sheet remains strong, liquid and well diversified
  - Loans and advances to customers of \$276bn, down \$11bn or 4% since 31.12.23; up \$5bn or 2% on an underlying basis
  - Customer deposits of \$468bn, broadly flat since 31.12.23
  - Liquidity coverage ratio of 148% (31.12.23: 145%)
- Underlying earnings per share (EPS) increased 23.5 cents or 31% to 98.5 cents; Reported EPS increased 7.7 cents or 10% to 83.3 cents
- RoTE of 14.0%, up 2%pts

### Update on 2024-2026 strategic actions for H1'24 unless otherwise stated

- Drive growth in high returning businesses in ClB: Cross-border (network) income up 12% year-on-year (YoY), excluding interest rate impact
- Build on strengths in Affluent client business in WRB: \$23bn of net new money for the first six months of the year (H1'23: \$13bn)
- Deliver profitability and drive returns accretion in Ventures: ~600k customers in Mox and ~800k customers in Trust
- Improve operational leverage through Fit for Growth programme: >200 projects scoped, execution in progress
- Deliver substantial shareholder distributions: \$2.7bn of total distributions announced since FY'23

### Other updates

- Sustainability: Sustainable Finance income up 18% YoY; mobilised over \$105bn in Sustainable Finance since 1.1.21

### Guidance

We are upgrading our 2024 income guidance while all other key points of guidance remain unchanged:

- Operating income to increase above 7% in 2024 at ccy, excluding the two notable items
- Net interest income for 2024 of \$10bn to \$10.25bn, at ccy
- Positive income-to-cost jaws, excluding UK bank levy, at ccy in 2024
- Low single-digit percentage growth in underlying loans and advances to customers and RWA in 2024
- Continue to expect LLR to normalise towards the historical through the cycle 30 to 35bps range
- Continue to operate dynamically within the full 13-14% CET1 ratio target range
- Continue to increase full-year dividend per share over time
- RoTE increasing steadily from 10%, targeting 12% in 2026 and to progress thereafter

# Statement of results

|  | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million | Change <sup>1</sup><br>%     |
|--|---|---|------------------------------|
| <b>Underlying performance</b>  |   |   |                              |
| Operating income   | 9,958                                   | 8,951                                   | 11                           |
| Operating expenses   | (5,673)                                 | (5,504)                                 | (3)                          |
| Credit impairment  | (249)                                   | (172)                                   | (45)                         |
| Other impairment   | (143)                                   | (63)                                    | (127)                        |
| Profit from associates and joint ventures                                  | 64                                      | 94                                      | (32)                         |
| Profit before taxation   | 3,957                                   | 3,306                                   | 20                           |
| Profit attributable to ordinary shareholders <sup>2</sup>                  | 2,567                                   | 2,128                                   | 21                           |
| Return on ordinary shareholders' tangible equity (%)                       | 14.0                                    | 12.0                                    | 200bps                       |
| Cost-to-income ratio (%)   | 57.0                                    | 61.5                                    | 453bps                       |
| <b>Reported performance<sup>7</sup></b>                                    |   |   |                              |
| Operating income   | 9,791                                   | 9,127                                   | 7                            |
| Operating expenses   | (6,056)                                 | (5,668)                                 | (7)                          |
| Credit impairment  | (240)                                   | (161)                                   | (49)                         |
| Goodwill and other impairment  | (147)                                   | (77)                                    | (91)                         |
| Profit from associates and joint ventures                                  | 144                                     | 102                                     | 41                           |
| Profit before taxation   | 3,492                                   | 3,323                                   | 5                            |
| Taxation   | (1,123)                                 | (938)                                   | (20)                         |
| Profit for the period  | 2,369                                   | 2,385                                   | (1)                          |
| Profit attributable to parent company shareholders                         | 2,378                                   | 2,388                                   | 0                            |
| Profit attributable to ordinary shareholders <sup>2</sup>                  | 2,169                                   | 2,145                                   | 1                            |
| Return on ordinary shareholders' tangible equity (%)                       | 11.9                                    | 11.9                                    | –                            |
| Cost-to-income ratio (%)   | 61.9                                    | 62.1                                    | 20bps                        |
| Net interest margin (%) (adjusted) <sup>6</sup>                            | 1.85                                    | 1.67                                    | 18bps                        |
|  | 30.06.24<br>\$million                   | 31.12.23<br>\$million                   | Change <sup>1</sup><br>%     |
| <b>Balance sheet and capital</b>   |   |   |                              |
| Total assets   | 835,427                                 | 822,844                                 | 2                            |
| Total equity   | 51,327                                  | 50,353                                  | 2                            |
| Average tangible equity attributable to ordinary shareholders <sup>2</sup> | 36,529                                  | 36,098                                  | 1                            |
| Loans and advances to customers  | 275,896                                 | 286,975                                 | (4)                          |
| Customer accounts  | 468,157                                 | 469,418                                 | –                            |
| Risk-weighted assets   | 241,926                                 | 244,151                                 | (1)                          |
| Total capital  | 53,569                                  | 51,741                                  | 4                            |
| Total capital ratio (%)  | 22.1                                    | 21.2                                    | 90bps                        |
| Common Equity Tier 1   | 35,418                                  | 34,314                                  | 3                            |
| Common Equity Tier 1 ratio (%)   | 14.6                                    | 14.1                                    | 50bps                        |
| Advances-to-deposits ratio (%) <sup>3</sup>                                | 52.6                                    | 53.3                                    | (70)bps                      |
| Liquidity coverage ratio (%)   | 148                                     | 145                                     | 300bps                       |
| UK leverage ratio (%)  | 4.8                                     | 4.7                                     | 10bps                        |
|  | 30.06.24<br>Cents                       | 30.06.23<br>Cents                       | Change <sup>1</sup><br>Cents |
| <b>Information per ordinary share</b>                                      |   |   |                              |
| Earnings per share – underlying <sup>4</sup>                               | 98.5                                    | 75.0                                    | 23.5                         |
| – reported <sup>4</sup>  | 83.3                                    | 75.6                                    | 7.7                          |
| Net asset value per share <sup>5</sup>                                     | 1,683                                   | 1,513                                   | 170                          |
| Tangible net asset value per share <sup>5</sup>                            | 1,444                                   | 1,302                                   | 142                          |
| Number of ordinary shares at period end (millions)                         | 2,550                                   | 2,797                                   | (9)                          |

1 Variance is better/(worse) other than assets, liabilities and risk-weighted assets. Change is percentage points difference between two points rather than percentage change for total capital ratio (%), common equity tier 1 ratio (%), net interest margin (%), advances-to-deposits ratio (%), liquidity coverage ratio (%), UK leverage ratio (%). Change is cents difference between two points rather than percentage change for earnings per share, net asset value per share and tangible net asset value per share

2 Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity

3 When calculating this ratio, total loans and advances to customers excludes reverse repurchase agreements and other similar secured lending, excludes approved balances held with central banks, confirmed as repayable at the point of stress and includes loans and advances to customers held at fair value through profit and loss. Total customer accounts include customer accounts held at fair value through profit or loss

4 Represents the underlying or reported earnings divided by the basic weighted average number of shares.

5 Calculated on period end net asset value, tangible net asset value and number of shares

6 Net interest margin is calculated as adjusted net interest income divided by average interest-earning assets, annualised

7 Reported performance/results within this interim financial report means amounts reported under UK-adopted IAS and EU IFRS. In prior periods Reported performance/results were described as Statutory performance/results

# Group Chief Executive's review

## Delivering a strong performance in the first six months of the year

We posted a strong set of results for the first six months of 2024, generating a 14 per cent return on tangible equity (RoTE). Income of \$10.0 billion was up 13 per cent on a constant currency basis, supported by continued positive momentum in the second quarter. We delivered an encouraging performance across our engines of non net interest income, including a record performance in Wealth Solutions, with income up 25 per cent.

Good cost discipline has enabled us to generate significantly positive income-to-cost jaws of 8 per cent, even with continued underlying investments. Credit impairment rose year-on-year, though lower charges in the first half of 2023 in Wealth & Retail Banking (WRB) benefitted from provision releases. The broader portfolios have proved resilient, and we remain vigilant in the face of volatile global environment. All this has helped to increase underlying profit before tax by 21 per cent year-on-year to \$4.0 billion.

We remain highly liquid with a diverse and stable deposit base and an advances-to-deposits ratio of 52.6 per cent. We are well capitalised, with equity generation and continued discipline on risk weighted assets (RWA) delivering a Common Equity Tier 1 (CET1) ratio of 14.6 per cent in the second quarter.

## Driving sustainably higher returns

In February, we set out a series of further actions in each of our three client businesses to drive income growth of 5 to 7 per cent over the next three years, well above the anticipated rate of growth for the global economy. I am extremely pleased with the progress we have made since we made these commitments.

- In Corporate & Investment Banking (CIB), we said we are going to **drive growth in high-returning businesses** targeting an 8 to 10 per cent underlying income growth over the next three years in cross-border (network) business and from Financial Institutions clients, as well as Financing income. Leveraging the significant opportunities of supply chain shifts, with China, ASEAN, South Asia and the Middle East as epicentres, the team delivered 6 per cent growth (12 per cent excluding interest rate impact) in our cross-border (network) income. Almost one third of our cross-border income is intra-Asia, with particularly strong growth in the China-to-ASEAN corridor, up 11 per cent. Financing and underlying Financial Institutions income grew 12 per cent and 6 per cent respectively during the first half of the year
- In WRB, we said we will **build on our strengths in the Affluent client business**, and in the first six months of the year, the team has attracted \$23 billion of Affluent net new money, which is great progress against our \$80 billion three-year target. We are also focusing on accelerating growth in international clients in our wealth hubs, with 296,000 at the end of the first half, making good progress towards our target of more than 375,000 by 2026. We are also growing the Affluent client business through up-tiering our clients across the wealth continuum, with 155,000 clients up-tiered in the first six months of the year
- For Ventures, we said we will **deliver profitability and drive returns accretion** targeting for the overall segment to be RoTE accretive by 2026. In Mox, our digital bank in Hong Kong, we now have around 600,000 customers, with income for the first six months of the year up almost 20 per cent. While in Trust, our digital bank in Singapore, we have increased the number of customers to around 800,000 and we are aiming for Trust to become the fourth largest retail bank, by customer numbers, in Singapore by the end of 2024. In SC Ventures, we have raised \$55 million of external funds in the first six months of the year. We also recently established an office in the UAE, to engage the fintech and business innovation ecosystem in Abu Dhabi and the broader region

## Improving operational leverage through the Fit for Growth programme

We are taking actions to transform the way we operate, addressing structural inefficiencies and complexity through our three-year enterprise-wide Fit for Growth programme, that aims to simplify, standardise and digitise key elements of our business, setting the stage for accelerated growth.

This programme is targeting to save around \$1.5 billion of expenses over the next three years, and we expect to incur a similar amount in terms of the cost to achieve these sustainable organisational and financial benefits, creating lasting capacity to reinvest in our growth.

Since its launch in February this year, we are progressing the programme at pace, having identified more than 200 individual projects as in-scope or being scoped. Around 50 per cent of these projects are in execution or ready to commence execution, with the plan to have all of them in execution by the end of this year.

These projects are well diversified, which will help to minimise concentration and execution risk, with around 80 per cent of the projects expected to deliver savings of less than \$10 million individually.

## Delivering substantial shareholder distributions

We remain committed to sharing our success with our shareholders and will continue to actively manage our capital position with this objective in mind. We are today announcing a further share buyback programme of \$1.5 billion, to commence imminently. This new share buyback, and the interim dividend of 9 cents per share, up 50 per cent year-on-year, brings our total shareholder returns announced since the full year 2023 results to \$2.7 billion, well on our way to our 2024 to 2026 target of at least \$5 billion.

### Strong progress to our sustainability goals

We continue to see strong momentum in our Sustainable Finance franchise, which is up 18 per cent year-on-year in the first six months of the year, and we remain on-track to deliver over a billion dollars in income by 2025, as planned. We have mobilised over \$105 billion of sustainable finance since the beginning of 2021, making good progress as we advance towards our \$300 billion target by 2030.

On the broader sustainability agenda, building on the good progress we made in 2023, and in line with our position statements, we have updated our approach to greenhouse gas emissions reduction by adding methane emissions resulting from client activities. We announced in May the commitment that by 2025 we will set a methane emission baseline and interim 2030 target.

We facilitate the movement of capital to where it is needed most, and where it can have the biggest societal impact. For instance, this year we launched an innovative Adaptation Trade Finance Facility to protect businesses against extreme weather events. We have also released the “Guide for Adaptation and Resilience Finance” in partnership with the United Nations Office for Disaster Risk Reduction (UNDRR) and KPMG, with input from over 30 other organisations.

### Optimistic outlook for the markets in our footprint

Looking forward, we expect global growth of 3.1 per cent this year, with Asia set to remain the primary engine of global growth, expanding by 5.1 per cent in 2024 and 4.9 per cent in 2025. We expect Africa and the Middle East to grow faster in 2024 than in 2023, accelerating again in 2025.

We are uniquely positioned to take advantage of significant growth opportunities that will continue to come from the markets in our footprint, generating value for our clients and the communities in which we operate. Global trade and investment will continue to grow and is expected to be anchored in Asia, Africa and the Middle East (AME), and in Asia wealth creation is also expected to outpace that in the rest of world.

We have an unparalleled presence in 21 Asia markets, including all 10 ASEAN markets, as well as being one of the largest international banks in South Asia. We have a deep-rooted heritage in AME, where we are one of the largest international banks on the continent of Africa and have a significant presence across seven markets in the Middle East.

We will continue to invest in our core capabilities serving our clients’ cross-border needs and with a particular focus on Affluent clients. These segments are fast-growing and high returning and returns on incremental investment are high.

### Concluding remarks

We’ve delivered a strong financial performance in the first half of the year demonstrating the value of our franchise as a cross-border corporate and investment bank and a leading wealth manager for Affluent clients. We have also made very encouraging early progress against the key actions we laid out in February to drive sustainably higher returns.

Reflecting confidence in our performance and robust capital position, we are announcing our largest ever share buyback of \$1.5 billion, bringing our total shareholder distributions announced since full-year 2023 results to \$2.7 billion. We are also upgrading our guidance for income growth, which we now expect to be above 7 per cent in 2024.

Delivering strong income growth, combined with improving operational leverage through our Fit for Growth programme and maintaining our responsible approach to risk and capital, we continue to expect RoTE to increase steadily from 10 per cent in 2023, targeting 12 per cent in 2026 and to progress thereafter.

I believe we have the right strategy, business model and ambition to deliver our 2026 targets. My management team and I remain focused on delivering these targets while we create exceptional long-term value for the Group.

Finally, I would like to acknowledge the remarkable efforts of our colleagues for a strong start to the year. Their impressive dedication to our customers and the communities that we serve help to manifest our brand promise of here for good.



**Bill Winters**  
Group Chief Executive

30 July 2024

# Group Chief Financial Officer's review

The Group delivered a strong performance in the first six months of 2024

## Summary of financial performance

|   | H1'24<br>\$million | H1'23<br>\$million | Change<br>%     | Constant<br>currency<br>change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>%     | Constant<br>currency<br>change <sup>1</sup><br>% | Q1'24<br>\$million | Change<br>%     | Constant<br>currency<br>change <sup>1</sup><br>% |
|---|--------------------|--------------------|-----------------|--|--------------------|--------------------|-----------------|--|--------------------|-----------------|--|
| Underlying net interest income                                    | 4,979              | 4,777              | 4               | 5  | 2,560              | 2,436              | 5               | 6  | 2,419              | 6               | 6  |
| Underlying non NII  | 4,979              | 4,174              | 19              | 22   | 2,246              | 2,119              | 6               | 9  | 2,733              | (18)            | (16)   |
| <b>Underlying operating income</b>                                | <b>9,958</b>       | <b>8,951</b>       | <b>11</b>       | <b>13</b>  | <b>4,806</b>       | <b>4,555</b>       | <b>6</b>        | <b>7</b>   | <b>5,152</b>       | <b>(7)</b>      | <b>(6)</b>                                       |
| Other operating expenses  | (5,673)            | (5,501)            | (3)             | (5)  | (2,887)            | (2,826)            | (2)             | (4)  | (2,786)            | (4)             | (5)  |
| UK bank levy  | –                  | (3)                | 100             | 100  | –                  | (3)                | 100             | 100  | –                  | nm <sup>3</sup> | nm <sup>3</sup>                                  |
| <b>Underlying operating expenses</b>                              | <b>(5,673)</b>     | <b>(5,504)</b>     | <b>(3)</b>      | <b>(5)</b>                                       | <b>(2,887)</b>     | <b>(2,829)</b>     | <b>(2)</b>      | <b>(4)</b>                                       | <b>(2,786)</b>     | <b>(4)</b>      | <b>(5)</b>                                       |
| <b>Underlying operating profit before impairment and taxation</b> | <b>4,285</b>       | <b>3,447</b>       | <b>24</b>       | <b>26</b>  | <b>1,919</b>       | <b>1,726</b>       | <b>11</b>       | <b>13</b>  | <b>2,366</b>       | <b>(19)</b>     | <b>(17)</b>                                      |
| Credit impairment   | (249)              | (172)              | (45)            | (52)   | (73)               | (146)              | 50              | 43   | (176)              | 59              | 59   |
| Other impairment  | (143)              | (63)               | (127)           | (118)  | (83)               | (63)               | (32)            | (27)   | (60)               | (38)            | (40)   |
| Profit from associates and joint ventures                         | 64                 | 94                 | (32)            | (32)   | 65                 | 83                 | (22)            | (23)   | (1)                | nm <sup>3</sup> | nm <sup>3</sup>                                  |
| <b>Underlying profit before taxation</b>                          | <b>3,957</b>       | <b>3,306</b>       | <b>20</b>       | <b>21</b>  | <b>1,828</b>       | <b>1,600</b>       | <b>14</b>       | <b>15</b>  | <b>2,129</b>       | <b>(14)</b>     | <b>(12)</b>                                      |
| Restructuring   | (150)              | 56                 | nm <sup>3</sup> | nm <sup>3</sup>                                  | (95)               | 8                  | nm <sup>3</sup> | nm <sup>3</sup>                                  | (55)               | (73)            | (76)   |
| DVA   | (26)               | (39)               | 33              | 32   | 22                 | (93)               | 124             | 124  | (48)               | 146             | 146  |
| Other items   | (289)              | –                  | nm <sup>3</sup> | nm <sup>3</sup>                                  | (177)              | –                  | nm <sup>3</sup> | nm <sup>3</sup>                                  | (112)              | (58)            | (59)   |
| <b>Reported profit before taxation</b>                            | <b>3,492</b>       | <b>3,323</b>       | <b>5</b>        | <b>6</b>   | <b>1,578</b>       | <b>1,515</b>       | <b>4</b>        | <b>5</b>   | <b>1,914</b>       | <b>(18)</b>     | <b>(16)</b>                                      |
| Taxation  | (1,123)            | (938)              | (20)            | (24)   | (604)              | (474)              | (27)            | (37)   | (519)              | (16)            | (20)   |
| <b>Profit for the year</b>  | <b>2,369</b>       | <b>2,385</b>       | <b>(1)</b>      | <b>–</b>   | <b>974</b>         | <b>1,041</b>       | <b>(6)</b>      | <b>(8)</b>                                       | <b>1,395</b>       | <b>(30)</b>     | <b>(29)</b>                                      |
| Net interest margin (%) <sup>2</sup>                              | 1.85               | 1.67               | 18              |  | 1.93               | 1.71               | 22              |  | 1.76               | 17              |  |
| Underlying return on tangible equity (%) <sup>2</sup>             | 14.0               | 12.0               | 200             |  | 12.9               | 12.1               | 79              |  | 15.2               | (231)           |  |
| Underlying earnings per share (cents)                             | 98.5               | 75.0               | 31              |  | 45.5               | 37.3               | 22              |  | 52.9               | (14)            |  |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Change is the basis points (bps) difference between the two periods rather than the percentage change

3 Not meaningful



## Reported financial performance summary

|   | H1'24<br>\$million | H1'23<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% | Q1'24<br>\$million | Change<br>%     | Constant<br>currency<br>change <sup>1</sup><br>% |
|---|--------------------|--------------------|-------------|--|--------------------|--------------------|-------------|--|--------------------|-----------------|--|
| Net interest income   | 3,175              | 3,984              | (20)        | (19)   | 1,603              | 1,978              | (19)        | (18)   | 1,572              | 2               | 3  |
| Non NII   | 6,616              | 5,143              | 29          | 32   | 3,058              | 2,589              | 18          | 21   | 3,558              | (14)            | (13)   |
| <b>Reported operating income</b>                                | <b>9,791</b>       | <b>9,127</b>       | <b>7</b>    | <b>9</b>   | <b>4,661</b>       | <b>4,567</b>       | <b>2</b>    | <b>4</b>   | <b>5,130</b>       | <b>(9)</b>      | <b>(8)</b>                                       |
| <b>Reported operating expenses</b>                              | <b>(6,056)</b>     | <b>(5,668)</b>     | <b>(7)</b>  | <b>(9)</b>                                       | <b>(3,059)</b>     | <b>(2,918)</b>     | <b>(5)</b>  | <b>(7)</b>                                       | <b>(2,997)</b>     | <b>(2)</b>      | <b>(3)</b>                                       |
| <b>Reported operating profit before impairment and taxation</b> | <b>3,735</b>       | <b>3,459</b>       | <b>8</b>    | <b>10</b>  | <b>1,602</b>       | <b>1,649</b>       | <b>(3)</b>  | <b>(1)</b>                                       | <b>2,133</b>       | <b>(25)</b>     | <b>(23)</b>                                      |
| Credit impairment   | (240)              | (161)              | (49)        | (61)   | (75)               | (141)              | 47          | 40   | (165)              | 55              | 55   |
| Goodwill and Other impairment                                   | (147)              | (77)               | (91)        | (91)   | (87)               | (77)               | (13)        | (14)   | (60)               | (45)            | (47)   |
| Profit from associates and joint ventures                       | 144                | 102                | 41          | 41   | 138                | 84                 | 64          | 64   | 6                  | nm <sup>3</sup> | nm <sup>3</sup>                                  |
| <b>Reported profit before taxation</b>                          | <b>3,492</b>       | <b>3,323</b>       | <b>5</b>    | <b>6</b>   | <b>1,578</b>       | <b>1,515</b>       | <b>4</b>    | <b>5</b>   | <b>1,914</b>       | <b>(18)</b>     | <b>(16)</b>                                      |
| Taxation  | (1,123)            | (938)              | (20)        | (24)   | (604)              | (474)              | (27)        | (37)   | (519)              | (16)            | (20)   |
| <b>Profit for the year</b>                                      | <b>2,369</b>       | <b>2,385</b>       | <b>(1)</b>  | <b>-</b>   | <b>974</b>         | <b>1,041</b>       | <b>(6)</b>  | <b>(8)</b>                                       | <b>1,395</b>       | <b>(30)</b>     | <b>(29)</b>                                      |
| Reported return on tangible equity (%) <sup>2</sup>             | 11.9               | 11.9               | -           |  | 10.4               | 10.8               | (40)        |  | 13.5               | (310)           |  |
| Reported earnings per share (cents)                             | 83.3               | 75.6               | 10          |  | 36.7               | 34.8               | 5           |  | 46.5               | (21)            |  |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Change is the basis points (bps) difference between the two periods rather than the percentage change

3 Not meaningful

The Group delivered a strong performance in the first half of 2024. Underlying operating income grew 13 per cent at constant currency to \$10.0 billion and was up 10 per cent at constant currency excluding two notable items relating to gains on revaluation of FX positions in Egypt and hyperinflationary accounting adjustments in Ghana. Underlying net interest income (NII) was up 5 per cent at constant currency as the Group benefitted from the roll-off of short-term hedges and improved mix from Treasury activities. Underlying non net interest income (Non NII) increased 22 per cent or up 16 per cent at constant currency excluding the impact of the two notable items. The Group generated 8 per cent positive income-to-cost jaws at constant currency as expenses grew 5 per cent driven by inflation and continued investment into business growth initiatives. Credit impairment charges of \$249 million were equivalent to an annualised loan-loss rate of 18 basis points and benefitted from sovereign upgrades. This resulted in an underlying profit before tax of \$4.0 billion, up 21 per cent at constant currency.

The Group remains well capitalised and highly liquid with a diverse and stable deposit base. The liquidity coverage ratio of 148 per cent was 2 percentage points higher on the prior quarter, reflecting disciplined asset and liability management. The common equity tier 1 (CET1) ratio of 14.6 per cent is above the Group's target range, reflecting profit accretion and actions to lower risk-weighted assets (RWA). This capital strength has enabled the Board to announce an interim ordinary dividend of 9 cents per share, up 3 cents or 50 per cent, and announce a further \$1.5 billion share buyback programme to commence imminently. This follows the recently completed \$1 billion share buyback in the first half.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2023 on a reported currency basis, unless otherwise stated.

- Underlying operating income of \$10 billion was up 13 per cent or 10 per cent at constant currency excluding the benefit of two notable items. The double-digit growth was driven by a record performance in Wealth Solutions, strong pipeline execution in Global Banking, and the roll-off of short-term hedges within Treasury
- Underlying NII increased 4 per cent, or 5 per cent at constant currency, with a \$207 million benefit from the roll-off the short-term hedges and Treasury optimisation actions partly offset by an accounting asymmetry resulting from Treasury management of FX positions and elevated deposit passthrough rates in Corporate & Investment Banking (CIB)
- Underlying non NII increased 19 per cent or 22 per cent at constant currency. Excluding two notable items booked respectively within Treasury and Other income, underlying non NII was up 16 per cent at constant currency driven by strong double-digit growth in both Wealth Solutions and Global Banking
- Underlying operating expenses excluding the UK bank levy increased 3 per cent or 5 per cent at constant currency largely driven by inflation and continued investment into business growth initiatives, including strategic hiring of Relationship Managers in Wealth & Retail Banking (WRB) and coverage bankers in CIB. Expenses in the second quarter benefitted from lower investment spend, and are expected to increase slightly in the second half of 2024. The Group generated 8 per cent positive income-to-cost jaws while the cost-to-income ratio improved 4 percentage points to 57 per cent

## Group Chief Financial Officer's review continued

- Credit impairment was a charge of \$249 million with \$282 million in WRB, where charges have normalised following overlay releases in the first half of the prior year. Sovereign upgrades contributed to net releases in CIB and Central & Other items. There was a \$20 million increase in the Ventures charge, albeit it continued to decline for the second successive quarter. The annualised loan-loss rate for the first half of the year was 18 basis points
- Other impairment charge of \$143 million reflects the write-off of software assets with no impact on capital ratios
- Profit from associates and joint ventures decreased 32 per cent to \$64 million for the first six months of the year, reflecting lower profits at China Bohai Bank
- Restructuring, DVA and Other items charges totalled \$465 million. Restructuring of \$150 million reflect the impact of actions to transform the organisation to improve productivity, partly offset by gains on the remaining Principal Finance portfolio. Other items of \$289 million include \$174 million related to the loss from the sale of Zimbabwe primarily from the recycling of FX translation losses from reserves into the income statement, with no impact on tangible equity or capital. There was also a \$100 million charge booked for participation in a compensation scheme recommended by the Korean Financial Supervisory Service in respect of the Korea equity linked securities (ELS) portfolio. Movements in Debit Valuation Adjustment (DVA) were a negative \$26 million
- Taxation was \$1.1 billion on a reported basis with an underlying year-to-date effective tax rate of 30.1 per cent, up 1.7 per cent from 28.4 per cent in the first half of 2023, driven by increased deferred tax not recognised for UK losses, US tax adjustments and a change in the geographic mix of profits. This underlying effective tax rate is expected to continue into the second half of 2024
- Underlying return on tangible equity (RoTE) increased by 200 basis points to 14.0 per cent reflecting the increase in profits

## Operating income by product

|  | H1'24<br>\$million | H1'23<br>\$million | Change<br>%     | Constant<br>currency<br>change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% | Q1'24<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% |
|--|--------------------|--------------------|-----------------|--|--------------------|--------------------|-------------|--|--------------------|-------------|--|
| Transaction Services                     | 3,220              | 3,192              | 1               | 2  | 1,605              | 1,620              | (1)         | –  | 1,615              | (1)         | –  |
| Payments and Liquidity                   | 2,300              | 2,242              | 3               | 3  | 1,139              | 1,148              | (1)         | (1)  | 1,161              | (2)         | (2)  |
| Securities & Prime Services              | 294                | 272                | 8               | 10   | 153                | 131                | 17          | 19   | 141                | 9           | 9  |
| Trade & Working Capital                  | 626                | 678                | (8)             | (4)  | 313                | 341                | (8)         | (6)  | 313                | –           | 2  |
| Global Banking <sup>2</sup>              | 960                | 858                | 12              | 14   | 488                | 447                | 9           | 11   | 472                | 3           | 4  |
| Lending & Financial Solutions            | 836                | 749                | 12              | 14   | 422                | 396                | 7           | 9  | 414                | 2           | 2  |
| Capital Markets & Advisory               | 124                | 109                | 14              | 14   | 66                 | 51                 | 29          | 27   | 58                 | 14          | 14   |
| Global Markets <sup>2</sup>              | 1,837              | 1,799              | 2               | 5  | 796                | 877                | (9)         | (7)  | 1,041              | (24)        | (23)   |
| Macro Trading                            | 1,515              | 1,562              | (3)             | –  | 631                | 776                | (19)        | (17)   | 884                | (29)        | (28)   |
| Credit Trading                           | 332                | 237                | 40              | 46   | 165                | 116                | 42          | 46   | 167                | (1)         | (1)  |
| Valuation & Other Adj                    | (10)               | –                  | nm <sup>3</sup> | nm <sup>3</sup>                                  | –                  | (15)               | 100         | 100  | (10)               | 100         | 100  |
| Wealth Solutions                         | 1,234              | 1,006              | 23              | 25   | 618                | 495                | 25          | 27   | 616                | –           | 1  |
| Investment Products                      | 868                | 695                | 25              | 27   | 444                | 343                | 29          | 32   | 424                | 5           | 5  |
| Bancassurance                            | 366                | 311                | 18              | 19   | 174                | 152                | 14          | 15   | 192                | (9)         | (9)  |
| CCPL & Other Unsecured Lending           | 585                | 576                | 2               | 4  | 298                | 286                | 4           | 6  | 287                | 4           | 4  |
| Deposits                                 | 1,816              | 1,684              | 8               | 9  | 908                | 881                | 3           | 4  | 908                | –           | –  |
| Mortgages & Other Secured Lending        | 227                | 274                | (17)            | (14)   | 124                | 113                | 10          | 13   | 103                | 20          | 23   |
| Treasury                                 | 13                 | (393)              | 103             | 104  | (30)               | (160)              | 81          | 95   | 43                 | (170)       | (135)  |
| Other                                    | 66                 | (45)               | nm <sup>3</sup> | nm <sup>3</sup>                                  | (1)                | (4)                | 75          | (100)  | 67                 | (101)       | (100)  |
| <b>Total underlying operating income</b> | <b>9,958</b>       | <b>8,951</b>       | <b>11</b>       | <b>13</b>  | <b>4,806</b>       | <b>4,555</b>       | <b>6</b>    | <b>7</b>   | <b>5,152</b>       | <b>(7)</b>  | <b>(6)</b>                                       |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Banking and Markets products have been renamed to Global Banking and Global Markets respectively

3 Not meaningful

The operating income by product commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2023 on a constant currency basis, unless otherwise stated.

**Transaction Services** income increased 2 per cent. Payments and Liquidity was up by 3 per cent driven by higher volumes. This was partly offset by lower Trade & Working Capital income which decreased 4 per cent reflecting margin compression and lower volumes.

**Global Banking** income increased 14 per cent as Lending & Financial Solutions grew 14 per cent from strong pipeline execution which led to higher origination and distribution volumes. Capital Market & Advisory income was up 14 per cent.

**Global Markets** income increased 5 per cent with strong double-digit growth in Credit Trading and Commodities supporting a 7 per cent increase in flow income. This was partly offset by lower episodic income, primarily in FX and Rates, due to a non-repeat of the pockets of volatility which led to elevated client activity in the prior year.

**Wealth Solutions** income was up 25 per cent with broad-based growth across all products supported by new and innovative product launches, increased investment in Affluent Relationship Managers and continued strong new client onboarding levels. Net new sales more than doubled to \$13 billion and Wealth AUM of \$135 billion increased by 12 per cent since 31 December 2023.

**CCPL & Other Unsecured Lending** income was up 4 per cent with volume growth in both Personal Loans and Credit Cards.

**Deposits** income increased 9 per cent from higher volumes, and active passthrough rate management leading to increasing margins in a rising interest rate environment.

**Mortgages & Other Secured Lending** income was down 14 per cent on the back of lower mortgage volumes, particularly in Korea and Hong Kong, and margin compression, which in part reflects the impact of the Best Lending Rate cap in Hong Kong restricting the ability to reprice mortgages despite an increase in funding costs from higher interest rates.

**Treasury** income increased by \$406 million benefitting from \$151 million gain on revaluation of FX positions in Egypt and \$207 million benefit from the roll-off of short-term hedges.

**Other** income of \$66 million includes \$107 million related to hyperinflationary accounting adjustments in Ghana partly offset by increased funding costs on non-financial assets from a rise in interest rates.

## Profit before tax by client segment

|  | H1'24<br>\$million | H1'23<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% | Q1'24<br>\$million | Change<br>% | Constant<br>currency<br>change <sup>1</sup><br>% |
|--|--------------------|--------------------|-------------|--|--------------------|--------------------|-------------|--|--------------------|-------------|--|
| Corporate & Investment Banking           | 3,001              | 2,915              | 3           | 5  | 1,362              | 1,430              | (5)         | (4)  | 1,639              | (17)        | (16)   |
| Wealth & Retail Banking                  | 1,407              | 1,373              | 2           | 3  | 678                | 696                | (3)         | (2)  | 729                | (7)         | (7)  |
| Ventures                                 | (199)              | (158)              | (26)        | (27)   | (87)               | (55)               | (58)        | (54)   | (112)              | 22          | 24   |
| Central & other items                    | (252)              | (824)              | 69          | 68   | (125)              | (471)              | 73          | 76   | (127)              | 2           | 23   |
| <b>Underlying profit before taxation</b> | <b>3,957</b>       | <b>3,306</b>       | <b>20</b>   | <b>21</b>  | <b>1,828</b>       | <b>1,600</b>       | <b>14</b>   | <b>15</b>  | <b>2,129</b>       | <b>(14)</b> | <b>(12)</b>                                      |

<sup>1</sup> Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

**Corporate & Investment Banking (CIB)** profit before taxation increased 5 per cent. Income grew 5 per cent with broad-based growth across Transaction Services, Global Markets, and in particular, double-digit growth in Global Banking. Expenses were 5 per cent higher, while credit impairment was a net release of \$35 million. Other impairment of \$104 million primarily related to the write-off of software assets.

**Wealth & Retail Banking (WRB)** profit before taxation increased 3 per cent. Income increased 10 per cent, with record income in Wealth Solutions, up 25 per cent, partly offset by lower Mortgage income. Expenses increased 6 per cent, and the credit impairment charge of \$282 million was broadly in line with recent run rates and following a non-repeat of prior year overlay releases.

**Ventures** loss increased by \$41 million to \$199 million reflecting the Group's continued investment in transformational digital initiatives. Income was down by \$9 million to \$80 million from lower gains in SC Ventures compared to the prior period gains. Digital Banks income of \$62 million increased 77 per cent. Expenses increased by \$19 million whilst there was an impairment charge of \$43 million, primarily from Mox albeit delinquency rates have improved.

**Central & other items (C&O)** recorded a loss of \$252 million approximately one third of the prior period loss. Treasury income of \$10 million increased by \$415 million mostly from translation gains on the revaluation of FX positions in Egypt and the roll-off of the short-term hedges. Other products income of \$5 million increased by \$117 million primarily from hyperinflationary accounting adjustments relating to Ghana. Expenses decreased by \$34 million and there was a credit impairment release of \$41 million from sovereign-related exposures. Associates income reduced by \$37 million, reflecting lower profits at China Bohai Bank.

## Adjusted net interest income and margin

|   | H1'24<br>\$million | H1'23<br>\$million | Change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change <sup>1</sup><br>% | Q1'24<br>\$million | Change <sup>1</sup><br>% |
|---|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|--------------------------|
| Adjusted net interest income <sup>2</sup> | 4,991              | 4,770              | 5                        | 2,562              | 2,430              | 5                        | 2,429              | 5                        |
| Average interest-earning assets           | 543,788            | 576,149            | (6)                      | 533,869            | 569,811            | (6)                      | 553,710            | (4)                      |
| Average interest-bearing liabilities      | 537,608            | 537,549            | –                        | 538,054            | 536,142            | –                        | 537,161            | –                        |
| Gross yield (%) <sup>3</sup>              | 5.25               | 4.49               | 76                       | 5.32               | 4.61               | 71                       | 5.18               | 14                       |
| Rate paid (%) <sup>3</sup>                | 3.44               | 3.02               | 42                       | 3.36               | 3.08               | 28                       | 3.52               | (16)                     |
| Net yield (%) <sup>3</sup>                | 1.81               | 1.47               | 34                       | 1.96               | 1.53               | 43                       | 1.66               | 30                       |
| Net interest margin (%) <sup>3,4</sup>    | 1.85               | 1.67               | 18                       | 1.93               | 1.71               | 22                       | 1.76               | 17                       |

1 Variance is better/(worse) other than assets and liabilities which is increase/(decrease)

2 Adjusted net interest income is reported net interest income less funding costs for the trading book and financial guarantee fees on interest-earning assets

3 Change is the basis points (bps) difference between the two periods rather than the percentage change

4 Adjusted net interest income divided by average interest-earning assets, annualised

5 Not meaningful

Adjusted net interest income was up 5 per cent driven by an increase in the net interest margin, which averaged 185 basis points in the first half, increasing 18 basis points both year-on-year and compared to the prior half. The benefit from roll-off of the short-term hedges and Treasury optimisation was partly offset by an accounting asymmetry resulting from Treasury management of FX positions and elevated deposit passthrough rates in CIB.

Adjusted net interest income increased 5 per cent quarter-on-quarter with an \$84 million uplift from an incremental two-month benefit from the short-term hedge roll-off, Treasury optimisation and a reduction in the accounting asymmetry resulting from Treasury management of FX positions. This was partly offset by the impact of elevated deposit passthrough rates in CIB.

- Average interest-earning assets decreased 4 per cent on the prior quarter primarily due to a reduction in Treasury assets following on from an increase in demand for funding of trading book assets. The run down in both Treasury assets and low margin mortgages led to an improvement in the mix of assets. This, alongside roll-off of the short-term hedge contributed to gross yields increasing 14 basis points compared to the prior quarter to 532 basis points
- Average interest-bearing liabilities were broadly stable on the prior quarter as growth in WRB customer accounts was offset by lower Treasury and CIB balances. The rate paid on liabilities decreased 16 basis points compared with the average in the prior quarter, reflecting a reduction in Treasury accounting asymmetry and increase in the trading book funding cost adjustment

## Credit risk summary

## Income Statement (Underlying view)

|   | H1'24<br>\$million | H1'23<br>\$million | Change <sup>1</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change <sup>1</sup><br>% | Q1'24<br>\$million | Change <sup>1</sup><br>% |
|---|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|--------------------------|
| Total credit impairment charge/(release) <sup>2</sup> | 249                | 172                | 45                       | 73                 | 146                | (50)                     | 176                | (59)                     |
| Of which stage 1 and 2 <sup>2</sup>                   | 73                 | 33                 | 121                      | 12                 | 27                 | (56)                     | 61                 | (80)                     |
| Of which stage 3 <sup>2</sup>                         | 176                | 139                | 27                       | 61                 | 119                | (49)                     | 115                | (47)                     |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Refer to Group Chief Risk Officer's section

## Balance sheet

|   | 30.06.24<br>\$million | 31.03.24<br>\$million | Change <sup>1</sup><br>% | 31.12.23<br>\$million | Change <sup>1</sup><br>% | 30.06.23<br>\$million | Change <sup>1</sup><br>% |
|---|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Gross loans and advances to customers <sup>2</sup>              | 280,893               | 288,643               | (3)                      | 292,145               | (4)                      | 295,508               | (5)                      |
| Of which stage 1  | 264,249               | 272,133               | (3)                      | 273,692               | (3)                      | 277,711               | (5)                      |
| Of which stage 2  | 10,005                | 9,520                 | 5                        | 11,225                | (11)                     | 10,110                | (1)                      |
| Of which stage 3  | 6,639                 | 6,990                 | (5)                      | 7,228                 | (8)                      | 7,687                 | (14)                     |
| <b>Expected credit loss provisions</b>                          | <b>(4,997)</b>        | <b>(5,240)</b>        | <b>(5)</b>               | <b>(5,170)</b>        | <b>(3)</b>               | <b>(5,371)</b>        | <b>(7)</b>               |
| Of which stage 1  | (480)                 | (478)                 | –                        | (430)                 | 12                       | (451)                 | 6                        |
| Of which stage 2  | (362)                 | (359)                 | 1                        | (420)                 | (14)                     | (400)                 | (10)                     |
| Of which stage 3  | (4,155)               | (4,403)               | (6)                      | (4,320)               | (4)                      | (4,520)               | (8)                      |
| <b>Net loans and advances to customers</b>                      | <b>275,896</b>        | <b>283,403</b>        | <b>(3)</b>               | <b>286,975</b>        | <b>(4)</b>               | <b>290,137</b>        | <b>(5)</b>               |
| Of which stage 1  | 263,769               | 271,655               | (3)                      | 273,262               | (3)                      | 277,260               | (5)                      |
| Of which stage 2  | 9,643                 | 9,161                 | 5                        | 10,805                | (11)                     | 9,710                 | (1)                      |
| Of which stage 3  | 2,484                 | 2,587                 | (4)                      | 2,908                 | (15)                     | 3,167                 | (22)                     |
| Cover ratio of stage 3 before/after collateral (%) <sup>3</sup> | 63/82                 | 63/81                 | 0/1                      | 60/76                 | 3/6                      | 59/78                 | 4/4                      |
| Credit grade 12 accounts (\$million)                            | 964                   | 1,009                 | (4)                      | 2,155                 | (55)                     | 1,316                 | (27)                     |
| Early alerts (\$million)  | 5,044                 | 4,933                 | 2                        | 5,512                 | (8)                      | 4,443                 | 14                       |
| Investment grade corporate exposures (%) <sup>3</sup>           | 74                    | 72                    | 2                        | 73                    | 1                        | 74                    | –                        |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$7,788 million at 30 June 2024, \$11,290 million at 31 March 2024, \$13,996 million at 31 December 2023 and \$10,950 million at 30 June 2023

3 Change is the percentage points difference between the two points rather than the percentage change

Asset quality remained resilient in the first half of 2024, with an improvement in a number of underlying credit metrics.

The Group continues to actively manage the credit portfolio while remaining alert to a volatile and challenging external environment, including increased geopolitical tensions, which has led to idiosyncratic stress in a select number of geographies and industry sectors.

Credit impairment was a charge of \$249 million in the half, up \$77 million year-on-year and representing an annualised loan-loss rate of 18 basis points. WRB charges have broadly normalised following the release of management overlays in the first half of the prior year and totalled \$282 million, an increase of \$174 million. There was a \$43 million charge in Ventures, an increase of \$20 million, primarily from Mox, albeit impairment charges have fallen for two successive quarters as credit criteria were adjusted after delinquency rates increased in the second half of last year. Sovereign upgrades were a net release of \$54 million across CIB and C&O and were the primary contributor to the \$41 million net release in C&O. CIB was a net release of \$35 million as a low level of new impairment was more than offset by releases relating to historical provisions and sovereign upgrades. Included in CIB is a China commercial real estate sector charge of \$8 million as additional stage 3 provisions were offset by \$55 million in management overlay releases primarily as a result of repayments. The management overlay now totals \$86 million and the Group has provided \$1.2 billion in total in relation to the China commercial real estate sector.

Gross stage 3 loans and advances to customers of \$6.6 billion were 8 per cent lower compared with 31 December 2023 as repayments, client upgrades, reduction in exposures and write-offs more than offset new inflows. Credit-impaired loans represent 2.4 per cent of gross loans and advances, a reduction of 11 basis points compared with 31 December 2023.

The stage 3 cover ratio of 63 per cent increased 3 percentage points compared with the position at 31 December 2023, and the cover ratio post collateral of 82 per cent increased by 6 percentage points, both increasing due to the decrease in gross stage 3 loans.

Credit grade 12 balances of \$1.0 billion have decreased by \$1.2 billion since 31 December 2023 and are broadly stable since 31 March 2024, reflecting both improvements into stronger credit grades and downgrades to stage 3, as well as the reversal of an existing \$1 billion sovereign related exposure from reverse repurchase agreements to investment securities. Early alert accounts of \$5.0 billion decreased by \$0.6 billion due to net upgrades and exposure reductions relating to a select number of clients.

The proportion of investment grade corporate exposures has increased by 1 percentage point since 31 December 2023 to 74 per cent.

## Restructuring, goodwill impairment and other items

|   | H1'24                      |                  |                          | H1'23                      |                  |                          |
|---|----------------------------|------------------|--------------------------|----------------------------|------------------|--------------------------|
|   | Restructuring<br>\$million | DVA<br>\$million | Other items<br>\$million | Restructuring<br>\$million | DVA<br>\$million | Other items<br>\$million |
| Operating income                          | 48                         | (26)             | (189)                    | 215                        | (39)             | –                        |
| Operating expenses                        | (283)                      | –                | (100)                    | (164)                      | –                | –                        |
| Credit impairment                         | 9                          | –                | –                        | 11                         | –                | –                        |
| Other impairment                          | (4)                        | –                | –                        | (14)                       | –                | –                        |
| Profit from associates and joint ventures | 80                         | –                | –                        | 8                          | –                | –                        |
| <b>Profit/(loss) before taxation</b>      | <b>(150)</b>               | <b>(26)</b>      | <b>(289)</b>             | <b>56</b>                  | <b>(39)</b>      | <b>–</b>                 |

The Group's reported performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by-period.

Restructuring charges of \$150 million reflect the impact of actions to transform the organisation to improve productivity, primarily additional redundancy charges and technology related costs partly offset by profits on the remaining Principal Finance portfolio.

Other items charges of \$289 million include \$174 million from the sale of Zimbabwe primarily related to the recycling of FX translation losses from reserves into the income statement, which has no impact on tangible net asset value and capital; and a \$100 million charge was booked in the first quarter related to the SCB Korea approved compensation scheme based on the Financial Supervisory Service guidelines. We have engaged with impacted customers and have already reached settlement with some customers under this scheme.

Movements in DVA were negative \$26 million, driven by tightening of the Group's asset swap spreads on derivative liability exposures. The size of the portfolio subject to DVA did not change materially.

## Balance sheet and liquidity

|   | 30.06.24<br>\$million | 31.03.24<br>\$million | Change <sup>1</sup><br>% | 31.12.23<br>\$million | Change <sup>1</sup><br>% | 30.06.23<br>\$million | Change <sup>1</sup><br>% |
|---|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| <b>Assets</b>                                     |                       |                       |                          |                       |                          |                       |                          |
| Loans and advances to banks                       | 45,231                | 39,698                | 14                       | 44,977                | 1                        | 44,602                | 1                        |
| Loans and advances to customers                   | 275,896               | 283,403               | (3)                      | 286,975               | (4)                      | 290,137               | (5)                      |
| Other assets                                      | 514,300               | 489,424               | 5                        | 490,892               | 5                        | 503,972               | 2                        |
| <b>Total assets</b>                               | <b>835,427</b>        | <b>812,525</b>        | <b>3</b>                 | <b>822,844</b>        | <b>2</b>                 | <b>838,711</b>        | <b>–</b>                 |
| <b>Liabilities</b>                                |                       |                       |                          |                       |                          |                       |                          |
| Deposits by banks                                 | 28,087                | 29,691                | (5)                      | 28,030                | –                        | 28,560                | (2)                      |
| Customer accounts                                 | 468,157               | 459,386               | 2                        | 469,418               | –                        | 469,567               | –                        |
| Other liabilities                                 | 287,856               | 272,609               | 6                        | 275,043               | 5                        | 290,903               | (1)                      |
| <b>Total liabilities</b>                          | <b>784,100</b>        | <b>761,686</b>        | <b>3</b>                 | <b>772,491</b>        | <b>2</b>                 | <b>789,030</b>        | <b>(1)</b>               |
| <b>Equity</b>                                     | <b>51,327</b>         | <b>50,839</b>         | <b>1</b>                 | <b>50,353</b>         | <b>2</b>                 | <b>49,681</b>         | <b>3</b>                 |
| <b>Total equity and liabilities</b>               | <b>835,427</b>        | <b>812,525</b>        | <b>3</b>                 | <b>822,844</b>        | <b>2</b>                 | <b>838,711</b>        | <b>–</b>                 |
| <b>Advances-to-deposits ratio (%)<sup>2</sup></b> | <b>52.6%</b>          | <b>54.3%</b>          |                          | <b>53.3%</b>          |                          | <b>53.6%</b>          |                          |
| <b>Liquidity coverage ratio (%)</b>               | <b>148%</b>           | <b>146%</b>           |                          | <b>145%</b>           |                          | <b>164%</b>           |                          |

1 Variance is increase/(decrease)comparing current reporting period to prior reporting periods

2 The Group excludes \$18,419 million held with central banks (31.03.24: \$21,258 million, 31.12.23: \$20,710 million, 30.06.23: \$24,749 million) that has been confirmed as repayable at the point of stress. Advances exclude repurchase agreement and other similar secured lending of \$7,788 million (31.03.24: \$11,290 million and 31.12.23: \$13,996 million) and include loans and advances to customers held at fair value through profit or loss of \$6,877 million (31.03.24: \$7,950 million and 31.12.23: \$7,212 million). Deposits include customer accounts held at fair value through profit or loss of \$19,850 million (31.03.24: \$17,595 million and 31.12.23: \$17,248 million)

The Group's balance sheet remains strong, liquid and well diversified.



- Loans and advances to customers decreased 4 per cent since 31 December 2023 to \$276 billion and were up \$5 billion or 2 per cent on an underlying basis with growth in CIB mostly from higher origination volumes in Global Banking, and short-term structured loans in Global Markets. WRB balances reduced as an increase in Wealth Lending was more than offset by lower Mortgage balances as the Group reduced the number of new mortgages written in markets experiencing an uneconomic pricing environment. The underlying increase excludes the impact of a \$10 billion reduction from Treasury and securities based loans held to collect and a \$6 billion reduction from currency translation
- Customer accounts of \$468 billion were broadly flat since 31 December 2023 but increased an underlying 1 per cent excluding the impact of currency translation. An increase in WRB Time Deposits and Ventures was partly offset by a reduction in Transaction Services CASA
- Other assets increased 5 per cent or \$23 billion from 31 December 2023, with a \$35 billion increase in financial assets held at fair value through profit or loss, primarily in relation to the trading book. This was partly offset by a \$9 billion reduction in investment securities fair valued through other comprehensive income and \$6 billion decrease in cash and balances held at central banks
- Other liabilities increased 5 per cent or \$13 billion from 31 December 2023, with a \$14 billion increase in financial liabilities held at fair value through profit or loss primarily in repurchase agreements and short positions as well as a \$5 billion increase in unsettled trades and other financial liabilities. This was partly offset by a \$5 billion reduction in derivative balances and a \$5 billion reduction in repurchase agreements and other similar secured borrowing booked at amortised cost

The advances-to-deposits ratio decreased to 52.6 per cent from 53.3 per cent at 31 December 2023 reflecting the reduction in loans and advances to customers. The point-in-time liquidity coverage ratio increased to 148 per cent and remains well above the minimum regulatory requirement.

### Risk-weighted assets

|                     | 30.06.24<br>\$million | 31.03.24<br>\$million | Change <sup>1</sup><br>% | 31.12.23<br>\$million | Change <sup>1</sup><br>% | 30.06.23<br>\$million | Change <sup>1</sup><br>% |
|---------------------|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| <b>By risk type</b> |                       |                       |                          |                       |                          |                       |                          |
| Credit risk         | 185,004               | 193,009               | (4)                      | 191,423               | (3)                      | 197,151               | (6)                      |
| Operational risk    | 29,479                | 29,805                | (1)                      | 27,861                | 6                        | 27,861                | 6                        |
| Market risk         | 27,443                | 29,302                | (6)                      | 24,867                | 10                       | 24,105                | 14                       |
| <b>Total RWAs</b>   | <b>241,926</b>        | <b>252,116</b>        | <b>(4)</b>               | <b>244,151</b>        | <b>(1)</b>               | <b>249,117</b>        | <b>(3)</b>               |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Total risk-weighted assets (RWA) decreased 1 per cent or \$2.2 billion since 31 December 2023 to \$241.9 billion.

- Credit risk RWA decreased \$6.4 billion to \$185.0 billion, from improved asset quality including sovereign upgrades, optimisation initiatives and FX translation
- Operational risk RWA increased by \$1.6 billion reflecting an increase in average income as measured over a rolling three-year time horizon, with higher 2023 income replacing lower 2020 income, partly offset by a reduction in the second quarter from a regulatory waiver granted to exclude the impact of the disposed Aviation business
- Market risk RWA increased by \$2.6 billion to \$27.4 billion since 31 December 2023 as RWA was deployed to help clients capture opportunities in Markets, partly offset by reductions from methodology changes related to our Internal Model Approach

### Capital base and ratios

|  | 30.06.24<br>\$million | 31.03.24<br>\$million | Change <sup>1</sup><br>% | 31.12.23<br>\$million | Change <sup>1</sup><br>% | 30.06.23<br>\$million | Change <sup>1</sup><br>% |
|--|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| <b>CET1 capital</b>                        | <b>35,418</b>         | <b>34,279</b>         | <b>3</b>                 | <b>34,314</b>         | <b>3</b>                 | <b>34,896</b>         | <b>1</b>                 |
| Additional Tier 1 capital (AT1)            | 6,484                 | 6,486                 | –                        | 5,492                 | 18                       | 5,492                 | 18                       |
| <b>Tier 1 capital</b>                      | <b>41,902</b>         | <b>40,765</b>         | <b>3</b>                 | <b>39,806</b>         | <b>5</b>                 | <b>40,388</b>         | <b>4</b>                 |
| Tier 2 capital                             | 11,667                | 11,773                | (1)                      | 11,935                | (2)                      | 12,281                | (5)                      |
| <b>Total capital</b>                       | <b>53,569</b>         | <b>52,538</b>         | <b>2</b>                 | <b>51,741</b>         | <b>4</b>                 | <b>52,669</b>         | <b>2</b>                 |
| <b>CET1 capital ratio (%)<sup>2</sup></b>  | <b>14.6</b>           | <b>13.6</b>           | <b>1.0</b>               | <b>14.1</b>           | <b>0.5</b>               | <b>14.0</b>           | <b>0.6</b>               |
| <b>Total capital ratio (%)<sup>2</sup></b> | <b>22.1</b>           | <b>20.8</b>           | <b>1.3</b>               | <b>21.2</b>           | <b>0.9</b>               | <b>21.1</b>           | <b>1.0</b>               |
| <b>Leverage ratio (%)<sup>2</sup></b>      | <b>4.8</b>            | <b>4.8</b>            | <b>–</b>                 | <b>4.7</b>            | <b>0.1</b>               | <b>4.8</b>            | <b>–</b>                 |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 Change is percentage points difference between two points rather than percentage change

## Group Chief Financial Officer's review continued

The Group's CET1 ratio of 14.6 per cent increased 59 basis points since 31 December 2023 and remains 4.1 percentage points above the Group's latest regulatory minimum of 10.6 per cent. Underlying profit accretion was partly offset by shareholder distributions.

As well as the 99 basis points of CET1 accretion from underlying profits, there was a further 26 basis points uplift primarily from fair value gains on other comprehensive income and regulatory capital adjustments.

The Group spent \$1 billion purchasing 113.3 million ordinary shares of \$0.50 each during the first half, representing a volume-weighted average price per share of £6.97. These shares were subsequently cancelled, reducing the total issued share capital by 4 per cent and the CET1 ratio by approximately 40 basis points. The Group is accruing a provisional interim 2024 ordinary share dividend over the first half of 2024, which is calculated formulaically at one-third of the ordinary dividend paid in 2023 or 9 cents a share. This, combined with payments due to AT1 and preference shareholders reduced the CET1 ratio by 19 basis points.

The Board has decided to carry out a share buyback commencing imminently for up to a maximum consideration of \$1.5 billion to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The terms of the buyback will be announced and it is expected to reduce the Group's CET1 ratio in the third quarter of 2024 by approximately 60 basis points.

The Group's UK leverage ratio of 4.8 per cent increased 7 basis points compared with the ratio at 31 December 2023 and remains significantly above its minimum requirement of 3.8 per cent.

### Outlook

We are upgrading our 2024 income guidance while all other key points of guidance remain unchanged:

- Operating income to increase above 7 per cent in 2024 at constant currency, excluding the two notable items
- Net interest income for 2024 of \$10 billion to \$10.25 billion, at constant currency
- Positive income-to-cost jaws, excluding UK bank levy, at constant currency in 2024
- Low single-digit percentage growth in underlying loans and advances to customers and RWA in 2024
- Continue to expect loan-loss ratio to normalise towards the historical through the cycle 30 to 35 basis points range
- Continue to operate dynamically within the full 13-14 per cent CET1 ratio target range
- Continue to increase full-year dividend per share over time
- RoTE increasing steadily from 10 per cent, targeting 12 per cent in 2026 and to progress thereafter



**Diego De Giorgi**  
Group Chief Financial Officer

30 July 2024



# Supplementary financial information

## Underlying performance by client segment

|  | H1'24                                    |                                   |                    |                                 |                 |
|--|--|-----------------------------------|--------------------|---------------------------------|-----------------|
|  | Corporate & Investment Banking \$million | Wealth & Retail Banking \$million | Ventures \$million | Central & other items \$million | Total \$million |
| <b>Operating income</b>  | 5,991                                    | 3,872                             | 80                 | 15                              | 9,958           |
| External   | 5,018                                    | 1,749                             | 80                 | 3,111                           | 9,958           |
| Inter-segment  | 973                                      | 2,123                             | –                  | (3,096)                         | –               |
| <b>Operating expenses</b>  | (2,921)                                  | (2,156)                           | (230)              | (366)                           | (5,673)         |
| <b>Operating profit/(loss) before impairment losses and taxation</b> | 3,070                                    | 1,716                             | (150)              | (351)                           | 4,285           |
| Credit impairment  | 35                                       | (282)                             | (43)               | 41                              | (249)           |
| Other impairment   | (104)                                    | (27)                              | –                  | (12)                            | (143)           |
| Profit from associates and joint ventures                            | –  | –                                 | (6)                | 70                              | 64              |
| <b>Underlying profit/(loss) before taxation</b>                      | 3,001                                    | 1,407                             | (199)              | (252)                           | 3,957           |
| Restructuring  | (59)                                     | (51)                              | (1)                | (39)                            | (150)           |
| DVA  | (26)                                     | –                                 | –                  | –                               | (26)            |
| Other items  | –  | (100)                             | –                  | (189)                           | (289)           |
| <b>Reported profit/(loss) before taxation</b>                        | 2,916                                    | 1,256                             | (200)              | (480)                           | 3,492           |
| Total assets   | 443,442                                  | 122,846                           | 5,280              | 263,859                         | 835,427         |
| Of which: loans and advances to customers                            | 190,298                                  | 120,277                           | 1,110              | 24,022                          | 335,707         |
| loans and advances to customers                                      | 130,496                                  | 120,268                           | 1,110              | 24,022                          | 275,896         |
| loans held at fair value through profit or loss (FVTPL) <sup>1</sup> | 59,802                                   | 9                                 | –                  | –                               | 59,811          |
| Total liabilities  | 467,875                                  | 208,565                           | 4,347              | 103,313                         | 784,100         |
| Of which: customer accounts <sup>1</sup>                             | 315,767                                  | 204,154                           | 4,046              | 8,295                           | 532,262         |
| Risk-weighted assets   | 149,133                                  | 52,459                            | 2,129              | 38,205                          | 241,926         |
| Income return on risk-weighted assets (%)                            | 8.1                                      | 14.8                              | 8.3                | 0.1                             | 8.1             |
| Underlying return on tangible equity (%)                             | 21.0                                     | 27.8                              | nm <sup>2</sup>    | (16.9)                          | 14.0            |
| Cost-to-income ratio (%)   | 48.8                                     | 55.7                              | nm <sup>2</sup>    | nm <sup>2</sup>                 | 57.0            |

|  | H1'23                                    |                                   |                    |                                 |                 |
|--|--|-----------------------------------|--------------------|---------------------------------|-----------------|
|  | Corporate & Investment Banking \$million | Wealth & Retail Banking \$million | Ventures \$million | Central & other items \$million | Total \$million |
| <b>Operating Income</b>  | 5,823                                    | 3,556                             | 89                 | (517)                           | 8,951           |
| External   | 4,569                                    | 2,154                             | 89                 | 2,139                           | 8,951           |
| Inter-segment  | 1,254                                    | 1,402                             | –                  | (2,656)                         | –               |
| <b>Operating Expenses</b>  | (2,818)                                  | (2,075)                           | (211)              | (400)                           | (5,504)         |
| <b>Operating profit/(loss) before impairment losses and taxation</b> | 3,005                                    | 1,481                             | (122)              | (917)                           | 3,447           |
| Credit impairment  | (69)                                     | (108)                             | (23)               | 28                              | (172)           |
| Other impairment   | (21)                                     | –                                 | –                  | (42)                            | (63)            |
| Profit from associates and joint ventures                            | –  | –                                 | (13)               | 107                             | 94              |
| <b>Underlying profit/(loss) before taxation</b>                      | 2,915                                    | 1,373                             | (158)              | (824)                           | 3,306           |
| Restructuring  | 73                                       | (16)                              | (1)                | –                               | 56              |
| DVA  | (39)                                     | –                                 | –                  | –                               | (39)            |
| <b>Reported profit/(loss) before taxation</b>                        | 2,949                                    | 1,357                             | (159)              | (824)                           | 3,323           |
| Total assets   | 401,001                                  | 129,660                           | 3,076              | 304,974                         | 838,711         |
| Of which: loans and advances to customers                            | 174,214                                  | 127,039                           | 947                | 33,623                          | 335,823         |
| loans and advances to customers                                      | 128,548                                  | 127,020                           | 947                | 33,622                          | 290,137         |
| loans held at fair value through profit or loss (FVTPL) <sup>1</sup> | 45,666                                   | 19                                | –                  | 1                               | 45,686          |
| Total liabilities  | 490,697                                  | 190,690                           | 2,317              | 105,326                         | 789,030         |
| Of which: customer accounts <sup>1</sup>                             | 333,584                                  | 185,741                           | 2,072              | 8,394                           | 529,791         |
| Risk-weighted assets   | 147,258                                  | 50,664                            | 1,925              | 49,270                          | 249,117         |
| Income return on risk-weighted assets (%)                            | 8.0                                      | 14.1                              | 13.0               | (2.1)                           | 7.3             |
| Underlying return on tangible equity (%)                             | 20.8                                     | 28.2                              | nm <sup>2</sup>    | (25.6)                          | 12.0            |
| Cost-to-income ratio (%)   | 48.4                                     | 58.4                              | nm <sup>2</sup>    | nm <sup>2</sup>                 | 61.5            |

1 Loans and advances to customers includes FVTPL and customer accounts includes FVTPL and repurchase agreements

2 Not meaningful

## Supplementary financial information continued

### Corporate & Investment Banking

|   | H1'24<br>\$million | H1'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q1'24<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% |
|---|--------------------|--------------------|--------------------------|--|--------------------|--------------------|--------------------------|--|--------------------|--------------------------|--|
| <b>Operating income</b>                                       | <b>5,991</b>       | 5,823              | 3                        | 5  | <b>2,876</b>       | 2,931              | (2)                      | (1)  | 3,115              | (8)                      | (7)  |
| Transaction Services  | <b>3,196</b>       | 3,169              | 1                        | 2  | <b>1,593</b>       | 1,608              | (1)                      | –  | 1,603              | (1)                      | –  |
| Payments and Liquidity  | <b>2,300</b>       | 2,242              | 3                        | 3  | <b>1,139</b>       | 1,148              | (1)                      | (1)  | 1,161              | (2)                      | (2)  |
| Securities & Prime Services                                   | <b>294</b>         | 272                | 8                        | 10   | <b>153</b>         | 131                | 17                       | 19   | 141                | 9                        | 9  |
| Trade & Working Capital                                       | <b>602</b>         | 655                | (8)                      | (4)  | <b>301</b>         | 329                | (9)                      | (6)  | 301                | –                        | 2  |
| Global Banking <sup>3</sup>                                   | <b>960</b>         | 858                | 12                       | 14   | <b>488</b>         | 447                | 9                        | 11   | 472                | 3                        | 4  |
| Lending & Financial Solutions                                 | <b>836</b>         | 749                | 12                       | 14   | <b>422</b>         | 396                | 7                        | 9  | 414                | 2                        | 2  |
| Capital Markets & Advisory                                    | <b>124</b>         | 109                | 14                       | 14   | <b>66</b>          | 51                 | 29                       | 27   | 58                 | 14                       | 14   |
| Global Markets <sup>3</sup>                                   | <b>1,837</b>       | 1,799              | 2                        | 5  | <b>796</b>         | 877                | (9)                      | (7)  | 1,041              | (24)                     | (23)   |
| Macro Trading   | <b>1,515</b>       | 1,562              | (3)                      | –  | <b>631</b>         | 776                | (19)                     | (17)   | 884                | (29)                     | (28)   |
| Credit Trading  | <b>332</b>         | 237                | 40                       | 46   | <b>165</b>         | 116                | 42                       | 46   | 167                | (1)                      | (1)  |
| Valuation & Other Adj   | <b>(10)</b>        | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    | <b>–</b>           | (15)               | 100                      | 100  | (10)               | 100                      | 100  |
| Deposits  | <b>–</b>           | 1                  | (100)                    | (100)  | <b>–</b>           | 1                  | (100)                    | nm <sup>7</sup>                                    | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| Other   | <b>(2)</b>         | (4)                | 50                       | 50   | <b>(1)</b>         | (2)                | 50                       | 50   | (1)                | –                        | –  |
| <b>Operating expenses</b>                                     | <b>(2,921)</b>     | (2,818)            | (4)                      | (5)  | <b>(1,498)</b>     | (1,403)            | (7)                      | (8)  | (1,423)            | (5)                      | (6)  |
| <b>Operating profit before impairment losses and taxation</b> | <b>3,070</b>       | 3,005              | 2                        | 4  | <b>1,378</b>       | 1,528              | (10)                     | (9)  | 1,692              | (19)                     | (18)   |
| Credit impairment   | <b>35</b>          | (69)               | 151                      | 149  | <b>35</b>          | (77)               | 145                      | 156  | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| Other impairment  | <b>(104)</b>       | (21)               | nm <sup>7</sup>          | nm <sup>7</sup>                                    | <b>(51)</b>        | (21)               | (143)                    | (122)  | (53)               | 4                        | 4  |
| <b>Underlying profit before taxation</b>                      | <b>3,001</b>       | 2,915              | 3                        | 5  | <b>1,362</b>       | 1,430              | (5)                      | (4)  | 1,639              | (17)                     | (16)   |
| Restructuring   | <b>(59)</b>        | 73                 | (181)                    | (198)  | <b>(48)</b>        | 34                 | nm <sup>7</sup>          | nm <sup>7</sup>                                    | (11)               | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| DVA   | <b>(26)</b>        | (39)               | 33                       | 32   | <b>22</b>          | (93)               | 124                      | 124  | (48)               | 146                      | 146  |
| <b>Reported profit before taxation</b>                        | <b>2,916</b>       | 2,949              | (1)                      | 1  | <b>1,336</b>       | 1,371              | (3)                      | (1)  | 1,580              | (15)                     | (15)   |
| Total assets  | <b>443,442</b>     | 401,001            | 11                       | 12   | <b>443,442</b>     | 401,001            | 11                       | 12   | 415,090            | 7                        | 7  |
| Of which: loans and advances to customers <sup>4</sup>        | <b>190,298</b>     | 174,214            | 9                        | 11   | <b>190,298</b>     | 174,214            | 9                        | 11   | 190,083            | –                        | 1  |
| Total liabilities   | <b>467,875</b>     | 490,697            | (5)                      | (4)  | <b>467,875</b>     | 490,697            | (5)                      | (4)  | 450,072            | 4                        | 4  |
| Of which: customer accounts <sup>4</sup>                      | <b>315,767</b>     | 333,584            | (5)                      | (5)  | <b>315,767</b>     | 333,584            | (5)                      | (5)  | 310,079            | 2                        | 2  |
| Risk-weighted assets  | <b>149,133</b>     | 147,258            | 1                        | nm <sup>7</sup>                                    | <b>149,133</b>     | 147,258            | 1                        | nm <sup>7</sup>                                    | 150,600            | (1)                      | nm <sup>7</sup>                                    |
| Income return on risk-weighted assets (%) <sup>5</sup>        | <b>8.1</b>         | 8.0                | 10bps                    | nm <sup>7</sup>                                    | <b>7.7</b>         | 8.1                | (40)bps                  | nm <sup>7</sup>                                    | 8.5                | (80)bps                  | nm <sup>7</sup>                                    |
| Underlying return on tangible equity (%) <sup>5</sup>         | <b>21.0</b>        | 20.8               | 20bps                    | nm <sup>7</sup>                                    | <b>18.9</b>        | 20.4               | (150)bps                 | nm <sup>7</sup>                                    | 23.0               | (410)bps                 | nm <sup>7</sup>                                    |
| Cost-to-income ratio (%) <sup>6</sup>                         | <b>48.8</b>        | 48.4               | –                        | –  | <b>52.1</b>        | 47.9               | (4.2)                    | (4.3)  | 45.7               | (6.4)                    | (2.2)  |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

3 Banking and Markets products have been renamed to Global Banking and Global Markets respectively

4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements

5 Change is the basis points (bps) difference between the two periods rather than the percentage change

6 Change is the percentage points difference between the two periods rather than the percentage change

7 Not meaningful

### Performance highlights

- Underlying profit before tax of \$3,001 million was up 5 per cent at constant currency (ccy) driven by higher income and, lower credit impairment, partly offset by higher operating expenses and other impairment
- Underlying operating income of \$5,991 million increased 5 per cent at ccy, driven by strong double-digit growth of 14 per cent growth in Global Banking from higher origination and distribution volumes. Global Markets was up 5 per cent, despite a strong comparator in Q2'23, driven by robust client flow incomes. Transaction services income increased 2 per cent, within which Payments and Liquidity income was up 3 per cent benefiting from elevated rates and volumes and Securities & Prime Services income increased 10 per cent, mainly driven by higher custody, funds and prime brokerage fees. This was partly offset by lower Trade & Working Capital income which decreased by 4 percent reflecting margin compression
- Underlying operating expenses increased 5 per cent at ccy largely due to inflation and investment in business growth initiatives including strategic hiring of coverage bankers
- Credit impairment was a net release of \$35 million, as a low level of new impairment was more than offset by releases relating to historical provisions and sovereign upgrades. Other impairment was primarily related to the write-off of software assets
- Loans and Advances to customers increased by 2 per cent at ccy since 31 December 2023, mainly driven by Global Banking due to higher origination and distribution volumes
- Risk-weighted assets (RWA) of \$149 billion were up \$7 billion since 31 December 2023, mainly from asset growth and mix, increased market risk RWA and mechanically higher operational risk RWA
- Underlying RoTE of 21 per cent was broadly flat to H1'23

## Wealth & Retail Banking

|   | H1'24<br>\$million | H1'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q1'24<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% |
|---|--------------------|--------------------|--------------------------|--|--------------------|--------------------|--------------------------|--|--------------------|--------------------------|--|
| <b>Operating income</b>                                       | <b>3,872</b>       | <b>3,556</b>       | <b>9</b>                 | <b>10</b>  | <b>1,955</b>       | <b>1,784</b>       | <b>10</b>                | <b>11</b>  | <b>1,917</b>       | <b>2</b>                 | <b>2</b>   |
| Transaction Services  | 24                 | 23                 | 4                        | 4  | 12                 | 12                 | –                        | –  | 12                 | –                        | –  |
| Trade & Working Capital                                       | 24                 | 23                 | 4                        | 4  | 12                 | 12                 | –                        | –  | 12                 | –                        | –  |
| Wealth Solutions  | 1,234              | 1,006              | 23                       | 25   | 618                | 495                | 25                       | 27   | 616                | –                        | 1  |
| Investment Products   | 868                | 695                | 25                       | 27   | 444                | 343                | 29                       | 32   | 424                | 5                        | 5  |
| Bancassurance   | 366                | 311                | 18                       | 19   | 174                | 152                | 14                       | 15   | 192                | (9)                      | (9)  |
| CCPL & Other Unsecured Lending                                | 530                | 539                | (2)                      | 1  | 270                | 264                | 2                        | 5  | 260                | 4                        | 4  |
| Deposits  | 1,834              | 1,703              | 8                        | 8  | 917                | 890                | 3                        | 4  | 917                | –                        | –  |
| Mortgages & Other Secured Lending                             | 227                | 274                | (17)                     | (14)   | 124                | 113                | 10                       | 13   | 103                | 20                       | 23   |
| Other   | 23                 | 11                 | 109                      | 100  | 14                 | 10                 | 40                       | 40   | 9                  | 56                       | 75   |
| <b>Operating expenses</b>                                     | <b>(2,156)</b>     | <b>(2,075)</b>     | <b>(4)</b>               | <b>(6)</b>   | <b>(1,109)</b>     | <b>(1,042)</b>     | <b>(6)</b>               | <b>(8)</b>   | <b>(1,047)</b>     | <b>(6)</b>               | <b>(7)</b>   |
| <b>Operating profit before impairment losses and taxation</b> | <b>1,716</b>       | <b>1,481</b>       | <b>16</b>                | <b>16</b>  | <b>846</b>         | <b>742</b>         | <b>14</b>                | <b>15</b>  | <b>870</b>         | <b>(3)</b>               | <b>(3)</b>   |
| Credit impairment   | (282)              | (108)              | (161)                    | (169)  | (146)              | (46)               | nm <sup>7</sup>          | nm <sup>7</sup>                                    | (136)              | (7)                      | (7)  |
| Other impairment  | (27)               | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    | (22)               | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    | (5)                | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| <b>Underlying profit/(loss) before taxation</b>               | <b>1,407</b>       | <b>1,373</b>       | <b>2</b>                 | <b>3</b>   | <b>678</b>         | <b>696</b>         | <b>(3)</b>               | <b>(2)</b>   | <b>729</b>         | <b>(7)</b>               | <b>(7)</b>   |
| Restructuring   | (51)               | (16)               | nm <sup>7</sup>          | (174)  | (32)               | (14)               | (129)                    | (129)  | (19)               | (68)                     | (60)   |
| Other items <sup>3</sup>                                      | (100)              | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    | –                  | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    | (100)              | 100                      | 100  |
| <b>Reported profit/(loss) before taxation</b>                 | <b>1,256</b>       | <b>1,357</b>       | <b>(7)</b>               | <b>(7)</b>   | <b>646</b>         | <b>682</b>         | <b>(5)</b>               | <b>(5)</b>   | <b>610</b>         | <b>6</b>                 | <b>6</b>   |
| Total assets  | 122,846            | 129,660            | (5)                      | (4)  | 122,846            | 129,660            | (5)                      | (4)  | 124,456            | (1)                      | (1)  |
| Of which: loans and advances to customers <sup>4</sup>        | 120,277            | 127,039            | (5)                      | (4)  | 120,277            | 127,039            | (5)                      | (4)  | 122,089            | (1)                      | (1)  |
| Total liabilities   | 208,565            | 190,690            | 9                        | 10   | 208,565            | 190,690            | 9                        | 10   | 201,870            | 3                        | 4  |
| Of which: customer accounts <sup>4</sup>                      | 204,154            | 185,741            | 10                       | 11   | 204,154            | 185,741            | 10                       | 11   | 197,121            | 4                        | 4  |
| Risk-weighted assets  | 52,459             | 50,664             | 4                        | nm <sup>7</sup>                                    | 52,459             | 50,664             | 4                        | nm <sup>7</sup>                                    | 52,706             | –                        | nm <sup>7</sup>                                    |
| Income return on risk-weighted assets (%) <sup>5</sup>        | 14.8               | 14.1               | 70bps                    | nm <sup>7</sup>                                    | 14.9               | 14.1               | 80bps                    | nm <sup>7</sup>                                    | 14.7               | 20bps                    | nm <sup>7</sup>                                    |
| Underlying return on tangible equity (%) <sup>5</sup>         | 27.8               | 28.2               | (40)bps                  | nm <sup>7</sup>                                    | 26.8               | 28.3               | (150)bps                 | nm <sup>7</sup>                                    | 28.8               | (200)bps                 | nm <sup>7</sup>                                    |
| Cost-to-income ratio (%) <sup>6</sup>                         | 55.7               | 58.4               | 2.7                      | 2.2  | 56.7               | 58.4               | 1.7                      | 1.4  | 54.6               | (2.1)                    | (2.3)  |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

3 Other items include \$100m charge relating to Korea ELS

4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements

5 Change is the basis points (bps) difference between the two periods rather than the percentage change

6 Change is the percentage points difference between the two periods rather than the percentage change

7 Not meaningful

## Performance highlights

- Underlying profit before tax of \$1,407 million was up 3 per cent at constant currency (ccy) mainly driven by higher income partly offset by higher operating expenses and credit impairment
- Underlying operating income of \$3,872 million was up 10 per cent at ccy, driven by Wealth Solutions, up 25 per cent from increased investment in Affluent Relationship Managers, continued momentum in Affluent new to bank client onboarding and positive net new sales of \$13 billion. Deposits income increased 8 per cent from higher volumes and active passthrough rate management leading to increasing margins in a rising interest rate environment. This was partly offset by lower Mortgage income which was down 14 per cent largely due to lower mortgage volumes particularly in Korea and Hong Kong and margin compression

- Underlying operating expenses increased 6 per cent at ccy, mainly from inflation and investment in business growth initiatives including strategic hiring of Affluent relationship managers
- Credit impairment charge of \$282 million up \$174 million, has broadly normalised following the release of management overlays in the first half of the prior year
- Loans and advances to customers decreased by 2 per cent at ccy since 31 December 2023, mainly driven by lower Mortgages particularly in Hong Kong and Korea
- Customer accounts increased 6 per cent at ccy since 31 December 2023
- Underlying RoTE of 27.8 per cent was down 40 basis points

## Ventures

|  | H1'24<br>\$million    | H1'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q2'24<br>\$million    | Q2'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q1'24<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% |
|--|-----------------------|--------------------|--------------------------|--|-----------------------|--------------------|--------------------------|--|--------------------|--------------------------|--|
| <b>Operating income</b>  | <b>80</b>             | 89                 | (10)                     | (10)   | <b>48</b>             | 72                 | (33)                     | (32)   | 32                 | 50                       | 58   |
| Of which: SCV  | <b>18</b>             | 54                 | (67)                     | (67)   | <b>15</b>             | 51                 | (71)                     | (69)   | 3                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| Of which: Digital Banks <sup>6</sup>                                 | <b>62</b>             | 35                 | 77                       | 77   | <b>33</b>             | 21                 | 57                       | 57   | 29                 | 14                       | 14   |
| CCPL & Other Unsecured Lending                                       | <b>55</b>             | 37                 | 49                       | 49   | <b>28</b>             | 22                 | 27                       | 27   | 27                 | 4                        | 4  |
| Deposits   | <b>(18)</b>           | (20)               | 10                       | 10   | <b>(9)</b>            | (10)               | 10                       | 10   | (9)                | –                        | –  |
| Treasury   | <b>3</b>              | 12                 | (75)                     | (67)   | <b>2</b>              | 7                  | (71)                     | (57)   | 1                  | 100                      | nm <sup>7</sup>                                    |
| Other  | <b>40</b>             | 60                 | (33)                     | (35)   | <b>27</b>             | 53                 | (49)                     | (49)   | 13                 | 108                      | 125  |
| <b>Operating expenses</b>  | <b>(230)</b>          | (211)              | (9)                      | (10)   | <b>(117)</b>          | (109)              | (7)                      | (7)  | (113)              | (4)                      | (4)  |
| <b>Operating profit/(loss) before impairment losses and taxation</b> | <b>(150)</b>          | (122)              | (23)                     | (24)   | <b>(69)</b>           | (37)               | (86)                     | (84)   | (81)               | 15                       | 17   |
| Credit impairment  | <b>(43)</b>           | (23)               | (87)                     | (87)   | <b>(15)</b>           | (13)               | (15)                     | (7)  | (28)               | 46                       | 46   |
| Profit from associates and joint ventures                            | <b>(6)</b>            | (13)               | 54                       | 54   | <b>(3)</b>            | (5)                | 40                       | 40   | (3)                | –                        | –  |
| <b>Underlying profit/(loss) before taxation</b>                      | <b>(199)</b>          | (158)              | (26)                     | (27)   | <b>(87)</b>           | (55)               | (58)                     | (54)   | (112)              | 22                       | 24   |
| Restructuring  | <b>(1)</b>            | (1)                | –                        | –  | <b>(1)</b>            | (1)                | –                        | nm <sup>7</sup>                                    | –                  | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| <b>Reported profit/(loss) before taxation</b>                        | <b>(200)</b>          | (159)              | (26)                     | (27)   | <b>(88)</b>           | (56)               | (57)                     | (55)   | (112)              | 21                       | 23   |
| Total assets   | <b>5,280</b>          | 3,076              | 72                       | 79   | <b>5,280</b>          | 3,076              | 72                       | 79   | 4,916              | 7                        | 11   |
| Of which: loans and advances to customers <sup>3</sup>               | <b>1,110</b>          | 947                | 17                       | 17   | <b>1,110</b>          | 947                | 17                       | 17   | 1,024              | 8                        | 8  |
| Total liabilities  | <b>4,347</b>          | 2,317              | 88                       | 87   | <b>4,347</b>          | 2,317              | 88                       | 87   | 3,967              | 10                       | 10   |
| Of which: customer accounts <sup>3</sup>                             | <b>4,046</b>          | 2,072              | 95                       | 95   | <b>4,046</b>          | 2,072              | 95                       | 95   | 3,694              | 10                       | 10   |
| Risk-weighted assets   | <b>2,129</b>          | 1,925              | 11                       | nm <sup>7</sup>                                    | <b>2,129</b>          | 1,925              | 11                       | nm <sup>7</sup>                                    | 2,084              | 2                        | nm <sup>7</sup>                                    |
| Income return on risk-weighted assets (%) <sup>4</sup>               | <b>8.3</b>            | 13.0               | (470)bps                 | nm <sup>7</sup>                                    | <b>9.1</b>            | 18.9               | (980)bps                 | nm <sup>7</sup>                                    | 7.2                | 190bps                   | nm <sup>7</sup>                                    |
| Underlying return on tangible equity (%) <sup>4</sup>                | <b>nm<sup>7</sup></b> | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    | <b>nm<sup>7</sup></b> | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    |
| Cost-to-income ratio (%) <sup>5</sup>                                | <b>nm<sup>7</sup></b> | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    | <b>nm<sup>7</sup></b> | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    | nm <sup>7</sup>    | nm <sup>7</sup>          | nm <sup>7</sup>                                    |

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2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements

4 Change is the basis points (bps) difference between the two periods rather than the percentage change

5 Change is the percentage points difference between the two periods rather than the percentage change

6 Digital Banks income includes Mox and Trust bank

7 Not meaningful

## Supplementary financial information continued

### Performance highlights

- Underlying loss before tax increased \$41 million to \$199 million reflecting Group's continued investment in transformational digital initiatives. Income declined by 10 per cent to \$80 million from \$89 million, from lower gains in SC ventures compared to the prior period gains. Digital Banks (Mox & Trust) income increased by 77 per cent
- Operating expenses increased by 10 per cent due to inflation and investment in business growth initiatives
- Credit impairment increased from \$23 million to \$43 million primarily from charges in Mox, albeit delinquency rates have improved
- Loans and advances to customers of \$1.1 billion increased 8 per cent since 31 December 2023 and consumer accounts of \$4 billion increased 45 per cent, with strong growth in the two digital banks, Mox and Trust

### Central & other items

|  | H1'24<br>\$million | H1'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q2'24<br>\$million | Q2'23<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% | Q1'24<br>\$million | Change <sup>2</sup><br>% | Constant<br>currency<br>change <sup>1,2</sup><br>% |
|--|--------------------|--------------------|--------------------------|--|--------------------|--------------------|--------------------------|--|--------------------|--------------------------|--|
| <b>Operating income</b>  | <b>15</b>          | (517)              | 103                      | 104  | <b>(73)</b>        | (232)              | 69                       | 77   | 88                 | (183)                    | (174)  |
| Treasury   | 10                 | (405)              | 102                      | 103  | (32)               | (167)              | 81                       | 94   | 42                 | (176)                    | (150)  |
| Other  | 5                  | (112)              | 104                      | 107  | (41)               | (65)               | 37                       | 27   | 46                 | (189)                    | (185)  |
| <b>Operating expenses</b>                                      | <b>(366)</b>       | (400)              | 9                        | 3  | <b>(163)</b>       | (275)              | 41                       | 36   | (203)              | 20                       | 16   |
| <b>Operating loss before impairment losses and taxation</b>    | <b>(351)</b>       | (917)              | 62                       | 60   | <b>(236)</b>       | (507)              | 53                       | 57   | (115)              | (105)                    | (67)   |
| Credit impairment  | 41                 | 28                 | 46                       | 37   | 53                 | (10)               | nm <sup>6</sup>          | nm <sup>6</sup>                                    | (12)               | nm <sup>6</sup>          | nm <sup>6</sup>                                    |
| Other impairment   | (12)               | (42)               | 71                       | 71   | (10)               | (42)               | 76                       | 76   | (2)                | nm <sup>6</sup>          | nm <sup>6</sup>                                    |
| Profit from associates and joint ventures                      | 70                 | 107                | (35)                     | (35)   | 68                 | 88                 | (23)                     | (24)   | 2                  | nm <sup>6</sup>          | nm <sup>6</sup>                                    |
| <b>Underlying loss before taxation</b>                         | <b>(252)</b>       | (824)              | 69                       | 68   | <b>(125)</b>       | (471)              | 73                       | 76   | (127)              | 2                        | 23   |
| Restructuring  | (39)               | –                  | nm <sup>6</sup>          | nm <sup>6</sup>                                    | (14)               | (11)               | (27)                     | (29)   | (25)               | 44                       | 22   |
| Other items  | (189)              | –                  | nm <sup>6</sup>          | nm <sup>6</sup>                                    | (177)              | –                  | nm <sup>6</sup>          | nm <sup>6</sup>                                    | (12)               | nm <sup>6</sup>          | nm <sup>6</sup>                                    |
| <b>Reported loss before taxation</b>                           | <b>(480)</b>       | (824)              | 42                       | 39   | <b>(316)</b>       | (482)              | 34                       | 34   | (164)              | (93)                     | (71)   |
| Total assets   | 263,859            | 304,974            | (13)                     | (13)   | 263,859            | 304,974            | (13)                     | (13)   | 268,063            | (2)                      | (1)  |
| Of which: loans and advances to customers <sup>3</sup>         | 24,022             | 33,623             | (29)                     | (28)   | 24,022             | 33,623             | (29)                     | (28)   | 25,725             | (7)                      | (6)  |
| Total liabilities  | 103,313            | 105,326            | (2)                      | (2)  | 103,313            | 105,326            | (2)                      | (2)  | 105,777            | (2)                      | (2)  |
| Of which: customer accounts <sup>3</sup>                       | 8,295              | 8,394              | (1)                      | (1)  | 8,295              | 8,394              | (1)                      | (1)  | 10,610             | (22)                     | (22)   |
| Risk-weighted assets   | 38,205             | 49,270             | (22)                     | nm <sup>6</sup>                                    | 38,205             | 49,270             | (22)                     | nm <sup>6</sup>                                    | 46,726             | (18)                     | nm <sup>6</sup>                                    |
| Income return on risk-weighted assets (%) <sup>4</sup>         | 0.1                | (2.1)              | 220bps                   | nm <sup>6</sup>                                    | (0.7)              | (1.9)              | 120bps                   | nm <sup>6</sup>                                    | 0.7                | (140)bps                 | nm <sup>6</sup>                                    |
| Underlying return on tangible equity (%) <sup>4</sup>          | (16.9)             | (25.6)             | 870bps                   | nm <sup>6</sup>                                    | (17.1)             | (25.4)             | 830bps                   | nm <sup>6</sup>                                    | (16.7)             | (40)bps                  | nm <sup>6</sup>                                    |
| Cost-to-income ratio (%) (excluding UK bank levy) <sup>5</sup> | nm <sup>6</sup>    | nm <sup>6</sup>    | nm <sup>6</sup>          | nm <sup>6</sup>                                    | nm <sup>6</sup>    | nm <sup>6</sup>    | nm <sup>6</sup>          | nm <sup>6</sup>                                    | nm <sup>6</sup>    | nm <sup>6</sup>          | nm <sup>6</sup>                                    |

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3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements

4 Change is the basis points (bps) difference between the two periods rather than the percentage change

5 Change is the percentage points difference between the two periods rather than the percentage change

6 Not meaningful

## Performance highlights

- Underlying loss before tax of \$252 million was just under a third of the prior period loss from higher income coupled with lower operating expenses and impairments, being partially offset by Associate income, which reduced 35 per cent reflecting lower profits at China Bohai Bank
- Underlying operating income of \$15 million was \$532 million better year-on-year. Treasury income of \$10 million increased by \$415 million mostly from translation gains on the revaluation of FX positions in Egypt and the roll-off of short-term hedges. Other income of \$5 million increased by \$117 million, primarily from hyperinflation accounting adjustments relating to Ghana
- Other items include \$174m related to the loss on the sale of Zimbabwe primarily from the recycling of FX translation losses from reserves into the income statement with no impact to on tangible equity or capital

## Underlying performance by key geography

|   | H1'24                  |                    |                    |                     |                        |                    |                  |                 |                 |                                 |                    |
|---|------------------------|--------------------|--------------------|---------------------|------------------------|--------------------|------------------|-----------------|-----------------|---------------------------------|--------------------|
|   | Hong Kong<br>\$million | Korea<br>\$million | China<br>\$million | Taiwan<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million | Other <sup>2</sup><br>\$million | Group<br>\$million |
| Operating income  | 2,303                  | 556                | 664                | 298                 | 1,302                  | 657                | 447              | 136             | 596             | 2,999                           | 9,958              |
| Operating expenses  | (992)                  | (348)              | (441)              | (167)               | (627)                  | (440)              | (217)            | (480)           | (346)           | (1,615)                         | (5,673)            |
| Operating profit/(loss) before impairment losses and taxation | 1,311                  | 208                | 223                | 131                 | 675                    | 217                | 230              | (344)           | 250             | 1,384                           | 4,285              |
| Credit impairment   | (93)                   | (19)               | (87)               | (19)                | (20)                   | (7)                | (1)              | (5)             | (1)             | 3                               | (249)              |
| Other impairment  | (12)                   | (1)                | (4)                | (1)                 | (8)                    | (6)                | (3)              | 5               | –               | (113)                           | (143)              |
| Profit from associates and joint ventures                     | –                      | –                  | 72                 | –                   | –                      | –                  | –                | (5)             | –               | (3)                             | 64                 |
| Underlying profit/(loss) before taxation                      | 1,206                  | 188                | 204                | 111                 | 647                    | 204                | 226              | (349)           | 249             | 1,271                           | 3,957              |
| Total assets employed   | 202,878                | 51,017             | 45,451             | 21,180              | 105,312                | 36,752             | 27,218           | 155,831         | 75,001          | 114,787                         | 835,427            |
| Of which: loans and advances to customers <sup>1</sup>        | 84,272                 | 26,970             | 16,798             | 11,002              | 60,791                 | 15,479             | 8,934            | 32,609          | 25,405          | 53,447                          | 335,707            |
| Total liabilities employed                                    | 191,631                | 42,224             | 36,588             | 19,000              | 110,318                | 28,004             | 20,411           | 106,861         | 66,564          | 162,499                         | 784,100            |
| Of which: customer accounts <sup>1</sup>                      | 160,948                | 32,323             | 27,081             | 16,983              | 86,049                 | 20,661             | 14,935           | 79,545          | 33,920          | 59,817                          | 532,262            |

|   | H1'23                  |                    |                    |                     |                        |                    |                  |                 |                 |                    |                    |
|---|------------------------|--------------------|--------------------|---------------------|------------------------|--------------------|------------------|-----------------|-----------------|--------------------|--------------------|
|   | Hong Kong<br>\$million | Korea<br>\$million | China<br>\$million | Taiwan<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Group<br>\$million |
| Operating income  | 2,091                  | 582                | 593                | 288                 | 1,263                  | 627                | 421              | 185             | 452             | 2,449              | 8,951              |
| Operating expenses  | (962)                  | (359)              | (439)              | (165)               | (606)                  | (420)              | (200)            | (425)           | (324)           | (1,604)            | (5,504)            |
| Operating profit/(loss) before impairment losses and taxation | 1,129                  | 223                | 154                | 123                 | 657                    | 207                | 221              | (240)           | 128             | 845                | 3,447              |
| Credit impairment   | (110)                  | (23)               | (35)               | (31)                | 2                      | (3)                | 9                | (7)             | 8               | 18                 | (172)              |
| Other impairment  | –                      | –                  | –                  | –                   | (1)                    | –                  | (1)              | 5               | (3)             | (63)               | (63)               |
| Profit from associates and joint ventures                     | –                      | –                  | 105                | –                   | –                      | –                  | –                | –               | –               | (11)               | 94                 |
| Underlying profit/(loss) before taxation                      | 1,019                  | 200                | 224                | 92                  | 658                    | 204                | 229              | (242)           | 133             | 789                | 3,306              |
| Total assets employed   | 182,512                | 62,885             | 41,808             | 21,536              | 99,103                 | 35,830             | 19,105           | 171,028         | 91,860          | 113,044            | 838,711            |
| Of which: loans and advances to customers <sup>1</sup>        | 85,004                 | 37,764             | 14,554             | 10,838              | 64,268                 | 14,980             | 7,519            | 34,338          | 19,284          | 47,274             | 335,823            |
| Total liabilities employed                                    | 170,945                | 53,204             | 34,064             | 20,448              | 103,381                | 27,937             | 16,742           | 132,756         | 84,648          | 144,905            | 789,030            |
| Of which: customer accounts <sup>1</sup>                      | 142,766                | 41,075             | 24,127             | 18,656              | 77,591                 | 20,788             | 12,856           | 85,767          | 49,749          | 56,416             | 529,791            |

1 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements

2 Other includes notable items of Egypt revaluation and Ghana hyperinflation

## Supplementary financial information continued

### Quarterly underlying operating income by product

|  | Q2'24<br>\$million | Q1'24<br>\$million | Q4'23<br>\$million | Q3'23<br>\$million | Q2'23<br>\$million | Q1'23<br>\$million | Q4'22<br>\$million | Q3'22<br>\$million |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Transaction Services                     | 1,605              | 1,615              | 1,659              | 1,667              | 1,620              | 1,572              | 1,416              | 1,221              |
| Payments and Liquidity                   | 1,139              | 1,161              | 1,207              | 1,196              | 1,148              | 1,094              | 962                | 758                |
| Securities & Prime Services              | 153                | 141                | 140                | 138                | 131                | 141                | 126                | 120                |
| Trade & Working Capital                  | 313                | 313                | 312                | 333                | 341                | 337                | 328                | 343                |
| Global Banking <sup>1</sup>              | 488                | 472                | 400                | 447                | 447                | 411                | 400                | 459                |
| Lending & Financial Solutions            | 422                | 414                | 358                | 393                | 396                | 353                | 366                | 410                |
| Capital Market & Advisory                | 66                 | 58                 | 42                 | 54                 | 51                 | 58                 | 34                 | 49                 |
| Global Markets <sup>1</sup>              | 796                | 1,041              | 534                | 716                | 877                | 922                | 662                | 907                |
| Macro Trading                            | 631                | 884                | 463                | 595                | 776                | 786                | 536                | 725                |
| Credit Trading                           | 165                | 167                | 92                 | 122                | 116                | 121                | 123                | 163                |
| Valuation & Other Adj                    | –                  | (10)               | (21)               | (1)                | (15)               | 15                 | 3                  | 19                 |
| Wealth Solutions                         | 618                | 616                | 412                | 526                | 495                | 511                | 358                | 454                |
| Investment Products                      | 444                | 424                | 298                | 364                | 343                | 352                | 266                | 330                |
| Bancassurance                            | 174                | 192                | 114                | 162                | 152                | 159                | 92                 | 124                |
| CCPL & Other Unsecured Lending           | 298                | 287                | 288                | 297                | 286                | 290                | 294                | 298                |
| Deposits                                 | 908                | 908                | 933                | 953                | 881                | 803                | 833                | 640                |
| Mortgages & Other Secured Lending        | 124                | 103                | 57                 | 69                 | 113                | 161                | 55                 | 191                |
| Treasury                                 | (30)               | 43                 | (235)              | (274)              | (160)              | (233)              | (173)              | (5)                |
| Other                                    | (1)                | 67                 | (24)               | 2                  | (4)                | (41)               | (80)               | (27)               |
| <b>Total underlying operating income</b> | <b>4,806</b>       | <b>5,152</b>       | <b>4,024</b>       | <b>4,403</b>       | <b>4,555</b>       | <b>4,396</b>       | <b>3,765</b>       | <b>4,138</b>       |

1 Banking and Markets products have been renamed to Global Banking and Global Markets respectively

### Earnings per ordinary share

|   | H1'24<br>\$million | H1'23<br>\$million | Change<br>%     | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>%     | Q1'24<br>\$million | Change<br>%     |
|---|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|-----------------|
| <b>Profit for the period attributable to equity holders</b>         | <b>2,369</b>       | <b>2,385</b>       | <b>(1)</b>      | <b>974</b>         | <b>1,041</b>       | <b>(6)</b>      | <b>1,395</b>       | <b>(30)</b>     |
| Non-controlling interest  | 9                  | 3                  | 200             | 1                  | 6                  | (83)            | 8                  | (88)            |
| Dividend payable on preference shares and AT1 classified as equity  | (209)              | (243)              | 14              | (29)               | (65)               | 55              | (180)              | 84              |
| <b>Profit for the period attributable to ordinary shareholders</b>  | <b>2,169</b>       | <b>2,145</b>       | <b>1</b>        | <b>946</b>         | <b>982</b>         | <b>(4)</b>      | <b>1,223</b>       | <b>(23)</b>     |
| <b>Items normalised:</b>  |                    |                    |                 |                    |                    |                 |                    |                 |
| Restructuring   | 150                | (56)               | nm <sup>3</sup> | 95                 | (8)                | nm <sup>3</sup> | 55                 | 73              |
| Other items <sup>2</sup>  | 100                | –                  | nm <sup>3</sup> | –                  | –                  | nm <sup>3</sup> | 100                | nm <sup>3</sup> |
| DVA   | 26                 | 39                 | (33)            | (22)               | 93                 | nm <sup>3</sup> | 48                 | nm <sup>3</sup> |
| Net loss on sale of Businesses                                      | 189                | –                  | nm <sup>3</sup> | 177                | –                  | nm <sup>3</sup> | 12                 | nm <sup>3</sup> |
| Tax on normalised items   | (67)               | –                  | nm <sup>3</sup> | (22)               | (15)               | (47)            | (45)               | 51              |
| <b>Underlying profit/(loss)</b>                                     | <b>2,567</b>       | <b>2,128</b>       | <b>21</b>       | <b>1,174</b>       | <b>1,052</b>       | <b>12</b>       | <b>1,393</b>       | <b>(16)</b>     |
| Basic – Weighted average number of shares (millions)                | 2,605              | 2,839              | (8)             | 2,578              | 2,818              | (9)             | 2,632              | (2)             |
| Diluted – Weighted average number of shares (millions)              | 2,669              | 2,902              | (8)             | 2,645              | 2,884              | (8)             | 2,692              | (2)             |
| Basic earnings per ordinary share (cents) <sup>1</sup>              | 83.3               | 75.6               | 7.7             | 36.7               | 34.8               | 1.9             | 46.5               | (9.8)           |
| Diluted earnings per ordinary share (cents) <sup>1</sup>            | 81.3               | 73.9               | 7.4             | 35.8               | 34.0               | 1.8             | 45.4               | (9.6)           |
| Underlying basic earnings per ordinary share (cents) <sup>1</sup>   | 98.5               | 75.0               | 23.5            | 45.5               | 37.3               | 8.2             | 52.9               | (7.4)           |
| Underlying diluted earnings per ordinary share (cents) <sup>1</sup> | 96.2               | 73.3               | 22.9            | 44.4               | 36.5               | 7.9             | 51.7               | (7.3)           |

1 Change is the percentage points difference between the two periods rather than the percentage change

2 Charge relating to Korea ELS

3 Not meaningful



## Return on Tangible Equity

|   | H1'24<br>\$million | H1'23<br>\$million | Change<br>%     | Q2'24<br>\$million | Q2'23<br>\$million | Change<br>%     | Q1'24<br>\$million | Change<br>%     |
|---|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|-----------------|
| Average parent company Shareholders' Equity                                   | 44,180             | 43,803             | 1               | 44,171             | 43,964             | –               | 44,188             | –               |
| Less Preference share premium   | (1,494)            | (1,494)            | –               | (1,494)            | (1,494)            | –               | (1,494)            | –               |
| Less Average intangible assets  | (6,157)            | (5,887)            | (5)             | (6,128)            | (5,895)            | 4               | (6,184)            | 1               |
| <b>Average Ordinary Shareholders' Tangible Equity</b>                         | <b>36,529</b>      | <b>36,422</b>      | <b>–</b>        | <b>36,549</b>      | <b>36,575</b>      | <b>–</b>        | <b>36,510</b>      | <b>–</b>        |
| <b>Profit/(loss) for the period attributable to equity holders</b>            | <b>2,369</b>       | <b>2,385</b>       | <b>(1)</b>      | <b>974</b>         | <b>1,041</b>       | <b>7</b>        | <b>1,395</b>       | <b>(30)</b>     |
| Non-controlling interests   | 9                  | 3                  | 200             | 1                  | 6                  | nm <sup>2</sup> | 8                  | (88)            |
| Dividend payable on preference shares and AT1 classified as equity            | (209)              | (243)              | 14              | (28)               | (65)               | (132)           | (180)              | 84              |
| <b>Profit/(loss) for the period attributable to ordinary shareholders</b>     | <b>2,169</b>       | <b>2,145</b>       | <b>1</b>        | <b>947</b>         | <b>982</b>         | <b>4</b>        | <b>1,223</b>       | <b>(23)</b>     |
| <b>Items normalised:</b>  |                    |                    |                 |                    |                    |                 |                    |                 |
| Restructuring   | 150                | (56)               | nm <sup>2</sup> | 95                 | (8)                | nm <sup>2</sup> | 55                 | 73              |
| Other items <sup>1</sup>  | 100                | –                  | nm <sup>2</sup> | –                  | –                  | nm <sup>2</sup> | 100                | nm <sup>2</sup> |
| Net loss on sale of businesses  | 189                | –                  | nm <sup>2</sup> | 177                | –                  | nm <sup>2</sup> | 12                 | nm <sup>2</sup> |
| Ventures FVOCI unrealised gains/(losses) net of tax                           | (15)               | 43                 | nm <sup>2</sup> | (3)                | 52                 | nm <sup>2</sup> | (13)               | 77              |
| DVA   | 26                 | 39                 | (33)            | (22)               | 93                 | nm <sup>2</sup> | 48                 | nm <sup>2</sup> |
| Tax on normalised items   | (67)               | –                  | nm <sup>2</sup> | (22)               | (15)               | 32              | (45)               | 51              |
| <b>Underlying profit for the period attributable to ordinary shareholders</b> | <b>2,552</b>       | <b>2,171</b>       | <b>18</b>       | <b>1,172</b>       | <b>1,104</b>       | <b>(6)</b>      | <b>1,380</b>       | <b>(15)</b>     |
| <b>Underlying Return on Tangible Equity</b>                                   | <b>14.0%</b>       | <b>12.0%</b>       | <b>200bps</b>   | <b>12.9%</b>       | <b>12.1%</b>       | <b>80bps</b>    | <b>15.2%</b>       | <b>(230)bps</b> |
| <b>Reported Return on Tangible Equity</b>                                     | <b>11.9%</b>       | <b>11.9%</b>       | <b>0bps</b>     | <b>10.4%</b>       | <b>10.8%</b>       | <b>(40)bps</b>  | <b>13.5%</b>       | <b>(310)bps</b> |

1 Charge relating to Korea ELS

2 Not meaningful

## Net Tangible Asset Value per Share

|   | 30.06.24<br>\$million | 30.06.23<br>\$million | Change<br>% | 31.12.23<br>\$million | Change<br>% | 31.03.24<br>\$million | Change<br>% |
|---|-----------------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| Parent company shareholders' equity                           | 44,413                | 43,803                | 1           | 44,445                | –           | 43,929                | 1           |
| Less Preference share premium                                 | (1,494)               | (1,494)               | –           | (1,494)               | –           | (1,494)               | –           |
| Less Intangible assets  | (6,103)               | (5,898)               | (3)         | (6,214)               | 2           | (6,153)               | 1           |
| <b>Net shareholders tangible equity</b>                       | <b>36,816</b>         | <b>36,411</b>         | <b>1</b>    | <b>36,737</b>         | <b>–</b>    | <b>36,282</b>         | <b>1</b>    |
| Ordinary shares in issue, excluding own shares (millions)     | 2,550                 | 2,797                 | (9)         | 2,637                 | (3)         | 2,610                 | (2)         |
| <b>Net Tangible Asset Value per share (cents)<sup>1</sup></b> | <b>1,444</b>          | <b>1,302</b>          | <b>142</b>  | <b>1,393</b>          | <b>51</b>   | <b>1,390</b>          | <b>54</b>   |

1 Change is cents difference between the two periods rather than percentage change

# Underlying versus reported results reconciliations

Reconciliations between underlying and reported results are set out in the tables below:

## Operating income by client segment

Reconciliation of underlying versus reported operating income by client segment set out in note 2 Segmental information on pages 110 and 111

## Net interest income and Non NII

|                                  | H1'24                   |                            |   |                       | H1'23                   |                            |   |                       |
|----------------------------------|-------------------------|----------------------------|---|-----------------------|-------------------------|----------------------------|---|-----------------------|
|                                  | Underlying<br>\$million | Restructuring<br>\$million | Adjustment<br>for Trading<br>book<br>funding<br>cost and<br>Others<br>\$million | Reported<br>\$million | Underlying<br>\$million | Restructuring<br>\$million | Adjustment<br>for Trading<br>book<br>funding<br>cost and<br>Others<br>\$million | Reported<br>\$million |
| Net interest income <sup>1</sup> | 4,979                   | 12                         | (1,816)   | 3,175                 | 4,777                   | (7)                        | (786)   | 3,984                 |
| Non NII <sup>1</sup>             | 4,979                   | (179)                      | 1,816   | 6,616                 | 4,174                   | 183                        | 786   | 5,143                 |
| <b>Total income</b>              | <b>9,958</b>            | <b>(167)</b>               | <b>–</b>  | <b>9,791</b>          | <b>8,951</b>            | <b>176</b>                 | <b>–</b>  | <b>9,127</b>          |

1 To be consistent with how we compute Net Interest Margin, we have changed our definition of Underlying Net Interest Income (NII) and Underlying non NII. The adjustments made to NIM, including Interest expense relating to funding our trading book, will now be shown against Underlying non NII rather than Underlying NII. There is no impact on total income

## Profit before taxation (PBT)

Reconciliation of underlying versus reported PBT set out in note 2 Segmental information on pages 108 and 109.

## Profit before taxation (PBT) by client segment

Reconciliation of underlying versus reported PBT by client segment set out in note 2 Segmental information on pages 109 and 110.

## Return on tangible equity (RoTE)

|   | H1'24<br>\$million | H1'23<br>\$million |
|---|--------------------|--------------------|
| Average parent company Shareholders' Equity                                   | 44,180             | 43,803             |
| Less Preference share premium   | (1,494)            | (1,494)            |
| Less Average intangible assets  | (6,157)            | (5,887)            |
| <b>Average Ordinary Shareholders' Tangible Equity</b>                         | <b>36,529</b>      | <b>36,422</b>      |
| <b>Profit for the period attributable to equity holders</b>                   | <b>2,369</b>       | <b>2,385</b>       |
| Non-controlling interests   | 9                  | 3                  |
| Dividend payable on preference shares and AT1 classified as equity            | (209)              | (243)              |
| <b>Profit for the period attributable to ordinary shareholders</b>            | <b>2,169</b>       | <b>2,145</b>       |
| <b>Items normalised:</b>  |                    |                    |
| Restructuring   | 150                | (56)               |
| Net loss on sale of businesses  | 189                | –                  |
| Ventures FVOCI unrealised gains/(losses) net of tax                           | (15)               | 43                 |
| DVA   | 26                 | 39                 |
| Other Items <sup>1</sup>  | 100                | –                  |
| Tax on normalised items   | (67)               | –                  |
| <b>Underlying profit for the period attributable to ordinary shareholders</b> | <b>2,552</b>       | <b>2,171</b>       |
| <b>Underlying Return on Tangible Equity</b>                                   | <b>14.0%</b>       | <b>12.0%</b>       |
| <b>Reported Return on Tangible Equity</b>                                     | <b>11.9%</b>       | <b>11.9%</b>       |

1 Charge relating to Korea ELS

## Net charge-off ratio

|                       | 30.06.24   |                                |                        | 30.06.23   |                                |                        |
|-----------------------|--|--------------------------------|------------------------|--|--------------------------------|------------------------|
|                       | Credit impairment (charge)/ release for the year/ period \$million | Net average exposure \$million | Net Charge-off Ratio % | Credit impairment (charge)/ release for the year/ period \$million | Net average exposure \$million | Net Charge-off Ratio % |
| Stage 1               | 46   | 312,091                        | (0.01)%                | 34   | 325,639                        | (0.01)%                |
| Stage 2               | (129)  | 10,015                         | 1.29%                  | (115)  | 11,803                         | 0.97%                  |
| Stage 3               | (173)  | 2,715                          | 6.37%                  | (144)  | 3,205                          | 4.49%                  |
| <b>Total exposure</b> | <b>(256)</b>   | <b>324,821</b>                 | <b>0.08%</b>           | <b>(225)</b>   | <b>340,647</b>                 | <b>0.07%</b>           |

## Earnings per ordinary share (EPS)

|   | H1'24                 |                          |   |                                     |                |                                    |                     |
|---|-----------------------|--------------------------|---|-------------------------------------|----------------|------------------------------------|---------------------|
|   | Underlying \$ million | Restructuring \$ million | Net loss on sale of businesses \$ million | Other Items <sup>1</sup> \$ million | DVA \$ million | Tax on normalised items \$ million | Reported \$ million |
| Profit for the year attributable to ordinary shareholders | 2,567                 | (150)                    | (189)                                     | (100)                               | (26)           | 67                                 | 2,169               |
| Basic – Weighted average number of shares (millions)      | 2,605                 |                          |   |                                     |                |                                    | 2,605               |
| Basic earnings per ordinary share (cents)                 | 98.5                  |                          |   |                                     |                |                                    | 83.3                |

|   | H1'23                 |                          |   |                        |                |                                    |                     |
|---|-----------------------|--------------------------|---|------------------------|----------------|------------------------------------|---------------------|
|   | Underlying \$ million | Restructuring \$ million | Net gain on sale of businesses \$ million | Other Items \$ million | DVA \$ million | Tax on normalised items \$ million | Reported \$ million |
| Profit for the year attributable to ordinary shareholders | 2,128                 | 56                       | –   | –                      | (39)           | –                                  | 2,145               |
| Basic – Weighted average number of shares (millions)      | 2,839                 |                          |   |                        |                |                                    | 2,839               |
| Basic earnings per ordinary share (cents)                 | 75.0                  |                          |   |                        |                |                                    | 75.6                |

1 Charge relating to Korea ELS

## Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The following are key alternative performance measures used by the Group to assess financial performance and financial position.

| Measure  | Definition  |
|--|---|
| Advances-to-deposits/customer advances-to-deposits (ADR) ratio | The ratio of total loans and advances to customers relative to total customer accounts, excluding approved balances held with central banks, confirmed as repayable at the point of stress. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers.  |
| Average interest earning balance                               | Daily average of the interest earning assets and interest bearing liabilities balances excluding the daily average cash collateral balances in other assets and other liabilities that are related to the Global Markets trading book.  |
| Constant currency basis  | A performance measure on a constant currency basis is presented such that comparative periods are adjusted for the current year's functional currency rate. The following balances are presented on a constant currency basis when described as such: <ul style="list-style-type: none"> <li>• Operating income</li> <li>• Operating expenses</li> <li>• Profit before tax</li> <li>• RWAs or Risk-weighted assets</li> </ul> |
| Cost-to-income ratio   | The proportion of total operating expenses to total operating income.   |
| Cover ratio  | The ratio of impairment provisions for each stage to the gross loan exposure for each stage.  |
| Cover ratio after collateral/cover ratio including collateral  | The ratio of impairment provisions for stage 3 loans and realisable value of collateral held against these non-performing loan exposures to the gross loan exposure of stage 3 loans.   |
| Gross yield  | Reported interest income divided by average interest earning assets.  |
| Income return on risk weighted assets (IRoRWA)                 | Annualised Income excluding Debit Valuation Adjustment as a percentage of Average RWA   |
| Jaws   | The difference between the rates of change in revenue and operating expenses. Positive jaws occurs when the percentage change in revenue is higher than, or less negative than, the corresponding rate for operating expenses.  |
| Loan loss rate   | Credit Impairment Profit & Loss on Loans & Advances to Banks & Customers over Average Loans and Advances to Banks and Customers.  |
| Net charge-off ratio   | The ratio of net credit impairment charge or release to average outstanding net loans and advances.   |
| Net tangible asset value per share                             | Ratio of net tangible assets (total tangible assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.  |
| Net yield  | Gross yield on average assets less rate paid on average liabilities.  |
| NIM or Net interest margin                                     | Reported net interest income adjusted for trading book funding cost, cash collateral and prime services on interest earning assets, divided by average interest-earning assets excluding financial assets measured at fair value through profit or loss.  |
| Non NII  | Reported Non NII is a sum of net fees and commission, net trading income and other operating income   |
| RAR per FTE or Risk adjusted revenue per full-time equivalent  | Risk adjusted revenue (RAR) is defined as underlying operating income less underlying impairment revenue per full-time equivalent over the past 12 months. RAR is then divided by the 12 month rolling average full-time equivalent (FTE) to determine RAR per FTE.   |
| Rate paid  | Reported interest expense adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest bearing liabilities.   |
| RoE or Return on equity  | The ratio of the current year's profit available for distribution to ordinary shareholders plus fair value movements through other comprehensive income relating to the Ventures segment to the weighted average ordinary shareholders' equity for the reporting period.  |
| RoTE or Return on ordinary shareholders' tangible equity       | The ratio of the current year's profit available for distribution to ordinary shareholders to the average tangible equity, being ordinary shareholders' equity less the average intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods.  |
| TSR or Total shareholder return                                | The total return of the Group's equity (share price growth and dividends) to investors.   |
| Underlying net interest income                                 | Reported net interest income normalised to an underlying basis adjusted for trading book funding cost and financial guarantee Fees on interest earning assets.  |

| Measure               | Definition  |
|-----------------------|---|
| Underlying/Normalised | <p>A performance measure is described as underlying/normalised if the statutory result has been adjusted for restructuring and other items representing profits or losses of a capital nature; DVA; amounts consequent to investment transactions driven by strategic intent, excluding amounts consequent to Ventures transactions, as these are considered part of the Group's ordinary course of business; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period, and items which management and investors would ordinarily identify separately when assessing performance period-by-period. Restructuring includes impacts to profit or loss from businesses that have been disclosed as no longer part of the Group's ongoing business, redundancy costs, costs of closure or relocation of business locations, impairments of assets and other costs which are not related to the Group's ongoing business. Restructuring in this context is not the same as a restructuring provision as defined in IAS 37.</p> <p>A reconciliation between underlying/normalised and statutory performance is contained in Note 2 to the financial statements. The following balances and measures are presented on an underlying basis when described as such:</p> <ul style="list-style-type: none"> <li>• Operating income</li> <li>• Operating expense</li> <li>• Profit before tax</li> <li>• Earnings per share (basic and diluted)</li> <li>• Cost-to-income ratio</li> <li>• Jaws</li> <li>• RoTE or Return on tangible equity</li> </ul> |
| Underlying Non NII    | Reported Non NII normalised to an underlying basis adjusted for trading book funding cost and financial guarantee Fees on interest earning assets. In prior periods Underlying Non NII was described as underlying other income   |
| Underlying RoTE       | The ratio of the current year's underlying profit attributable to ordinary shareholders plus fair value on OCI equity movement relating to Ventures segment to the weighted average tangible equity, being ordinary shareholders' equity less the intangible assets for the reporting period.   |

# Group Chief Risk Officer's review

“Proactively managing our risks whilst keeping our focus on the Group's strategy”

## Managing Risks

The first half of 2024 continues to see a world in flux presenting several challenges across many of our markets. The market expectation of interest rate cuts in 2024 has reduced, as the Federal Reserve cited that inflation levels are still above target levels, and in several Asian countries interest rates have increased to respond to challenges accompanied by higher US rates and weaker local currencies. Inflation has yet to decline significantly in many countries, and central banks are wary that maintaining high rates for too long may risk damaging economic activity. Given the challenging geopolitical and macroeconomic environment, we continue to monitor sovereign risks across emerging markets in Asia, Africa and the Middle East.

Political risks in 2024 have increased with over 70 elections taking place, potentially impacting both foreign and domestic policy. The US presidential election will be particularly consequential for the balance of power in the international system and could create uncertainty over the future of US involvement in multilateral initiatives. For the regions in conflict, the Group has limited direct exposure across Corporate and Investment Banking and Wealth and Retail Banking to Ukraine and to the countries in the Middle East which are most impacted by conflict.

We have been vigilant in managing these risks through proactive reviews of our exposure and limits across our portfolios to identify vulnerable industries and clients for closer monitoring. We also continue to monitor the impact of continued high interest rates and the effects of inflation across our risks, and we take proactive steps to further strengthen our risk management. In China in particular, the property market recovery remained slower than expected amidst government support measures, and we continued to monitor our developers and sponsors portfolios through dedicated reviews. We remain vigilant on the challenges in the real estate sector globally and any contagion risks.

+ Further details on other risks and uncertainties which we are monitoring can be found in the 'Topical and Emerging Risks' section in pages 30 to 35.

## Corporate and Investment Banking (CIB)

Our CIB credit portfolio remained resilient with overall good asset quality, as evidenced by our largely investment grade corporate portfolio (30 June 2024: 74 per cent; 31 December 2023: 73 per cent). In consideration of the above challenges, additional stress tests and portfolio reviews have been conducted in the first half of 2024, including examining the impact of oil price fluctuations and sustained high interest rate levels. We closely monitored vulnerable sectors and identified clients that may face difficulties on account of increased interest rates, foreign exchange movements, commodity volatility or increased prices of essential goods.

## Wealth and Retail Banking (WRB)

The uncertainties around the prolonged higher interest rate environment in our major markets remain a key focus, but the credit portfolios have continued to demonstrate resilience. Sluggish consumer confidence in China and underperforming residential property markets in Hong Kong and Korea also present challenges. For our consumer credit portfolios, we have continued to monitor customer affordability and have dynamically adjusted origination criteria, portfolio management and collections strategies, as appropriate. We were mindful of the higher credit risk associated with increased lending to the mass market segment through our digital partnerships and digital banks, and have tailored our lending criteria and portfolio management approach to the unique risks and customer behaviours observed in these segments.

## Treasury Risk

Our liquidity and capital risks are managed to ensure a strong and resilient balance sheet that supports sustainable growth. We continued to enhance our Treasury Risk framework to incorporate the lessons from the 2023 market events. Liquidity remained resilient across the Group and major legal entities. Group liquidity coverage ratio (LCR) was 148 per cent as at June 2024 (31 December 2023: 145 per cent) with a surplus to both Risk Appetite and regulatory requirements. CET1 ratio was 14.6 per cent as at June 2024 (31 December 2023: 14.1 per cent) whilst the Leverage ratio was 4.8 per cent (31 December 2023: 4.7 per cent). Market conditions have been stable during 2024 across our markets.

+ Further details on managing Liquidity and Funding Risk and Interest Rate Risk in the Banking Book can be found in pages 86 and 90.

## Risk Performance Summary

Asset quality is resilient. The percentage of investment-grade corporate net exposure remained high at 74 per cent (31 December 2023: 73 per cent). In H1 2024, we saw a \$0.5 billion reduction in Early Alerts exposure to \$5 billion (31 December 2023: \$5.5 billion), reflecting outflows due to improved credit outlook and exposure reductions. Credit grade 12 balances reduced by \$1.2 billion to \$1 billion (31 December 2023: \$2.2 billion), reflecting both improvements into stronger credit grades and downgrades to stage 3, as well as due to the maturity of short-term loan exposures being replaced with debt securities in the Middle East.

## Key indicators

|  | 30.06.24 | 31.12.23 |
|--|----------|----------|
| Group total business <sup>1</sup>  | 280.9    | 292.1    |
| Stage 1 loans (\$ billion)   | 264.2    | 273.7    |
| Stage 2 loans (\$ billion)   | 10.0     | 11.2     |
| Stage 3 loans, credit-impaired (\$ billion)  | 6.6      | 7.2      |
| Stage 3 cover ratio  | 63%      | 62%      |
| Stage 3 cover ratio (including collateral)   | 82%      | 76%      |
| Corporate & Investment Banking   |          |          |
| Investment grade corporate exposures as a percentage of total corporate exposures      | 74%      | 73%      |
| Early Alert portfolio exposures (\$ billion)   | 5        | 5.5      |
| Credit grade 12 balances (\$ billion)  | 1.0      | 2.2      |
| Aggregate top 20 corporate exposures as a percentage of Tier 1 capital <sup>2</sup>    | 58%      | 62%      |
| Collateralisation of sub-investment grade net exposures maturing in more than one year | 40%      | 41%      |
| Wealth & Retail Banking  |          |          |
| Loan-to-value ratio of Wealth & Retail Banking mortgages                               | 47.9%    | 47.1%    |

1 These numbers represent total gross loans and advances to customers

2 Excludes reverse repurchase agreements

The Group's credit impairment was a net charge of \$240 million (30 June 2023: \$161 million), an increase of \$79 million. The charge of \$240 million was driven by WRB, with stage 1 and 2 charges of \$135 million mainly due to the release of COVID-19 overlays and other one-off releases present in 2023 and \$147 million in stage 3 from gross charge-offs in credit cards and personal loans. The Ventures charge of \$43 million was driven by Mox Bank, with releases offsetting the total from CIB and Central and other items.

+ Further details can be found in the Risk Review section.

## Credit impairment

|  | 30.06.24                 |                      |                    | 30.06.23                 |                      |                    |
|--|--------------------------|----------------------|--------------------|--------------------------|----------------------|--------------------|
|  | Stage 1 & 2<br>\$million | Stage 3<br>\$million | Total<br>\$million | Stage 1 & 2<br>\$million | Stage 3<br>\$million | Total<br>\$million |
| Ongoing business portfolio               |                          |                      |                    |                          |                      |                    |
| Corporate & Investment Banking           | (38)                     | 3                    | (35)               | 33                       | 36                   | 69                 |
| Wealth & Retail Banking                  | 135                      | 147                  | 282                | 15                       | 93                   | 108                |
| Ventures                                 | 7                        | 36                   | 43                 | 12                       | 11                   | 23                 |
| Central & other items                    | (31)                     | (10)                 | (41)               | (27)                     | (1)                  | (28)               |
| Credit impairment charge/(release)       | 73                       | 176                  | 249                | 33                       | 139                  | 172                |
| Restructuring business portfolio         |                          |                      |                    |                          |                      |                    |
| Others                                   | 2                        | (11)                 | (9)                | (2)                      | (9)                  | (11)               |
| Credit impairment charge/(release)       | 2                        | (11)                 | (9)                | (2)                      | (9)                  | (11)               |
| Total credit impairment charge/(release) | 75                       | 165                  | 240                | 31                       | 130                  | 161                |

## Our Risk Management Approach

Standard Chartered PLC Group's Enterprise Risk Management Framework (ERMF) outlines how we manage risk across the Group, as well as at branch and subsidiary levels<sup>1</sup>. It gives us the structure to manage existing risks effectively in line with our Group Risk Appetite, as well as allowing for holistic risk identification. The ERMF also sets out the roles and responsibilities and the minimum governance requirements for the management of principal risks.

### Principal Risk Types

Principal Risk Types (PRT) are risks inherent in our strategy and business model. These are formally defined in our ERMF, which provides a structure for monitoring and controlling these risks through the Risk Appetite Statement. We will not compromise compliance with our Risk Appetite in order to pursue revenue growth or higher returns.

The table below provides an overview of Risk Appetite Statements for the PRTs.

| Risk Types                                       | Risk Appetite Statements   |
|--|--|
| <b>Credit Risk</b>                               | The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.  |
| <b>Traded Risk</b>                               | The Group should control its financial markets activities to ensure that market and counterparty credit risk losses do not cause material damage to the Group's franchise.   |
| <b>Treasury Risk</b>                             | The Group should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items do not cause material damage to the Group's franchise. In addition, the Group should ensure its Pension plans are adequately funded. |
| <b>Operational and Technology Risk</b>           | The Group aims to control operational and technology risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise.   |
| <b>Financial Crime Risk</b>                      | The Group has no appetite for breaches in laws and regulations related to Financial Crime, recognising that whilst incidents are unwanted, they cannot be entirely avoided.  |
| <b>Compliance Risk</b>                           | The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that whilst incidents are unwanted, they cannot be entirely avoided.  |
| <b>Information and Cyber Security (ICS) Risk</b> | The Group aims to mitigate and control ICS risks to ensure that incidents do not cause the Bank material harm, business disruption, financial loss or reputational damage – recognising that whilst incidents are unwanted, they cannot be entirely avoided.   |
| <b>Reputational and Sustainability Risk</b>      | The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed with the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct in striving to do no significant environmental and social harm.         |
| <b>Model Risk</b>                                | The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting some model uncertainty.   |

In addition to the PRTs, the Group has defined the following Risk Appetite Statement for Climate Risk: "The Group aims to measure and manage financial and non-financial risks arising from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement."

1 The Group's ERMF and system of internal control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group.

### Topical and Emerging Risks (TERs)

Topical risks refer to themes that may have emerged but are still evolving rapidly and unpredictably. Emerging risks refer to unpredictable and uncontrollable outcomes from certain events which may have the potential to adversely impact our business.

As part of our ongoing risk identification process, we have updated the Group's TERs from those disclosed in the 2023 Annual Report. These remain relevant with nuances in their evolution noted where pertinent. Below is a summary of the TERs, and the actions we are taking to mitigate them based on our current knowledge and assumptions. This reflects the latest internal assessment by senior management.

The TERs list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. There are some horizon risks that, although not highly likely at present, could become threats in the future, and thus we are monitoring them. These include future pandemics and the world's preparedness for them, and potential cross-border conflicts. Our mitigation approach for these risks may not eliminate them but demonstrates the Group's awareness and attempt to reduce or manage their impact. As certain risks develop and materialise over time, we will take appropriate steps to mitigate them based on their materiality to the Group.



## Macroeconomic and geopolitical considerations

There is a complex interconnectedness between risks due to the direct influence of geopolitics on macroeconomics, as well as the global or concentrated nature of key supply chains for energy, food, semi-conductors and critical minerals.

The Group is exposed to these risks directly through investments, infrastructure and staff, and also indirectly through its clients. Whilst the primary impact is financial, there may be other ramifications such as reputational, compliance or operational considerations.

### Expanding array of global tensions and new geopolitical order

The international order is undergoing transformation, with a shift towards a multipolar global system resulting in more transactional and less predictable interactions between global powers. This can give rise to new and more fluid political and economic alliances. This transformation has been accelerated by conflicts in Ukraine and the Middle East.

Whilst the Group has limited direct exposure to the countries which are currently in direct conflict, it may be impacted by second order effects on its clients and markets such as agricultural commodities, oil and gas. The threat of escalation to the surrounding regions remains and could reach markets in the Group's footprint.

The positioning of middle powers is complex and evolving; and there is a rise in mini-lateral groupings of countries that are ideologically aligned. The negotiating power of exporters of energy and other natural resources has expanded and can shape global markets. With five countries joining in early 2024, BRICS now encompasses almost half of the world's population and produces nearly half of global crude oil supplies, giving it significant leverage, especially as other supply routes remain strained.

Relations between the West, led by the US and EU, and China are in a state of flux, with a declining trend likely to prevail as we head towards the US election. Tariffs, embargos, sanctions, and restrictions on technology exports and investments are expected to continue to be ratcheted up in pursuit of both economic and security goals.

With elections scheduled worldwide in the second half of 2024, there is uncertainty over the direction of domestic and foreign policies in many of the affected countries. There is a significant risk of short-term political expediency taking precedence over long-term strategic decision-making. So far elections have ranged from maintaining status quo in India and Taiwan, to notable shifts in leadership in the UK and France. With the US election coming in November, there is uncertainty over the direction of US domestic as well as foreign policy towards some markets.

The malicious use of artificial intelligence (AI) enabled disinformation could also cause disruption and undermine trust in the political process. This, combined with already fractured societies and persistent inequality, may lead to heightened societal tensions, with a high risk of unrest regardless of election outcomes. This will be particularly in focus in relation to the US presidential election.

Terrorism and cyber warfare are ongoing threats, with unpredictability exacerbated by the wider range of ideologies at play. Cyber attacks can disrupt infrastructure and institutions in rival countries.

West Africa, the Sahel and the Democratic Republic of the Congo face growing concerns due to conflict, population displacement and potential disruption to mineral resource acquisition.

A more complex and less integrated global political and economic landscape could challenge cross-border business models but also provide new business opportunities.

### Persistent high interest rates and credit downturn

Although rate cuts have been signalled in most major markets, global rates could stay higher than expected for longer due to structurally higher spending, continued supply disruptions and other inflationary pressures.

A higher-for-longer interest rate environment will continue to stretch companies and sovereigns alike, with global corporate defaults in Q1 2024 at the highest rate since the global financial crisis.

Despite this, markets have remained surprisingly resilient to adverse geopolitical conditions and inflation forecasts in recent months. The conflict in the Middle East has had a limited immediate impact on commodity prices and the wider global economy, however, this could change should the conflict spread. Whilst credit spreads remain below those observed at the outbreak of the Russia-Ukraine conflict, volatility and abrupt changes in sentiment remain a risk.

Concern for the credit outlook spans both commercial and retail lending, with price inflation and the cliff effects of energy, mortgage and debt repricing ultimately leading to higher defaults. This has crystallised most notably in the global commercial real estate sector as well as unsecured lending, and may extend to mortgages if high rates persist. Existing stress in commercial real estate has spread beyond China to North America and Europe. This could result in higher loss rates for the lenders as well as further exacerbate the risk of global societal unrest.

### Economic challenges in China

China's growth rate looks unlikely to return to pre-pandemic levels. The International Monetary Fund (IMF) forecasts a decline in China's growth to 5 per cent in 2024 from 5.2 per cent in 2023, with a further drop to 4.5 per cent in 2025. Most recently, Fitch revised China's outlook to 'negative' from 'stable' in April 2024, indicating reduced clarity on the economic outlook.

Competition with the US and the EU is intense, particularly around modern technologies. Areas such as electric vehicles and AI are key battlegrounds. China's industrial overcapacity leads to an increased search for export markets; electric vehicles and steel are prime examples. This is stoking trade-related frictions and provoking economic countermeasures such as the May 2024 tariffs announced by the US, and by the EU in June, although these are not yet implemented.

China is urging some partners to increase the use of the renminbi (RMB) in trade. In March 2024 RMB's share of global payments was 4.7 per cent, over double that of a year earlier, showing potential signs of a slow structural shift.

Given China's importance to global trade, a prolonged slowdown would have wider implications across the supply chain, especially for its trading partners, as well as for countries which rely on it for investment, such as those in Africa. However, opportunities arise from the diversification of intra-Asia trade and other global trade routes, and growth acceleration in South Asia, especially India.

### Sovereign Risk

Credit fundamentals have been deteriorating across both emerging and advanced economies due to persistently high interest rates, food and energy prices. In addition, increased spending on areas such as defence is expected to further stretch budgets.

After sharp declines in 2021–2022, global public debt edged up again in 2023 and remained above pre-pandemic levels by 9 percentage points of GDP. Whilst markets have remained opened for all categories of sovereign issuers, the refinancing cost has been rising, and interest payments are an increasing burden on both emerging and developed markets. Emerging markets could become affected by weakness in local currencies versus the US dollar, making refinancing existing debt or accessing hard currency liquidity more challenging.

Some countries face a heightened risk of failing to manage social demands, increasing political vulnerability and possibly social unrest. Food and security challenges exacerbated by armed conflict and climate change have the potential to drive social unrest. Disorderly outcomes of fractious elections could also have implications for sovereign ratings as markets become more volatile.

Debt moratoria and refinancing initiatives for some emerging markets are complicated by a larger number of financiers, with much financing done on a bilateral basis outside of the Paris Club. Whilst the Global Sovereign Debt Roundtable has made some progress on coordinating approaches between the Paris Club and other lenders, their interests do not always match. This can lead to delays in negotiations on debt resolutions for developing nations.

### Supply chain issues and key material shortages

Whilst the initial disruption caused by the Russia-Ukraine conflict has somewhat abated, recent volatility in the Red Sea has highlighted the vulnerability of global supply lines.

There is growing political awareness around the need for key component and resource security at national level. Countries are enacting rules to de-risk by reducing reliance on rivals or concentrated suppliers (for example, semiconductors) and look to either re-industrialise or make use of near-shoring and friend-shoring production.

The EU probe into unfair commercial practices in the provision of renewable energy equipment, particularly subsidies related to offshore wind and solar energy, may add to strain on associated supply chains, and add to inflationary pressures.

The growing need for minerals and rare earth elements to power green energy technologies can be leveraged to achieve economic or political aims by restricting access. This can bolster the negotiating influence of the main refiners and producers, such as China, Indonesia and some African nations, whilst prompting some nations to slow down their green transition plans.

### How these risks are mitigated

- We remain vigilant in monitoring risk and assessing impacts from geopolitical and macroeconomic risks to portfolio concentrations.
- We maintain a diversified portfolio across products and geographies, with specific Risk Appetite metrics to monitor concentrations.
- Mitigations in our WRB segment include building a resilient revenue base and maintaining close relations with clients for the awareness of early alerts.
- Increased scrutiny is applied when onboarding clients in sensitive industries and in ensuring compliance with sanctions.
- We utilise Credit Risk mitigation measures including collateral and credit insurance.

- We conduct portfolio reviews as well as macroeconomic, thematic and event-driven stress tests at Group, country, and business level, with regular reviews of vulnerable sectors, and undertake mitigating actions.
- We have a dedicated Country Risk team that closely monitors Sovereign Risk.
- We run a series of daily Market Risk stress scenarios to assess the impact of unlikely but plausible market shocks.
- We run a suite of management scenarios with differing severities to assess their impact on key Risk Appetite metrics.

## Environmental, Social and Governance (ESG) considerations

### ESG risks

Higher frequencies of extreme weather events are observed each year and the cost of managing the climate impacts is increasing, with the burden disproportionately borne by developing markets, where we have a large footprint. Alongside climate, other environmental risks pose incremental challenges to food, health systems and energy security, for example, biodiversity loss, pollution, and depletion of water.

Modern slavery and human rights concerns are increasingly in focus, with the scope expanding beyond direct operations to extended supply chain and vendors.

ESG regulation continues to develop across the world, often with differing taxonomies and disclosure requirements. This increased regulation is also generating stakeholder scrutiny on greenwashing risk, with ESG litigation being brought against corporations and governments in multiple markets.

A succession of political, social and economic disruptions in recent years have diverted attention and resources away from longer-term action on climate and sustainable development as competing spending demands are made of stretched budgets. For companies and governments, the anticipated trade-off between pragmatism and environmentalism has started to crystallise, with several delaying or rolling back targets. A slower transition to low-carbon business models may impact progress towards the Group's Net Zero targets and product roadmap.

### How these risks are mitigated

- Climate Risk considerations are embedded across all relevant Principal Risk Types. This includes client-level Climate Risk assessments, including setting adequate mitigants or controls as part of decision-making and portfolio management activities.
- We embed our values through our Position Statements for sensitive sectors and a list of prohibited activities. We also maintain environmental and social risk management standards to identify, assess and manage these risks when providing financial services to clients.
- The management of greenwashing risks has been integrated into our Reputational and Sustainability Risk Framework, Sustainability Risk policy and Sustainable Finance greenwashing standard.
- Detailed portfolio reviews and stress tests are conducted to test resilience to climate-related physical and transition risks and enhance modelling capabilities to understand the financial risks and opportunities from climate change. A scenario focusing on ESG litigation has been introduced in our internal capital adequacy assessment.
- We assess our relevant corporate clients and suppliers against various international human rights principles, as well as through our social safeguards.

+ More details can be found in our [Modern Slavery Statement](#) and [Human Rights Position Statement](#)

## New business structures, channels and competition

### Speed and breadth of technological developments

Traditional banking faces challenges in its external competitive environment from a range of fintechs. At the same time, banks themselves have an opportunity to defend or leverage their competitive advantage by harnessing new technologies, partnerships or new asset classes.

Conventional loan and deposit businesses could be challenged by digital enterprise business models, which integrate financial services with emerging technologies like AI, big data analytics and cloud computing fostering financial disintermediation.

In the longer term, increased adoption of stable coins and digital currencies could similarly create alternative deposit channels and bank disintermediation.

The rapid adoption of new technologies, partnership models or digital assets by banks brings a range of inherent risks, requiring clear operating models and risk frameworks. It is essential to upskill our people to develop in-house expertise and capabilities to manage associated risks, including model risks or managing external third parties which deliver these technologies. We must ensure that the people, process and technology agendas are viewed holistically to ensure the most effective and efficient implementation of new infrastructure.

### Cyber security and data

The Group's digital footprint is expanding. This increases inherent Cyber Risk as more services and products are digitised, outsourced and made more accessible. Highly interconnected and extended enterprises drive efficiencies but can expand the opportunities available for malicious actors to gain entry or access to corporate assets. This includes infrastructure such as cloud services.

The risk of data breaches is amplified by highly organised actors, with threats such as 'Ransomware as a Service' and affordable, sophisticated AI systems helping to facilitate attacks on organisations and individuals. Increasing cross-border tensions further drive the arms race to develop new attack types and commoditise new tools.

#### How these risks are mitigated

- We monitor emerging technology trends, business models and opportunities relevant to the banking sector.
- We invest in our capabilities to prepare for and protect against disruption and new risks.
- We have established enhanced governance for novel areas through the Digital Asset Risk Committee and Responsible AI Council, which considers emerging regulatory guidance.
- The Group has developed the Responsible AI Standard to govern innovative and safe use of the technology in adherence with responsible AI principles.
- We manage data risks through our Compliance Risk Type Framework and information security risks through our ICS Risk Type Framework. We maintain a dedicated Group Data Conduct Policy with globally applicable standards. These standards undergo regular review to ensure alignment with changing regulations and industry best practice.
- We maintain programmes to enhance our data risk management capabilities and controls, including compliance with the Basel Committee on Banking Supervision 239 requirements on effective risk data aggregation, with progress tracked at executive level risk governance committees.
- Risks embedded in key software programmes are continuously reassessed together with enhancements made in testing stages of new systems before they go live.
- The Group has implemented a 'defence-in-depth' ICS control environment strategy to protect, detect and respond to known and emerging ICS threats.
- New risks arising from partnerships, alliances, digital assets and generative technologies are identified through the New Initiatives Risk Assessment and Third-Party Risk Management Policy and Standards.
- Work is already underway to gauge the potential benefits and threats of nascent technologies such as quantum computing.

### Regulatory considerations

#### Regulatory evolution and fragmentation

The regulatory framework for banks is expanding, becoming more complex and remains subject to continual evolution. Aside from changes in prudential, financial markets, climate and data regulations, we anticipate a rise in consultations and regulations relating to the use of AI, and particularly around its ethical application in decision-making.

Jurisdictional risk arises from internationally diverging regulations, with differing pace and scale of regulatory adoption, conflicting rules, extraterritorial and localisation requirements around data, staff, capital and revenues. Data sovereignty and ESG regulation are prime examples of jurisdictional risk.

This makes it challenging for multinational groups to manage cross-border activities, as well as adding complexity and cost. Such fragmented regulatory changes can also create frictions in the market as a whole.

#### How these risks are mitigated

- We actively monitor regulatory developments, including those related to sustainable finance, ESG, digital assets and AI, and respond to consultations either bilaterally or through well-established industry bodies.
- We track evolving country-specific requirements, and actively collaborate with regulators to support important initiatives.
- We help shape regulation, particularly in new areas like AI and Central Bank Digital Currencies through thought leadership, and actively engaging with policymakers and central banks.

## Demographic considerations

### Skills of the future

Evolving client expectations and the rapid development of technologies such as AI are transforming the workplace, and further accelerating changes to how people deliver outcomes, connect and collaborate. The skills needed to grow businesses and sustain careers are being changed as a result, with a balance of both technical and human skills becoming increasingly critical.

Employee priorities also continue to evolve. 'What' work people do and 'how' they get to deliver it have become differentiators in attracting future-focused talent. Workers have a greater desire to do work aligned to individual purpose, and have increasing expectations from employers to invest in skills and careers. These trends are even more distinct among Millennials and Generation Z who make up an increasing proportion of the global talent pool and, as digital natives, possess the attributes needed to pursue our strategy.

To sustainably attract, grow and retain the relevant skills and talent, we must continue to invest in building future-focused skills as well as further strengthen our Employee Value Proposition (EVP) and brand promise.

### Demographic trends

Divergent demographic trends across developed and emerging markets create contrasting challenges. Developed markets' state budgets will be increasingly strained by ageing and shrinking populations in time, whilst political stances reduce the ability to fill skills gaps through immigration. Conversely, emerging markets are experiencing fast-growing, younger workforces. Whilst it is an opportunity to develop talent, population growth will put pressure on key resources such as food, water, education and health, as well as government budgets.

Population displacement, whether as a result of climate events, lack of key resources, political issues or war, may increase the fragility of societal structures in vulnerable centres. Large-scale movement could cause social unrest, as well as propagate disease transmission and accelerate the spread of future pandemics.

### How these risks are mitigated

- We are helping colleagues to upskill and reskill, both through classroom sessions and our online learning platform.
- We have an internal Talent Marketplace which enables colleagues to sign up for projects to access diverse experiences and career opportunities.
- We place emphasis on skills and aspiration to identify the talent to accelerate, as well as deploy it in areas with the highest impact for our clients and the business. We are piloting a differentiated learning proposition for this talent with the highest potential.
- We emphasise frequent two-way feedback through performance and development conversations to embed a culture of continuous learning and development.
- Our culture and EVP work is addressing the emerging expectations of our diverse talent base, particularly around being purpose-led.
- We provide support and resources to all colleagues to help balance productivity, collaboration and wellbeing, with more than 70 per cent of our workforce having signed up to work flexibly.



**Sadia Ricke**  
Group Chief Risk Officer

30 July 2024

# Risk review and Capital review

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The following parts of the Risk review and Capital review form part of these financial statements and are reviewed by the external auditors:

**a) Risk review:** Disclosures marked as 'reviewed' from the start of Credit risk section (page 38) to the end of Operational and Technology risk in the same section (page 92); and

**b) Capital review:** Tables marked as 'reviewed' from the start of 'Capital base' to the end of 'Movement in total capital', excluding 'Total risk-weighted assets' (pages 95 and 96).

# Risk review

## Credit Risk (reviewed)

### Basis of preparation

Unless otherwise stated the balance sheet and income statement information presented within this section is based on the Group's management view. This is principally the location from which a client relationship is managed, which may differ from where it is financially booked and may be shared between businesses and/or regions. This view reflects how the client segments and regions are managed internally.

Loans and advances to customers and banks held at amortised cost in this 'Risk profile' section include reverse repurchase agreement balances held at amortised cost, per Note 16 Reverse repurchase and repurchase agreements including other similar secured lending and borrowing.

### Credit Risk overview

Credit Risk is the potential for loss due to the failure of a counterparty to meet its contractual obligations to pay the Group. Credit exposures arise from both the banking and trading books.

### Impairment model

IFRS 9 mandates an impairment model that requires the recognition of expected credit losses (ECL) on all financial debt instruments held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), undrawn loan commitments and financial guarantees.

### Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision is recognised when there has been a significant change in the Credit Risk compared to what was expected at origination.

The framework used to determine a Significant increase in Credit Risk (SICR) is set out below.

|  |  |   |
|--|--|---|
| <b>Stage 1</b> <ul style="list-style-type: none"><li>• 12-month ECL</li><li>• Performing</li></ul> | <b>Stage 2</b> <ul style="list-style-type: none"><li>• Lifetime expected credit loss</li><li>• Performing but has exhibited significant increase in Credit Risk (SICR)</li></ul> | <b>Stage 3</b> <ul style="list-style-type: none"><li>• Credit-impaired</li><li>• Non-performing</li></ul> |
|--|--|---|

### IFRS 9 expected credit loss principles and approaches

The main methodology principles and approach adopted by the Group are set out in the following table.

| Title  | Supplementary Information   | Page |
|--|---|------|
| Approach for determining expected credit losses  | IFRS 9 methodology  | 74   |
|  | Determining lifetime expected credit loss for revolving products  | 74   |
|  | Post model adjustments  | 75   |
| Incorporation of forward-looking information   | Incorporation of forward-looking information  | 75   |
|  | Forecast of key macroeconomic variables underlying the expected credit loss calculation and the impact of non-linearity | 75   |
|  | Judgemental adjustments and sensitivity to macroeconomic variables  | 79   |
|  |   |      |
| SICR   | Quantitative and qualitative criteria   | 74   |
| Assessment of credit-impaired financial assets   | Consumer and Business Banking clients   | 74   |
|  | Corporate and Investment Banking (CIB) and Private Banking clients  | 74   |
|  | Write-offs  | 74   |
| Transfers between stages   | Movement in loan exposures and expected credit losses   | 51   |
| Modified financial assets  | Forbearance and other modified loans  | 59   |
| Governance and application of expert credit judgement in respect of expected credit losses |   | 74   |



## Summary of Credit Risk Performance

### Maximum exposure

The Group's on-balance sheet maximum exposure to Credit Risk increased by \$9.1 billion to \$807 billion (31 December 2023: \$798 billion). Cash and balances at Central bank decreased by \$5.8 billion to \$64 billion (31 December 2023: \$70 billion) due to reduced placements with a Central Bank. Loans to banks held at amortised cost remained stable at \$45 billion (31 December 2023: \$45 billion). Fair Value through profit and loss increased by \$32 billion to \$176 billion (31 December 2023: \$144 billion), largely due to an increase in debt securities and reverse repos. This was partly offset by a \$11 billion decrease in loans and advances to customers to \$276 billion (31 December 2023: \$287 billion) of which \$5 billion was due to a reduction in mortgages in Korea and Hong Kong due to low new business driven by the higher interest rate environment, as well as a \$4.2 billion reduction in Central and other items mainly due to matured loan exposures. Debt securities decreased by \$8.7 billion to \$152 billion (31 December 2023: \$160 billion). Off-balance sheet instruments increased by \$7.9 billion to \$265 billion (31 December 2023: \$257 billion), due to an increase in financial guarantees and other equivalents, which were driven by new business.

+ Further details can be found in the 'Maximum exposure to Credit Risk' section in page 41.

### Loans and Advances

94 per cent (31 December 2023: 94 per cent) of the Group's gross loans and advances to customers remain in stage 1 at \$281 billion (31 December 2023: \$292 billion), reflecting our continued focus on high-quality origination.

Stage 1 loans and advances decreased by \$9.4 billion to \$264 billion (31 December 2023: \$274 billion). For Wealth and Retail Banking (WRB), stage 1 balances decreased by \$5.4 billion to \$118 billion (31 December 2023: \$123 billion), of which \$5 billion was mainly due to a decrease in mortgages. This was driven by a slowdown in sales in Korea and Hong Kong, due to the high interest rate environment. For Corporate and Investment Banking (CIB), stage 1 balances remained stable at \$121 billion (31 December 2023: \$121 billion). For Central and other items, stage 1 balances decreased by \$4.5 billion to \$24 billion (31 December 2023: \$28 billion) due to a reduction in reverse repos. Stage 1 cover ratio remained stable at 0.2 per cent (31 December 2023: 0.2 per cent).

Stage 2 loans and advances to customers decreased by \$1.2 billion to \$10 billion (31 December 2023: \$11.2 billion). For WRB, stage 2 balances decreased by \$0.5 billion to \$1.8 billion (31 December 2023: \$2.3 billion). This was mainly driven by the lower new bookings of the mortgage portfolio in Korea and Hong Kong, due to the high interest rate environment. Higher risk exposure net decrease of \$1 billion to \$0.1 billion (31 December 2023: \$1 billion) from Central and other items, was due to the maturity of short-term loan exposures being replaced with debt securities in the Middle East. Total stage 2 cover ratio decreased by 0.1 per cent to 3.6 per cent (31 December 2023: 3.7 per cent). The decrease was driven by China commercial real estate (CRE) overlay releases in CIB largely due to repayments, which was partly offset by an increase in WRB due to exposure reductions. Ventures cover ratio increased by 7 per cent to 46 per cent (31 December 2023: 39 per cent) due to higher levels of delinquencies in Q1 2024, however this improved during Q2 2024 following credit measures being put in place in Q4 2023.

Stage 3 loans and advances decreased by \$0.6 billion to \$6.6 billion (31 December 2023: \$7.2 billion) due to repayments, debt sales and write-offs in CIB. The CIB stage 3 cover ratio increased by 4 per cent to 68 per cent (31 December 2023: 64 per cent) as a result of repayments and write-offs. The WRB stage 3 loans remains broadly stable at \$1.5 billion (31 December 2023: \$1.5 billion). The WRB stage 3 cover ratio decreased by 5 per cent to 46 per cent (31 December 2023: 51 per cent) driven by reduction in personal loan provisions in Malaysia due to unsecured assets reclassified as held for sale. Stage 3 Central and other items decreased by \$160 million to \$0.1 billion (31 December 2023: \$0.2 billion) as funds were reinvested into debt securities for liquidity purposes. Total stage 3 cover ratio increased by 3 per cent to 63 per cent (31 December 2023: 60 per cent) due to a decrease in exposures. The cover ratio after collateral increased by 6 per cent to 82 per cent (31 December 2023: 76 per cent).

+ Further details can be found in the 'Analysis of financial instruments by stage' section in pages 42 and 43; 'Credit quality by client segment' section in pages 44 to 47; and 'Credit quality by industry' section in pages 64 and 65.

### Analysis of stage 2

The key SICR driver which caused exposures to be classified as stage 2 remains an increase in probability of default (PD). The proportion of exposures in CIB in stage 2 decreased due to a reduction in clients placed on non-purely precautionary early alert that have not breached PD thresholds. In WRB, the proportion of loans in stage 2 from 30 days past due trigger remained stable. In Central and other items, the decrease in CG12 was due to the maturity of short-term loan exposures being replaced with debt securities in the Middle East.

+ Further details can be found in the 'Analysis of stage 2 balances' section in page 58.

### Credit impairment charges

The Group's ongoing credit impairment was a net charge of \$249 million (30 June 2023: \$172 million).

For CIB, stage 1 and 2 impairment charges decreased by \$71 million to a net release of \$38 million (30 June 2023: \$33 million), due to \$55 million China CRE overlay releases driven by repayments, and sovereign upgrades. This was partly offset by portfolio movements.

CIB stage 3 impairment charges decreased by \$33 million to \$3 million (30 June 2023: \$36 million) due to a number of recoveries, which was partly offset by additional impairments on the China CRE portfolio including one new downgrade.

For WRB, stage 1 and 2 impairment charges increased by \$120 million to \$135 million (30 June 2023: \$15 million) mainly due to the release of COVID-19 overlays and other one-off releases present in 2023. Growth in the Digital Partnership portfolio has also resulted in an increase in ECL.

WRB stage 3 impairment charges increased by \$54 million to \$147 million (30 June 2023: \$93 million). This was driven by gross charge-offs in credit cards and personal loans (mainly in China, Hong Kong, Singapore and Korea) on account of the higher interest rate environment impacting customer affordability, as well as maturation of digital partnerships (in China, Indonesia, and Vietnam).

For Ventures, total impairment charges increased by \$20 million to \$43 million (30 June 2023: \$23 million). Of the \$43 million charge, Mox Bank accounts for \$33 million. Stage 1 and 2 impairment charges decreased by \$5 million to \$7 million (30 June 2023: \$12 million). Out of the \$7 million charge, \$2 million was from Mox Bank and \$5 million was from Trust Bank. Mox Bank's delinquency and flow rates have improved on both the new and legacy books as new credit control measures have taken effect over the course of 2024.

Ventures stage 3 impairment charges increased by \$25 million to \$36 million (30 June 2023: \$11 million). Of the \$36 million, \$30 million was from Mox Bank due to gross charge-offs and bankruptcy-related charges. These charges declined as we progressed through H1 2024.

For Central and other items, stage 1 and 2 impairment charges decreased by \$4 million to a net release of \$31 million (30 June 2023: net release of \$27 million) due to sovereign upgrades, driven by improvements in the macroeconomic environment. The charges also declined due to a portfolio of debt securities maturing, which were being held by Treasury and accounted for under FVOCI.

Central and other items stage 3 impairment charges decreased by \$9 million to a net release of \$10 million (30 June 2023: net release of \$1 million) due to an upgrade in a sovereign's local currency position to CG12C (higher risk).

+ Further details can be found in the 'Credit impairment charge' section in page 59.

### Vulnerable and cyclical sectors

Total net on-balance sheet exposure to vulnerable and cyclical sectors increased by \$4.8 billion to \$33 billion (31 December 2023: \$29 billion) largely due to increases in the Oil and Gas and Commodity Traders sectors in stage 1. Stage 2 vulnerable and cyclical sector loans decreased by \$0.3 billion to \$3.1 billion (31 December 2023: \$3.4 billion) mainly due to CRE. Stage 3 vulnerable and cyclical sector loans decreased by \$0.3 billion to \$3.3 billion (31 December 2023: \$3.6 billion) mainly due to a loan sales in the CRE sector, which was partly offset by one new downgrade.

The Group provides loans to CRE counterparties of which \$8.9 billion is to counterparties in CIB where the source of repayment is substantially derived from rental or sale of real estate and is secured by real estate collateral. The remaining CRE loans comprise working capital loans to real estate corporates, loans with non-property collateral, unsecured loans and loans to real estate entities of diversified conglomerates. The average LTV ratio of the performing book CRE portfolio has increased to 53 per cent (31 December 2023: 52 per cent). The proportion of loans with an LTV greater than 80 per cent has increased to 4 per cent (31 December 2023: 3 per cent).

+ Further details can be found in the 'Vulnerable, cyclical and high carbon sectors' section in pages 67 to 71.

### China commercial real estate

Total exposure to China CRE decreased by \$0.4 billion to \$2.2 billion (31 December 2023: \$2.6 billion) mainly from repayments. The proportion of credit impaired amortised cost loans to customers increased to 67 per cent (31 December 2023: 58 per cent) largely due to repayments in the performing portfolio and a downgrade. Stage 3 provision coverage increased to 77 per cent (31 December 2023: 72 per cent) reflecting increased provisions made during the period. The proportion of the loan book rated as higher risk was stable at 0.4 per cent (31 December 2023: 0.3 per cent).

The Group continues to hold a judgemental management overlay in respect of the performing portfolio, which decreased by \$55 million to \$86 million (31 December 2023: \$141 million) due to repayments and a downgrade to stage 3.

The Group is further indirectly exposed to China CRE through its associate investment in China Bohai Bank.

+ Further details can be found in the 'China commercial real estate' section in page 72.

## Maximum exposure to Credit Risk (reviewed)

The table below presents the Group's maximum exposure to Credit Risk for its on-balance sheet and off-balance sheet financial instruments as at 30 June 2024, before and after taking into account any collateral held or other Credit Risk mitigation.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

|   | 30.06.24                      |                                      |   |                           | 31.12.23                      |                                      |   |                           |
|---|-------------------------------|--------------------------------------|---|---------------------------|-------------------------------|--------------------------------------|---|---------------------------|
|   | Credit risk management        |                                      |   |                           | Credit risk management        |                                      |   |                           |
|   | Maximum exposure<br>\$million | Collateral <sup>8</sup><br>\$million | Master netting<br>agreements<br>\$million | Net exposure<br>\$million | Maximum exposure<br>\$million | Collateral <sup>8</sup><br>\$million | Master netting<br>agreements<br>\$million | Net exposure<br>\$million |
| <b>On-balance sheet</b>   |                               |                                      |   |                           |                               |                                      |   |                           |
| Cash and balances at central banks  | 64,086                        |                                      |   | 64,086                    | 69,905                        |                                      |   | 69,905                    |
| Loans and advances to banks <sup>1</sup>  | 45,231                        | 3,991                                |   | 41,240                    | 44,977                        | 1,738                                |   | 43,239                    |
| of which – reverse repurchase agreements and other similar secured lending <sup>7</sup> | 3,991                         | 3,991                                |   | –                         | 1,738                         | 1,738                                |   | –                         |
| Loans and advances to customers <sup>1</sup>  | 275,896                       | 115,872                              |   | 160,024                   | 286,975                       | 118,492                              |   | 168,483                   |
| of which – reverse repurchase agreements and other similar secured lending <sup>7</sup> | 7,788                         | 7,788                                |   | –                         | 13,996                        | 13,996                               |   | –                         |
| Investment securities – Debt securities and other eligible bills <sup>2</sup>           | 151,580                       |                                      |   | 151,580                   | 160,263                       |                                      |   | 160,263                   |
| Fair value through profit or loss <sup>3,7</sup>  | 176,460                       | 93,202                               | –   | 83,258                    | 144,276                       | 81,847                               | –   | 62,429                    |
| Loans and advances to banks   | 2,193                         |                                      |   | 2,193                     | 2,265                         |                                      |   | 2,265                     |
| Loans and advances to customers   | 6,877                         |                                      |   | 6,877                     | 7,212                         |                                      |   | 7,212                     |
| Reverse repurchase agreements and other similar lending <sup>7</sup>                    | 93,202                        | 93,202                               |   | –                         | 81,847                        | 81,847                               |   | –                         |
| Investment securities – Debt securities and other eligible bills <sup>2</sup>           | 74,188                        |                                      |   | 74,188                    | 52,952                        |                                      |   | 52,952                    |
| Derivative financial instruments <sup>4,7</sup>   | 48,647                        | 11,285                               | 34,398                                    | 2,964                     | 50,434                        | 8,440                                | 39,293                                    | 2,701                     |
| Accrued income  | 2,786                         |                                      |   | 2,786                     | 2,673                         |                                      |   | 2,673                     |
| Assets held for sale <sup>9</sup>   | 517                           |                                      |   | 517                       | 701                           |                                      |   | 701                       |
| Other assets <sup>5</sup>   | 42,206                        |                                      |   | 42,206                    | 38,140                        |                                      |   | 38,140                    |
| <b>Total balance sheet</b>  | <b>807,409</b>                | <b>224,350</b>                       | <b>34,398</b>                             | <b>548,661</b>            | <b>798,344</b>                | <b>210,517</b>                       | <b>39,293</b>                             | <b>548,534</b>            |
| <b>Off-balance sheet<sup>6</sup></b>  |                               |                                      |   |                           |                               |                                      |   |                           |
| Undrawn Commitments   | 178,568                       | 3,078                                |   | 175,490                   | 182,390                       | 2,940                                |   | 179,450                   |
| Financial Guarantees and other equivalents  | 86,094                        | 2,351                                |   | 83,743                    | 74,414                        | 2,590                                |   | 71,824                    |
| <b>Total off-balance sheet</b>  | <b>264,662</b>                | <b>5,429</b>                         | <b>–</b>                                  | <b>259,233</b>            | <b>256,804</b>                | <b>5,530</b>                         | <b>–</b>                                  | <b>251,274</b>            |
| <b>Total</b>  | <b>1,072,071</b>              | <b>229,779</b>                       | <b>34,398</b>                             | <b>807,894</b>            | <b>1,055,148</b>              | <b>216,047</b>                       | <b>39,293</b>                             | <b>799,808</b>            |

1 An analysis of credit quality is set out in the credit quality analysis section (page 44). Further details of collateral held by client segment and stage are set out in the collateral analysis section (page 60)

2 Excludes equity and other investments of \$823 million (31 December 2023: \$992 million). Further details are set out in Note 13 financial instruments

3 Excludes equity and other investments of \$5,264 million (31 December 2023: \$2,940 million). Further details are set out in Note 13 financial instruments

4 The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions

5 Other assets include Hong Kong certificates of indebtedness, cash collateral, and acceptances, in addition to unsettled trades and other financial assets

6 Excludes ECL allowances which are reported under Provisions for liabilities and charges

7 Collateral capped at maximum exposure (over-collateralised)

8 Adjusted for over-collateralisation, which has been determined with reference to the drawn and undrawn component as this best reflects the effect on the amount arising from expected credit losses

9 The amount is after ECL. Further details are set out in Note 20 Assets held for sale and associated liabilities

## Risk review continued

### Analysis of financial instruments by stage (reviewed)

The table below presents the gross and credit impairment balances by stage for the Group's amortised cost and FVOCI financial instruments as at 30 June 2024.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

|  | 30.06.24                    |                                      |                                 |                             |                                      |                                 |                             |                                      |                                 |                             |                                      |                                 |
|--|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|
|  | Stage 1                     |                                      |                                 | Stage 2                     |                                      |                                 | Stage 3                     |                                      |                                 | Total                       |                                      |                                 |
|  | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million |
| Cash and balances at central banks                                     | 63,238                      | –                                    | 63,238                          | 339                         | –                                    | 339                             | 522                         | (13)                                 | 509                             | 64,099                      | (13)                                 | 64,086                          |
| Loans and advances to banks (amortised cost)                           | 44,793                      | (4)                                  | 44,789                          | 392                         | (3)                                  | 389                             | 57                          | (4)                                  | 53                              | 45,242                      | (11)                                 | 45,231                          |
| Loans and advances to customers (amortised cost)                       | 264,249                     | (480)                                | 263,769                         | 10,005                      | (362)                                | 9,643                           | 6,639                       | (4,155)                              | 2,484                           | 280,893                     | (4,997)                              | 275,896                         |
| Debt securities and other eligible bills⁵                              | 149,422                     | (23)                                 |                                 | 1,787                       | (10)                                 |                                 | 387                         | (16)                                 |                                 | 151,596                     | (49)                                 |                                 |
| Amortised cost   | 55,961                      | (16)                                 | 55,945                          | 396                         | –                                    | 396                             | 62                          | –                                    | 62                              | 56,419                      | (16)                                 | 56,403                          |
| FVOCI²   | 93,461                      | (7)                                  |                                 | 1,391                       | (10)                                 |                                 | 325                         | (16)                                 |                                 | 95,177                      | (33)                                 |                                 |
| Accrued income (amortised cost)⁴                                       | 2,786                       |                                      | 2,786                           |                             |                                      | –                               |                             |                                      | –                               | 2,786                       | –                                    | 2,786                           |
| Assets held for sale⁴  | 429                         | –                                    | 429                             | 50                          | (1)                                  | 49                              | 114                         | (75)                                 | 39                              | 593                         | (76)                                 | 517                             |
| Other assets   | 42,209                      | (3)                                  | 42,206                          | –                           | –                                    | –                               | 3                           | (3)                                  | –                               | 42,212                      | (6)                                  | 42,206                          |
| Undrawn commitments³   | 173,625                     | (46)                                 |                                 | 4,935                       | (47)                                 |                                 | 8                           | –                                    |                                 | 178,568                     | (93)                                 |                                 |
| Financial guarantees, trade credits and irrevocable letter of credits³ | 83,957                      | (12)                                 |                                 | 1,423                       | (6)                                  |                                 | 714                         | (142)                                |                                 | 86,094                      | (160)                                |                                 |
| <b>Total</b>   | <b>824,708</b>              | <b>(568)</b>                         |                                 | <b>18,931</b>               | <b>(429)</b>                         |                                 | <b>8,444</b>                | <b>(4,408)</b>                       |                                 | <b>852,083</b>              | <b>(5,405)</b>                       |                                 |

1 Gross carrying amount for off-balance sheet refers to notional values

2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve

3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a financial liability and therefore there is no "net carrying amount". ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component

4 Stage 1 ECL is not material

5 Stage 3 gross includes \$23 million (31 December 2023: \$80 million) originated credit-impaired debt securities with impairment of \$nil million (31 December 2023: \$14 million)

31.12.23

|  | Stage 1                     |                                      |                                 | Stage 2                     |                                      |                                 | Stage 3                     |                                      |                                 | Total                       |                                      |                                 |
|--|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|-----------------------------|--------------------------------------|---------------------------------|
|  | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million | Gross balance¹<br>\$million | Total credit impairment<br>\$million | Net carrying value<br>\$million |
| Cash and balances at central banks                                     | 69,313                      | –                                    | 69,313                          | 207                         | (7)                                  | 200                             | 404                         | (12)                                 | 392                             | 69,924                      | (19)                                 | 69,905                          |
| Loans and advances to banks (amortised cost)                           | 44,384                      | (8)                                  | 44,376                          | 540                         | (10)                                 | 530                             | 77                          | (6)                                  | 71                              | 45,001                      | (24)                                 | 44,977                          |
| Loans and advances to customers (amortised cost)                       | 273,692                     | (430)                                | 273,262                         | 11,225                      | (420)                                | 10,805                          | 7,228                       | (4,320)                              | 2,908                           | 292,145                     | (5,170)                              | 286,975                         |
| Debt securities and other eligible bills⁵                              | 158,314                     | (26)                                 |                                 | 1,860                       | (34)                                 |                                 | 164                         | (61)                                 |                                 | 160,338                     | (121)                                |                                 |
| Amortised cost   | 56,787                      | (16)                                 | 56,771                          | 103                         | (2)                                  | 101                             | 120                         | (57)                                 | 63                              | 57,010                      | (75)                                 | 56,935                          |
| FVOCI²   | 101,527                     | (10)                                 |                                 | 1,757                       | (32)                                 |                                 | 44                          | (4)                                  |                                 | 103,328                     | (46)                                 |                                 |
| Accrued income (amortised cost)⁴                                       | 2,673                       |                                      | 2,673                           |                             |                                      | –                               |                             |                                      | –                               | 2,673                       | –                                    | 2,673                           |
| Assets held for sale⁴  | 661                         | (33)                                 | 628                             | 76                          | (4)                                  | 72                              | 1                           | –                                    | 1                               | 738                         | (37)                                 | 701                             |
| Other assets   | 38,139                      | –                                    | 38,139                          | –                           | –                                    | –                               | 4                           | (3)                                  | 1                               | 38,143                      | (3)                                  | 38,140                          |
| Undrawn commitments³   | 176,654                     | (52)                                 |                                 | 5,733                       | (39)                                 |                                 | 3                           | –                                    |                                 | 182,390                     | (91)                                 |                                 |
| Financial guarantees, trade credits and irrevocable letter of credits³ | 70,832                      | (10)                                 |                                 | 2,910                       | (14)                                 |                                 | 672                         | (112)                                |                                 | 74,414                      | (136)                                |                                 |
| <b>Total</b>   | <b>834,662</b>              | <b>(559)</b>                         |                                 | <b>22,551</b>               | <b>(528)</b>                         |                                 | <b>8,553</b>                | <b>(4,514)</b>                       |                                 | <b>865,766</b>              | <b>(5,601)</b>                       |                                 |

1 Gross carrying amount for off-balance sheet refers to notional values

2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve

3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a financial liability and therefore there is no “net carrying amount”. ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component

4 Stage 1 ECL is not material

5 Stage 3 gross includes \$80 million originated credit-impaired debt securities with impairment of \$14 million

## Credit quality analysis

### Credit quality by client segment (reviewed)

For CIB, exposures are analysed by credit grade (CG), which plays a central role in the quality assessment and monitoring of risk. All loans are assigned a CG, which is reviewed periodically and amended in light of changes in the borrower's circumstances or behaviour. CGs 1 to 12 are assigned to stage 1 and stage 2 (performing) clients or accounts, while CGs 13 and 14 are assigned to stage 3 (credit-impaired) clients. Consumer and Business Banking portfolios are analysed by days past due and Private Banking by the type of collateral held.

### Mapping of credit quality

The Group uses the following internal risk mapping to determine the credit quality for loans.

| Credit quality description | Corporate & Investment Banking |                                  |                         | Private Banking <sup>1</sup>        | Wealth & Retail Banking <sup>5</sup>         |
|----------------------------|--------------------------------|----------------------------------|-------------------------|-------------------------------------|--|
|                            | Internal grade mapping         | S&P external ratings equivalent  | Regulatory PD range (%) | Internal ratings                    | Internal grade mapping                       |
| Strong                     | 1A to 5B                       | AAA/AA+ to BBB-/BB+ <sup>2</sup> | 0 to 0.425              | Class I and Class IV                | Current loans (no past dues nor impaired)    |
| Satisfactory               | 6A to 11C                      | BB+/BB to B-/CCC+ <sup>3</sup>   | 0.426 to 15.75          | Class II and Class III              | Loans past due till 29 days                  |
| Higher risk                | Grade 12                       | CCC+ to C <sup>4</sup>           | 15.751 to 99.999        | Stressed Assets Group (SAG) managed | Past due loans 30 days and over till 90 days |

1 For Private Banking, classes of risk represent the type of collateral held. Class I represents facilities with liquid collateral, such as cash and marketable securities. Class II represents unsecured/partially secured facilities and those with illiquid collateral, such as equity in private enterprises. Class III represents facilities with residential or commercial real estate collateral. Class IV covers margin trading facilities

2 Banks' rating: AAA/AA+ to BB+. Sovereigns' rating: AAA to BB+

3 Banks' rating: BB to "CCC+ to C". Sovereigns' rating: BB+/BB to B-/CCC+

4 Banks' rating: CCC+ to C. Sovereigns' rating: CCC+ to "CCC+ to C"

5 Wealth & Retail Banking excludes Private Banking. Medium enterprise clients within Business Banking are managed using the same internal credit grades as CIB

The table below sets out the gross loans and advances held at amortised cost, expected credit loss provisions and expected credit loss coverage by business segment and stage. Expected credit loss coverage represents the expected credit loss reported for each segment and stage as a proportion of the gross loan balance for each segment and stage.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

## Loans and advances by client segment (reviewed)

30.06.24

|  | Customers          |   |  |                       |                                       |                                |                                     |                                      |
|--|--------------------|---|--|-----------------------|---------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
|  | Banks<br>\$million | Corporate &<br>Investment<br>Banking<br>\$million | Wealth &<br>Retail<br>Banking<br>\$million | Ventures<br>\$million | Central &<br>other items<br>\$million | Customer<br>Total<br>\$million | Undrawn<br>commitments<br>\$million | Financial<br>Guarantees<br>\$million |
| <b>Amortised cost</b>                          |                    |   |  |                       |                                       |                                |                                     |                                      |
| Stage 1  | 44,793             | 121,272   | 118,064                                    | 1,103                 | 23,810                                | 264,249                        | 173,625                             | 83,957                               |
| – Strong                                       | 35,029             | 83,625  | 112,547                                    | 1,088                 | 23,424                                | 220,684                        | 158,620                             | 56,826                               |
| – Satisfactory                                 | 9,764              | 37,647  | 5,517                                      | 15                    | 386                                   | 43,565                         | 15,005                              | 27,131                               |
| Stage 2  | 392                | 7,980   | 1,848                                      | 48                    | 129                                   | 10,005                         | 4,935                               | 1,423                                |
| – Strong                                       | 173                | 1,129   | 1,333                                      | 32                    | –                                     | 2,494                          | 1,768                               | 303                                  |
| – Satisfactory                                 | 161                | 6,074   | 172  | 5                     | –                                     | 6,251                          | 2,953                               | 912                                  |
| – Higher risk                                  | 58                 | 777   | 343  | 11                    | 129                                   | 1,260                          | 214                                 | 208                                  |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | –                  | 228   | 172  | 5                     | –                                     | 405                            | –                                   | –                                    |
| – More than 30 days past due                   | 3                  | 7   | 343  | 11                    | –                                     | 361                            | –                                   | –                                    |
| Stage 3, credit-impaired financial assets      | 57                 | 5,048   | 1,518                                      | 9                     | 64                                    | 6,639                          | 8                                   | 714                                  |
| <b>Gross balance<sup>1</sup></b>               | <b>45,242</b>      | <b>134,300</b>                                    | <b>121,430</b>                             | <b>1,160</b>          | <b>24,003</b>                         | <b>280,893</b>                 | <b>178,568</b>                      | <b>86,094</b>                        |
| Stage 1  | (4)                | (110)   | (350)                                      | (20)                  | –                                     | (480)                          | (46)                                | (12)                                 |
| – Strong                                       | (2)                | (70)  | (274)                                      | (19)                  | –                                     | (363)                          | (30)                                | (3)                                  |
| – Satisfactory                                 | (2)                | (40)  | (76)                                       | (1)                   | –                                     | (117)                          | (16)                                | (9)                                  |
| Stage 2  | (3)                | (206)   | (134)                                      | (22)                  | –                                     | (362)                          | (47)                                | (6)                                  |
| – Strong                                       | (2)                | (15)  | (49)                                       | (16)                  | –                                     | (80)                           | (9)                                 | (1)                                  |
| – Satisfactory                                 | (1)                | (144)   | (27)                                       | (3)                   | –                                     | (174)                          | (26)                                | (2)                                  |
| – Higher risk                                  | –                  | (47)  | (58)                                       | (3)                   | –                                     | (108)                          | (12)                                | (3)                                  |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | –                  | (15)  | (27)                                       | (3)                   | –                                     | (45)                           | –                                   | –                                    |
| – More than 30 days past due                   | –                  | –   | (58)                                       | (3)                   | –                                     | (61)                           | –                                   | –                                    |
| Stage 3, credit-impaired financial assets      | (4)                | (3,449)   | (697)                                      | (9)                   | –                                     | (4,155)                        | –                                   | (142)                                |
| <b>Total credit impairment</b>                 | <b>(11)</b>        | <b>(3,765)</b>                                    | <b>(1,181)</b>                             | <b>(51)</b>           | <b>–</b>                              | <b>(4,997)</b>                 | <b>(93)</b>                         | <b>(160)</b>                         |
| <b>Net carrying value</b>                      | <b>45,231</b>      | <b>130,535</b>                                    | <b>120,249</b>                             | <b>1,109</b>          | <b>24,003</b>                         | <b>275,896</b>                 |                                     |                                      |
| Stage 1  | 0.0%               | 0.1%  | 0.3%                                       | 1.8%                  | 0.0%                                  | 0.2%                           | 0.0%                                | 0.0%                                 |
| – Strong                                       | 0.0%               | 0.1%  | 0.2%                                       | 1.7%                  | 0.0%                                  | 0.2%                           | 0.0%                                | 0.0%                                 |
| – Satisfactory                                 | 0.0%               | 0.1%  | 1.4%                                       | 6.7%                  | 0.0%                                  | 0.3%                           | 0.1%                                | 0.0%                                 |
| Stage 2  | 0.8%               | 2.6%  | 7.3%                                       | 45.8%                 | 0.0%                                  | 3.6%                           | 1.0%                                | 0.4%                                 |
| – Strong                                       | 1.2%               | 1.3%  | 3.7%                                       | 50.0%                 | 0.0%                                  | 3.2%                           | 0.5%                                | 0.3%                                 |
| – Satisfactory                                 | 0.6%               | 2.4%  | 15.7%                                      | 60.0%                 | 0.0%                                  | 2.8%                           | 0.9%                                | 0.2%                                 |
| – Higher risk                                  | 0.0%               | 6.0%  | 16.9%                                      | 27.3%                 | 0.0%                                  | 8.6%                           | 5.6%                                | 1.4%                                 |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | 0.0%               | 6.6%  | 15.7%                                      | 60.0%                 | 0.0%                                  | 11.1%                          | 0.0%                                | 0.0%                                 |
| – More than 30 days past due                   | 0.0%               | 0.0%  | 16.9%                                      | 27.3%                 | 0.0%                                  | 16.9%                          | 0.0%                                | 0.0%                                 |
| Stage 3, credit-impaired financial assets (S3) | 7.0%               | 68.3%   | 45.9%                                      | 100.0%                | 0.0%                                  | 62.6%                          | 0.0%                                | 19.9%                                |
| – Stage 3 Collateral                           | 2                  | 635   | 664  | –                     | –                                     | 1,299                          | –                                   | 47                                   |
| – Stage 3 Cover ratio (after collateral)       | 10.5%              | 80.9%   | 89.7%                                      | 100.0%                | 0.0%                                  | 82.2%                          | 0.0%                                | 26.5%                                |
| <b>Cover ratio</b>                             | <b>0.0%</b>        | <b>2.8%</b>                                       | <b>1.0%</b>                                | <b>4.4%</b>           | <b>0.0%</b>                           | <b>1.8%</b>                    | <b>0.1%</b>                         | <b>0.2%</b>                          |
| <b>Fair value through profit or loss</b>       |                    |   |  |                       |                                       |                                |                                     |                                      |
| Performing                                     | 42,461             | 59,769  | 9  | –                     | –                                     | 59,778                         | –                                   | –                                    |
| – Strong                                       | 37,129             | 40,917  | 6  | –                     | –                                     | 40,923                         | –                                   | –                                    |
| – Satisfactory                                 | 5,332              | 18,801  | 3  | –                     | –                                     | 18,804                         | –                                   | –                                    |
| – Higher risk                                  | –                  | 51  | –  | –                     | –                                     | 51                             | –                                   | –                                    |
| Defaulted (CG13-14)                            | –                  | 33  | –  | –                     | –                                     | 33                             | –                                   | –                                    |
| Gross balance (FVTPL) <sup>2</sup>             | 42,461             | 59,802  | 9  | –                     | –                                     | 59,811                         | –                                   | –                                    |
| <b>Net carrying value (incl FVTPL)</b>         | <b>87,692</b>      | <b>190,337</b>                                    | <b>120,258</b>                             | <b>1,109</b>          | <b>24,003</b>                         | <b>335,707</b>                 | <b>–</b>                            | <b>–</b>                             |

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$7,788 million under Customers and of \$3,991 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$52,934 million under Customers and of \$40,268 million under Banks, held at fair value through profit or loss

## Risk review continued

31.12.23

|  | Customers          |   |  |                       |                                       |                                |                                     |                                      |
|--|--------------------|---|--|-----------------------|---------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
|  | Banks<br>\$million | Corporate &<br>Investment<br>Banking<br>\$million | Wealth &<br>Retail<br>Banking<br>\$million | Ventures<br>\$million | Central &<br>other items<br>\$million | Customer<br>Total<br>\$million | Undrawn<br>commitments<br>\$million | Financial<br>Guarantees<br>\$million |
| Amortised cost                                 |                    |   |  |                       |                                       |                                |                                     |                                      |
| Stage 1  | 44,384             | 120,886   | 123,486                                    | 1,015                 | 28,305                                | 273,692                        | 176,654                             | 70,832                               |
| – Strong                                       | 35,284             | 84,248  | 118,193                                    | 1,000                 | 27,967                                | 231,408                        | 162,643                             | 47,885                               |
| – Satisfactory                                 | 9,100              | 36,638  | 5,293                                      | 15                    | 338                                   | 42,284                         | 14,011                              | 22,947                               |
| Stage 2  | 540                | 7,902   | 2,304                                      | 54                    | 965                                   | 11,225                         | 5,733                               | 2,910                                |
| – Strong                                       | 55                 | 1,145   | 1,761                                      | 34                    | –                                     | 2,940                          | 1,090                               | 830                                  |
| – Satisfactory                                 | 212                | 5,840   | 206  | 7                     | –                                     | 6,053                          | 4,169                               | 1,823                                |
| – Higher risk                                  | 273                | 917   | 337  | 13                    | 965                                   | 2,232                          | 474                                 | 257                                  |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | –                  | 78  | 206  | 7                     | –                                     | 291                            | –                                   | –                                    |
| – More than 30 days past due                   | –                  | 10  | 337  | 13                    | –                                     | 360                            | –                                   | –                                    |
| Stage 3, credit-impaired financial assets      | 77                 | 5,508   | 1,484                                      | 12                    | 224                                   | 7,228                          | 3                                   | 672                                  |
| <b>Gross balance<sup>1</sup></b>               | <b>45,001</b>      | <b>134,296</b>                                    | <b>127,274</b>                             | <b>1,081</b>          | <b>29,494</b>                         | <b>292,145</b>                 | <b>182,390</b>                      | <b>74,414</b>                        |
| Stage 1  | (8)                | (101)   | (314)                                      | (15)                  | –                                     | (430)                          | (52)                                | (10)                                 |
| – Strong                                       | (3)                | (34)  | (234)                                      | (14)                  | –                                     | (282)                          | (31)                                | (2)                                  |
| – Satisfactory                                 | (5)                | (67)  | (80)                                       | (1)                   | –                                     | (148)                          | (21)                                | (8)                                  |
| Stage 2  | (10)               | (257)   | (141)                                      | (21)                  | (1)                                   | (420)                          | (39)                                | (14)                                 |
| – Strong                                       | (1)                | (18)  | (65)                                       | (14)                  | –                                     | (97)                           | (5)                                 | –                                    |
| – Satisfactory                                 | (2)                | (179)   | (22)                                       | (3)                   | –                                     | (204)                          | (23)                                | (7)                                  |
| – Higher risk                                  | (7)                | (60)  | (54)                                       | (4)                   | (1)                                   | (119)                          | (11)                                | (7)                                  |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | –                  | (2)   | (22)                                       | (3)                   | –                                     | (27)                           | –                                   | –                                    |
| – More than 30 days past due                   | –                  | (1)   | (54)                                       | (4)                   | –                                     | (59)                           | –                                   | –                                    |
| Stage 3, credit-impaired financial assets      | (6)                | (3,533)   | (760)                                      | (12)                  | (15)                                  | (4,320)                        | –                                   | (112)                                |
| <b>Total credit impairment</b>                 | <b>(24)</b>        | <b>(3,891)</b>                                    | <b>(1,215)</b>                             | <b>(48)</b>           | <b>(16)</b>                           | <b>(5,170)</b>                 | <b>(91)</b>                         | <b>(136)</b>                         |
| <b>Net carrying value</b>                      | <b>44,977</b>      | <b>130,405</b>                                    | <b>126,059</b>                             | <b>1,033</b>          | <b>29,478</b>                         | <b>286,975</b>                 | <b>–</b>                            | <b>–</b>                             |
| Stage 1  | 0.0%               | 0.1%  | 0.3%                                       | 1.5%                  | 0.0%                                  | 0.2%                           | 0.0%                                | 0.0%                                 |
| – Strong                                       | 0.0%               | 0.0%  | 0.2%                                       | 1.4%                  | 0.0%                                  | 0.1%                           | 0.0%                                | 0.0%                                 |
| – Satisfactory                                 | 0.1%               | 0.2%  | 1.5%                                       | 6.7%                  | 0.0%                                  | 0.4%                           | 0.1%                                | 0.0%                                 |
| Stage 2  | 1.9%               | 3.3%  | 6.1%                                       | 38.9%                 | 0.1%                                  | 3.7%                           | 0.7%                                | 0.5%                                 |
| – Strong                                       | 1.8%               | 1.6%  | 3.7%                                       | 41.2%                 | 0.0%                                  | 3.3%                           | 0.5%                                | (0.0)%                               |
| – Satisfactory                                 | 0.9%               | 3.1%  | 10.7%                                      | 42.9%                 | 0.0%                                  | 3.4%                           | 0.6%                                | 0.4%                                 |
| – Higher risk                                  | 2.6%               | 6.5%  | 16.0%                                      | 30.8%                 | 0.1%                                  | 5.3%                           | 2.3%                                | 2.7%                                 |
| Of which (stage 2):                            |                    |   |  |                       |                                       |                                |                                     |                                      |
| – Less than 30 days past due                   | 0.0%               | 2.6%  | 10.7%                                      | 42.9%                 | 0.0%                                  | 9.3%                           | 0.0%                                | 0.0%                                 |
| – More than 30 days past due                   | 0.0%               | 10.0%   | 16.0%                                      | 30.8%                 | 0.0%                                  | 16.4%                          | 0.0%                                | 0.0%                                 |
| Stage 3, credit-impaired financial assets (S3) | 7.8%               | 64.1%   | 51.2%                                      | 100.0%                | 6.7%                                  | 59.8%                          | 0.0%                                | 16.7%                                |
| – Stage 3 Collateral                           | 2                  | 621   | 554  | –                     | –                                     | 1,175                          | –                                   | 34                                   |
| – Stage 3 Cover ratio (after collateral)       | 10.4%              | 75.4%   | 88.5%                                      | 100.0%                | 6.7%                                  | 76.0%                          | 0.0%                                | 21.7%                                |
| <b>Cover ratio</b>                             | <b>0.1%</b>        | <b>2.9%</b>                                       | <b>1.0%</b>                                | <b>4.4%</b>           | <b>0.1%</b>                           | <b>1.8%</b>                    | <b>0.0%</b>                         | <b>0.2%</b>                          |
| <b>Fair value through profit or loss</b>       |                    |   |  |                       |                                       |                                |                                     |                                      |
| Performing                                     | 32,813             | 58,465  | 13   | –                     | –                                     | 58,478                         | –                                   | –                                    |
| – Strong                                       | 28,402             | 38,014  | 13   | –                     | –                                     | 38,027                         | –                                   | –                                    |
| – Satisfactory                                 | 4,411              | 20,388  | –  | –                     | –                                     | 20,388                         | –                                   | –                                    |
| – Higher risk                                  | –                  | 63  | –  | –                     | –                                     | 63                             | –                                   | –                                    |
| Defaulted (CG13-14)                            | –                  | 33  | –  | –                     | –                                     | 33                             | –                                   | –                                    |
| Gross balance (FVTPL) <sup>2</sup>             | 32,813             | 58,498  | 13   | –                     | –                                     | 58,511                         | –                                   | –                                    |
| <b>Net carrying value (incl FVTPL)</b>         | <b>77,790</b>      | <b>188,903</b>                                    | <b>126,072</b>                             | <b>1,033</b>          | <b>29,478</b>                         | <b>345,486</b>                 | <b>–</b>                            | <b>–</b>                             |

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$13,996 million under Customers and of \$1,738 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$51,299 million under Customers and of \$30,548 million under Banks, held at fair value through profit or loss



## Loans and advances by client segment credit quality analysis

|                        |                                |                                 | Corporate & Investment Banking |                   |                   |                 |                   |                   |                   |                 |                  |
|------------------------|--------------------------------|---------------------------------|--------------------------------|-------------------|-------------------|-----------------|-------------------|-------------------|-------------------|-----------------|------------------|
|                        |                                |                                 | 30.06.24                       |                   |                   |                 |                   |                   |                   |                 |                  |
|                        |                                |                                 | Gross                          |                   |                   |                 | Credit impairment |                   |                   |                 |                  |
| Credit grade           | Regulatory 1 year PD range (%) | S&P external ratings equivalent | Stage 1 \$million              | Stage 2 \$million | Stage 3 \$million | Total \$million | Stage 1 \$million | Stage 2 \$million | Stage 3 \$million | Total \$million | Total Coverage % |
| <b>Strong</b>          |                                |                                 | 83,625                         | 1,129             | –                 | 84,754          | (70)              | (15)              | –                 | (85)            | 0.1%             |
| 1A-2B                  | 0 – 0.045                      | A+ and Above                    | 11,929                         | 28                | –                 | 11,957          | (2)               | –                 | –                 | (2)             | 0.0%             |
| 3A-4A                  | 0.046 – 0.110                  | A/A- to BBB+/BBB                | 33,470                         | 559               | –                 | 34,029          | (7)               | (3)               | –                 | (10)            | 0.0%             |
| 4B-5B                  | 0.111 – 0.425                  | BBB to BBB-/BB+                 | 38,226                         | 542               | –                 | 38,768          | (61)              | (12)              | –                 | (73)            | 0.2%             |
| <b>Satisfactory</b>    |                                |                                 | 37,647                         | 6,074             | –                 | 43,721          | (40)              | (144)             | –                 | (184)           | 0.4%             |
| 6A-7B                  | 0.426 – 1.350                  | BB+/BB to BB-                   | 24,516                         | 2,010             | –                 | 26,526          | (19)              | (80)              | –                 | (99)            | 0.4%             |
| 8A-9B                  | 1.351 – 4.000                  | BB-/B+ to B                     | 8,614                          | 2,557             | –                 | 11,171          | (12)              | (49)              | –                 | (61)            | 0.5%             |
| 10A-11C                | 4.001 – 15.75                  | B/B- to B-/CCC+                 | 4,517                          | 1,507             | –                 | 6,024           | (9)               | (15)              | –                 | (24)            | 0.4%             |
| <b>Higher risk</b>     |                                |                                 | –                              | 777               | –                 | 777             | –                 | (47)              | –                 | (47)            | 6.0%             |
| 12                     | 15.751 – 99.999                | CCC+/C                          | –                              | 777               | –                 | 777             | –                 | (47)              | –                 | (47)            | 6.0%             |
| <b>Credit-impaired</b> |                                |                                 | –                              | –                 | 5,048             | 5,048           | –                 | –                 | (3,449)           | (3,449)         | 68.3%            |
| 13-14                  | 100                            | Defaulted                       | –                              | –                 | 5,048             | 5,048           | –                 | –                 | (3,449)           | (3,449)         | 68.3%            |
| <b>Total</b>           |                                |                                 | <b>121,272</b>                 | <b>7,980</b>      | <b>5,048</b>      | <b>134,300</b>  | <b>(110)</b>      | <b>(206)</b>      | <b>(3,449)</b>    | <b>(3,765)</b>  | <b>2.8%</b>      |

|                        |                                |                                 | Corporate & Investment Banking |                   |                   |                 |                   |                   |                   |                 |                  |
|------------------------|--------------------------------|---------------------------------|--------------------------------|-------------------|-------------------|-----------------|-------------------|-------------------|-------------------|-----------------|------------------|
|                        |                                |                                 | 31.12.23                       |                   |                   |                 |                   |                   |                   |                 |                  |
|                        |                                |                                 | Gross                          |                   |                   |                 | Credit impairment |                   |                   |                 |                  |
| Credit grade           | Regulatory 1 year PD range (%) | S&P external ratings equivalent | Stage 1 \$million              | Stage 2 \$million | Stage 3 \$million | Total \$million | Stage 1 \$million | Stage 2 \$million | Stage 3 \$million | Total \$million | Total Coverage % |
| <b>Strong</b>          |                                |                                 | 84,248                         | 1,145             | –                 | 85,393          | (34)              | (18)              | –                 | (52)            | 0.1%             |
| 1A-2B                  | 0 – 0.045                      | A+ and Above                    | 10,891                         | 81                | –                 | 10,972          | (1)               | –                 | –                 | (1)             | 0.0%             |
| 3A-4A                  | 0.046 – 0.110                  | A/A- to BBB+/BBB                | 31,974                         | 558               | –                 | 32,532          | (3)               | –                 | –                 | (3)             | 0.0%             |
| 4B-5B                  | 0.111 – 0.425                  | BBB to BBB-/BB+                 | 41,383                         | 506               | –                 | 41,889          | (30)              | (18)              | –                 | (48)            | 0.1%             |
| <b>Satisfactory</b>    |                                |                                 | 36,638                         | 5,840             | –                 | 42,478          | (67)              | (179)             | –                 | (246)           | 0.6%             |
| 6A-7B                  | 0.426 – 1.350                  | BB+/BB to BB-                   | 24,296                         | 1,873             | –                 | 26,169          | (38)              | (77)              | –                 | (115)           | 0.4%             |
| 8A-9B                  | 1.351 – 4.000                  | BB-/B+ to B                     | 8,196                          | 2,273             | –                 | 10,469          | (13)              | (90)              | –                 | (103)           | 1.0%             |
| 10A-11C                | 4.001 – 15.75                  | B/B- to B-/CCC+                 | 4,146                          | 1,694             | –                 | 5,840           | (16)              | (12)              | –                 | (28)            | 0.5%             |
| <b>Higher risk</b>     |                                |                                 | –                              | 917               | –                 | 917             | –                 | (60)              | –                 | (60)            | 6.5%             |
| 12                     | 15.751 – 99.999                | CCC+/C                          | –                              | 917               | –                 | 917             | –                 | (60)              | –                 | (60)            | 6.5%             |
| <b>Credit-impaired</b> |                                |                                 | –                              | –                 | 5,508             | 5,508           | –                 | –                 | (3,533)           | (3,533)         | 64.1%            |
| 13-14                  | 100                            | Defaulted                       | –                              | –                 | 5,508             | 5,508           | –                 | –                 | (3,533)           | (3,533)         | 64.1%            |
| <b>Total</b>           |                                |                                 | <b>120,886</b>                 | <b>7,902</b>      | <b>5,508</b>      | <b>134,296</b>  | <b>(101)</b>      | <b>(257)</b>      | <b>(3,533)</b>    | <b>(3,891)</b>  | <b>2.9%</b>      |

## Risk review continued

### Loans and advances by client segment credit quality analysis by key geography Corporate & Investment Banking

| Corporate & Investment Banking     |                     |                                |                    |                     |                                |                             |                    |                             |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |          |
|------------------------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|----------|
| 30.06.24                           |                     |                                |                    |                     |                                |                             |                    |                             |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |          |
|                                    | Gross               |                                |                    |                     |                                |                             |                    |                             |                    | Credit impairment   |                                |                    |                     |                                |                             |                    |                             |                    | Coverage |
|                                    | Stage 1             |                                |                    | Stage 2             |                                |                             | Stage 3            |                             |                    | Stage 1             |                                |                    | Stage 2             |                                |                             | Stage 3            |                             |                    |          |
|                                    | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million |          |
| <b>Hong Kong</b>                   | 31,685              | 10,144                         | 41,829             | 199                 | 1,065                          | 27                          | 1,291              | 1,371                       | 44,491             | (36)                | (7)                            | (43)               | (2)                 | (70)                           | (3)                         | (75)               | (1,111)                     | (1,229)            | 2.8%     |
| Corporate Lending                  | 14,459              | 6,614                          | 21,073             | 162                 | 853                            | 27                          | 1,042              | 1,361                       | 23,476             | (36)                | (4)                            | (40)               | (1)                 | (70)                           | (3)                         | (74)               | (1,111)                     | (1,225)            | 5.2%     |
| Non Corporate Lending <sup>1</sup> | 2,848               | 1,685                          | 4,533              | –                   | 212                            | –                           | 212                | 10                          | 4,755              | –                   | (2)                            | (2)                | –                   | –                              | –                           | –                  | –                           | (2)                | 0.0%     |
| Banks                              | 14,378              | 1,845                          | 16,223             | 37                  | –                              | –                           | 37                 | –                           | 16,260             | –                   | (1)                            | (1)                | (1)                 | –                              | –                           | (1)                | –                           | (2)                | 0.0%     |
| <b>Singapore</b>                   | 15,821              | 7,122                          | 22,943             | 352                 | 665                            | 9                           | 1,026              | 283                         | 24,252             | (5)                 | (5)                            | (10)               | –                   | (18)                           | (3)                         | (21)               | (90)                        | (121)              | 0.5%     |
| Corporate Lending                  | 8,421               | 3,348                          | 11,769             | 319                 | 515                            | 9                           | 843                | 236                         | 12,848             | (5)                 | (4)                            | (9)                | –                   | (13)                           | (3)                         | (16)               | (90)                        | (115)              | 0.9%     |
| Non Corporate Lending <sup>1</sup> | 1,395               | 572                            | 1,967              | 30                  | 144                            | –                           | 174                | –                           | 2,141              | –                   | (1)                            | (1)                | –                   | (5)                            | –                           | (5)                | –                           | (6)                | 0.3%     |
| Banks                              | 6,005               | 3,202                          | 9,207              | 3                   | 6                              | –                           | 9                  | 47                          | 9,263              | –                   | –                              | –                  | –                   | –                              | –                           | –                  | –                           | –                  | 0.0%     |
| <b>UK</b>                          | 16,196              | 3,489                          | 19,685             | 189                 | 2,085                          | 117                         | 2,391              | 349                         | 22,425             | (7)                 | –                              | (7)                | (7)                 | (34)                           | –                           | (41)               | (198)                       | (246)              | 1.1%     |
| Corporate Lending                  | 6,957               | 835                            | 7,792              | 188                 | 1,670                          | –                           | 1,858              | 224                         | 9,874              | (7)                 | –                              | (7)                | (7)                 | (31)                           | –                           | (38)               | (173)                       | (218)              | 2.2%     |
| Non Corporate Lending <sup>1</sup> | 7,096               | 1,023                          | 8,119              | 1                   | 353                            | 110                         | 464                | 121                         | 8,704              | –                   | –                              | –                  | –                   | (3)                            | –                           | (3)                | (21)                        | (24)               | 0.3%     |
| Banks                              | 2,143               | 1,631                          | 3,774              | –                   | 62                             | 7                           | 69                 | 4                           | 3,847              | –                   | –                              | –                  | –                   | –                              | –                           | –                  | (4)                         | (4)                | 0.1%     |
| <b>US</b>                          | 14,367              | 4,151                          | 18,518             | 104                 | 269                            | 13                          | 386                | 4                           | 18,908             | (4)                 | (2)                            | (6)                | –                   | –                              | –                           | –                  | (4)                         | (10)               | 0.1%     |
| Corporate Lending                  | 5,706               | 2,056                          | 7,762              | –                   | 264                            | –                           | 264                | 1                           | 8,027              | (3)                 | (2)                            | (5)                | –                   | –                              | –                           | –                  | (1)                         | (6)                | 0.1%     |
| Non Corporate Lending <sup>1</sup> | 7,640               | 441                            | 8,081              | 18                  | 5                              | –                           | 23                 | 3                           | 8,107              | (1)                 | –                              | (1)                | –                   | –                              | –                           | –                  | (3)                         | (4)                | 0.0%     |
| Banks                              | 1,021               | 1,654                          | 2,675              | 86                  | –                              | 13                          | 99                 | –                           | 2,774              | –                   | –                              | –                  | –                   | –                              | –                           | –                  | –                           | –                  | 0.0%     |
| <b>China</b>                       | 11,005              | 2,641                          | 13,646             | –                   | 174                            | 21                          | 195                | 249                         | 14,090             | (3)                 | (1)                            | (4)                | –                   | –                              | (2)                         | (2)                | (131)                       | (137)              | 1.0%     |
| Corporate Lending                  | 4,976               | 2,069                          | 7,045              | –                   | 174                            | 21                          | 195                | 246                         | 7,486              | (1)                 | (1)                            | (2)                | –                   | –                              | (2)                         | (2)                | (131)                       | (135)              | 1.8%     |
| Non Corporate Lending <sup>1</sup> | 3,515               | 309                            | 3,824              | –                   | –                              | –                           | –                  | –                           | 3,824              | (1)                 | –                              | (1)                | –                   | –                              | –                           | –                  | –                           | (1)                | 0.0%     |
| Banks                              | 2,514               | 263                            | 2,777              | –                   | –                              | –                           | –                  | 3                           | 2,780              | (1)                 | –                              | (1)                | –                   | –                              | –                           | –                  | –                           | (1)                | 0.0%     |
| <b>Other</b>                       | 29,580              | 19,864                         | 49,444             | 458                 | 1,977                          | 648                         | 3,083              | 2,849                       | 55,376             | (17)                | (27)                           | (44)               | (8)                 | (23)                           | (39)                        | (70)               | (1,919)                     | (2,033)            | 3.7%     |
| Corporate Lending                  | 16,478              | 15,285                         | 31,763             | 394                 | 1,160                          | 610                         | 2,164              | 2,740                       | 36,667             | (9)                 | (21)                           | (30)               | (7)                 | (22)                           | (39)                        | (68)               | (1,813)                     | (1,911)            | 5.2%     |
| Non Corporate Lending <sup>1</sup> | 4,134               | 3,410                          | 7,544              | 17                  | 724                            | –                           | 741                | 106                         | 8,391              | (7)                 | (5)                            | (12)               | –                   | –                              | –                           | –                  | (106)                       | (118)              | 1.4%     |
| Banks                              | 8,968               | 1,169                          | 10,137             | 47                  | 93                             | 38                          | 178                | 3                           | 10,318             | (1)                 | (1)                            | (2)                | (1)                 | (1)                            | –                           | (2)                | –                           | (4)                | 0.0%     |
| <b>Total</b>                       | 118,654             | 47,411                         | 166,065            | 1,302               | 6,235                          | 835                         | 8,372              | 5,105                       | 179,542            | (72)                | (42)                           | (114)              | (17)                | (145)                          | (47)                        | (209)              | (3,453)                     | (3,776)            | 2.1%     |

1 Include financing, insurance and non-banking corporations and governments

## Corporate &amp; Investment Banking

|                                    | 31.12.23            |                                |                    |                     |                                |                             |                    |                             |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |          |  |
|------------------------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|----------|--|
|                                    | Gross               |                                |                    |                     |                                |                             |                    |                             |                    |                     | Credit impairment              |                    |                     |                                |                             |                    |                             |                    |          |  |
|                                    | Stage 1             |                                |                    | Stage 2             |                                |                             | Stage 3            |                             |                    | Stage 1             |                                |                    | Stage 2             |                                |                             | Stage 3            |                             |                    | Coverage |  |
|                                    | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million | %        |  |
| <b>Hong Kong</b>                   | 32,997              | 10,151                         | 43,148             | 167                 | 937                            | 30                          | 1,134              | 1,284                       | 45,566             | (7)                 | (23)                           | (30)               | (4)                 | (118)                          | (3)                         | (125)              | (1,025)                     | (1,180)            | 2.6%     |  |
| Corporate Lending                  | 14,401              | 6,289                          | 20,690             | 165                 | 855                            | 30                          | 1,050              | 1,219                       | 22,959             | (5)                 | (20)                           | (25)               | (3)                 | (118)                          | (3)                         | (124)              | (1,024)                     | (1,173)            | 5.1%     |  |
| Non Corporate Lending <sup>1</sup> | 2,544               | 2,458                          | 5,002              | 1                   | 81                             | –                           | 82                 | 65                          | 5,149              | (1)                 | (2)                            | (3)                | –                   | –                              | –                           | –                  | (1)                         | (4)                | 0.1%     |  |
| Banks                              | 16,052              | 1,404                          | 17,456             | 1                   | 1                              | –                           | 2                  | –                           | 17,458             | (1)                 | (1)                            | (2)                | (1)                 | –                              | –                           | (1)                | –                           | (3)                | 0.0%     |  |
| <b>Singapore</b>                   | 13,180              | 6,046                          | 19,226             | 361                 | 509                            | 36                          | 906                | 285                         | 20,417             | (4)                 | (4)                            | (8)                | (11)                | (14)                           | (4)                         | (29)               | (75)                        | (112)              | 0.5%     |  |
| Corporate Lending                  | 5,766               | 2,334                          | 8,100              | 304                 | 504                            | 36                          | 844                | 221                         | 9,165              | (4)                 | (3)                            | (7)                | (11)                | (13)                           | (4)                         | (28)               | (74)                        | (109)              | 1.2%     |  |
| Non Corporate Lending <sup>1</sup> | 1,687               | 510                            | 2,197              | 57                  | 2                              | –                           | 59                 | –                           | 2,256              | –                   | (1)                            | (1)                | –                   | –                              | –                           | –                  | –                           | (1)                | 0.0%     |  |
| Banks                              | 5,727               | 3,202                          | 8,929              | –                   | 3                              | –                           | 3                  | 64                          | 8,996              | –                   | –                              | –                  | –                   | (1)                            | –                           | (1)                | (1)                         | (2)                | 0.0%     |  |
| <b>UK</b>                          | 8,364               | 4,171                          | 12,535             | 56                  | 785                            | 83                          | 924                | 257                         | 13,716             | (5)                 | (5)                            | (10)               | –                   | (14)                           | (7)                         | (21)               | (209)                       | (240)              | 1.7%     |  |
| Corporate Lending                  | 5,407               | 1,559                          | 6,966              | 52                  | 539                            | 71                          | 662                | 250                         | 7,878              | (4)                 | (5)                            | (9)                | –                   | (13)                           | (7)                         | (20)               | (202)                       | (231)              | 2.9%     |  |
| Non Corporate Lending <sup>1</sup> | 558                 | 1,244                          | 1,802              | –                   | 160                            | –                           | 160                | 3                           | 1,965              | (1)                 | –                              | (1)                | –                   | (1)                            | –                           | (1)                | (3)                         | (5)                | 0.3%     |  |
| Banks                              | 2,399               | 1,368                          | 3,767              | 4                   | 86                             | 12                          | 102                | 4                           | 3,873              | –                   | –                              | –                  | –                   | –                              | –                           | –                  | (4)                         | (4)                | 0.1%     |  |
| <b>US</b>                          | 14,550              | 4,742                          | 19,292             | 219                 | 176                            | 19                          | 414                | 5                           | 19,711             | (2)                 | (2)                            | (4)                | –                   | –                              | –                           | –                  | (5)                         | (9)                | 0.0%     |  |
| Corporate Lending                  | 7,487               | 2,765                          | 10,252             | 146                 | 130                            | –                           | 276                | 1                           | 10,529             | (1)                 | (2)                            | (3)                | –                   | –                              | –                           | –                  | (1)                         | (4)                | 0.0%     |  |
| Non Corporate Lending <sup>1</sup> | 6,181               | 425                            | 6,606              | 25                  | 4                              | –                           | 29                 | 4                           | 6,639              | (1)                 | –                              | (1)                | –                   | –                              | –                           | –                  | (4)                         | (5)                | 0.1%     |  |
| Banks                              | 882                 | 1,552                          | 2,434              | 48                  | 42                             | 19                          | 109                | –                           | 2,543              | –                   | –                              | –                  | –                   | –                              | –                           | –                  | –                           | –                  | 0.0%     |  |
| <b>China</b>                       | 9,737               | 2,733                          | 12,470             | 31                  | 298                            | 8                           | 337                | 262                         | 13,069             | (3)                 | (4)                            | (7)                | –                   | –                              | –                           | –                  | (125)                       | (132)              | 1.0%     |  |
| Corporate Lending                  | 4,723               | 2,179                          | 6,902              | 31                  | 297                            | 8                           | 336                | 259                         | 7,497              | (2)                 | (1)                            | (3)                | –                   | –                              | –                           | –                  | (125)                       | (128)              | 1.7%     |  |
| Non Corporate Lending <sup>1</sup> | 3,254               | 318                            | 3,572              | –                   | –                              | –                           | –                  | –                           | 3,572              | (1)                 | –                              | (1)                | –                   | –                              | –                           | –                  | –                           | (1)                | 0.0%     |  |
| Banks                              | 1,760               | 236                            | 1,996              | –                   | 1                              | –                           | 1                  | 3                           | 2,000              | –                   | (3)                            | (3)                | –                   | –                              | –                           | –                  | –                           | (3)                | 0.2%     |  |
| <b>Other</b>                       | 40,704              | 17,895                         | 58,599             | 366                 | 3,347                          | 1,014                       | 4,727              | 3,492                       | 66,818             | (16)                | (34)                           | (50)               | (4)                 | (35)                           | (53)                        | (92)               | (2,100)                     | (2,242)            | 3.4%     |  |
| Corporate Lending                  | 16,189              | 15,034                         | 31,223             | 345                 | 2,322                          | 678                         | 3,345              | 3,335                       | 37,903             | (8)                 | (27)                           | (35)               | (3)                 | (28)                           | (46)                        | (77)               | (2,012)                     | (2,124)            | 5.6%     |  |
| Non Corporate Lending <sup>1</sup> | 16,051              | 1,523                          | 17,574             | 19                  | 946                            | 94                          | 1,059              | 151                         | 18,784             | (6)                 | (6)                            | (12)               | (1)                 | (6)                            | –                           | (7)                | (87)                        | (106)              | 0.6%     |  |
| Banks                              | 8,464               | 1,338                          | 9,802              | 2                   | 79                             | 242                         | 323                | 6                           | 10,131             | (2)                 | (1)                            | (3)                | –                   | (1)                            | (7)                         | (8)                | (1)                         | (12)               | 0.1%     |  |
| <b>Total</b>                       | 119,532             | 45,738                         | 165,270            | 1,200               | 6,052                          | 1,190                       | 8,442              | 5,585                       | 179,297            | (37)                | (72)                           | (109)              | (19)                | (181)                          | (67)                        | (267)              | (3,539)                     | (3,915)            | 2.2%     |  |

1 Include financing, insurance and non-banking corporations and governments

## Wealth &amp; Retail Banking

| Wealth & Retail Banking |                                |                    |                     |                                |                             |                    |                    |                     |                                |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |
|-------------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|
| 30.06.24                |                                |                    |                     |                                |                             |                    |                    |                     |                                |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |
| Gross                   |                                |                    |                     |                                |                             |                    |                    |                     |                                | Credit impairment  |                     |                                |                    |                     |                                |                             |                    |                             |                    |
| Stage 1                 |                                |                    | Stage 2             |                                |                             | Stage 3            |                    |                     | De-faulted<br>\$million        | Stage 1            |                     |                                | Stage 2            |                     |                                | Stage 3                     |                    |                             | Coverage<br>%      |
| Strong<br>\$million     | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million |
| <b>Hong Kong</b>        | 41,284                         | 196                | 41,480              | 351                            | 44                          | 36                 | 431                | 189                 | 42,100                         | (28)               | (29)                | (57)                           | (12)               | (10)                | (10)                           | (32)                        | (49)               | (138)                       | 0.3%               |
| Mortgages               | 31,424                         | 151                | 31,575              | 142                            | 30                          | 13                 | 185                | 65                  | 31,825                         | -                  | -                   | -                              | -                  | -                   | -                              | -                           | (4)                | (4)                         | 0.0%               |
| Credit cards            | 3,300                          | 28                 | 3,328               | 43                             | 10                          | 14                 | 67                 | 9                   | 3,404                          | (14)               | (28)                | (42)                           | (4)                | (9)                 | (5)                            | (18)                        | (9)                | (69)                        | 2.0%               |
| Others                  | 6,560                          | 17                 | 6,577               | 166                            | 4                           | 9                  | 179                | 115                 | 6,871                          | (14)               | (1)                 | (15)                           | (8)                | (1)                 | (5)                            | (14)                        | (36)               | (65)                        | 0.9%               |
| <b>Singapore</b>        | 26,551                         | 73                 | 26,624              | 207                            | 39                          | 36                 | 282                | 301                 | 27,207                         | (14)               | (15)                | (29)                           | -                  | (5)                 | (5)                            | (10)                        | (249)              | (288)                       | 1.1%               |
| Mortgages               | 14,287                         | 21                 | 14,308              | 161                            | 31                          | 15                 | 207                | 20                  | 14,535                         | -                  | -                   | -                              | -                  | -                   | -                              | -                           | (4)                | (4)                         | 0.0%               |
| Credit cards            | 1,617                          | 21                 | 1,638               | 10                             | 5                           | 16                 | 31                 | 10                  | 1,679                          | (4)                | (15)                | (19)                           | -                  | (5)                 | (4)                            | (9)                         | (8)                | (36)                        | 2.1%               |
| Others                  | 10,647                         | 31                 | 10,678              | 36                             | 3                           | 5                  | 44                 | 271                 | 10,993                         | (10)               | -                   | (10)                           | -                  | -                   | (1)                            | (1)                         | (237)              | (248)                       | 2.3%               |
| <b>Korea</b>            | 18,532                         | 180                | 18,712              | 368                            | 10                          | 21                 | 399                | 105                 | 19,216                         | (26)               | (2)                 | (28)                           | (11)               | (2)                 | (2)                            | (15)                        | (29)               | (72)                        | 0.4%               |
| Mortgages               | 13,230                         | 133                | 13,363              | 280                            | 8                           | 17                 | 305                | 57                  | 13,725                         | -                  | -                   | -                              | -                  | -                   | -                              | -                           | (1)                | (1)                         | 0.0%               |
| Credit cards            | 64                             | 1                  | 65                  | 1                              | -                           | -                  | 1                  | -                   | 66                             | (1)                | -                   | (1)                            | -                  | -                   | -                              | -                           | -                  | (1)                         | 1.5%               |
| Others                  | 5,238                          | 46                 | 5,284               | 87                             | 2                           | 4                  | 93                 | 48                  | 5,425                          | (25)               | (2)                 | (27)                           | (11)               | (2)                 | (2)                            | (15)                        | (28)               | (70)                        | 1.3%               |
| <b>Others</b>           | 26,180                         | 5,068              | 31,248              | 407                            | 79                          | 250                | 736                | 923                 | 32,907                         | (206)              | (30)                | (236)                          | (26)               | (10)                | (41)                           | (77)                        | (370)              | (683)                       | 2.1%               |
| Mortgages               | 14,589                         | 2,249              | 16,838              | 137                            | 38                          | 136                | 311                | 444                 | 17,593                         | (5)                | (4)                 | (9)                            | (1)                | (1)                 | (1)                            | (3)                         | (123)              | (135)                       | 0.8%               |
| Credit cards            | 1,400                          | 88                 | 1,488               | 74                             | 1                           | 17                 | 92                 | 47                  | 1,627                          | (23)               | (8)                 | (31)                           | (7)                | -                   | (11)                           | (18)                        | (21)               | (70)                        | 4.3%               |
| Others                  | 10,191                         | 2,731              | 12,922              | 196                            | 40                          | 97                 | 333                | 432                 | 13,687                         | (178)              | (18)                | (196)                          | (18)               | (9)                 | (29)                           | (56)                        | (226)              | (478)                       | 3.5%               |
| <b>Total</b>            | <b>112,547</b>                 | <b>5,517</b>       | <b>118,064</b>      | <b>1,333</b>                   | <b>172</b>                  | <b>343</b>         | <b>1,848</b>       | <b>1,518</b>        | <b>121,430</b>                 | <b>(274)</b>       | <b>(76)</b>         | <b>(350)</b>                   | <b>(49)</b>        | <b>(27)</b>         | <b>(58)</b>                    | <b>(134)</b>                | <b>(697)</b>       | <b>(1,181)</b>              | <b>1.0%</b>        |

| Wealth & Retail Banking |                                |                    |                     |                                |                             |                    |                    |                     |                                |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |
|-------------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|
| 31.12.23                |                                |                    |                     |                                |                             |                    |                    |                     |                                |                    |                     |                                |                    |                     |                                |                             |                    |                             |                    |
| Gross                   |                                |                    |                     |                                |                             |                    |                    |                     |                                | Credit impairment  |                     |                                |                    |                     |                                |                             |                    |                             |                    |
| Stage 1                 |                                |                    | Stage 2             |                                |                             | Stage 3            |                    |                     | De-faulted<br>\$million        | Stage 1            |                     |                                | Stage 2            |                     |                                | Stage 3                     |                    |                             | Coverage<br>%      |
| Strong<br>\$million     | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Total<br>\$million | Strong<br>\$million | Satis-<br>factory<br>\$million | Higher<br>Risk<br>\$million | Total<br>\$million | De-<br>faulted<br>\$million | Total<br>\$million |
| <b>Hong Kong</b>        | 42,161                         | 230                | 42,391              | 480                            | 66                          | 40                 | 586                | 164                 | 43,141                         | (17)               | (33)                | (50)                           | (14)               | (10)                | (9)                            | (33)                        | (39)               | (122)                       | 0.3%               |
| Mortgages               | 32,374                         | 152                | 32,526              | 282                            | 53                          | 13                 | 348                | 63                  | 32,937                         | -                  | -                   | -                              | (1)                | -                   | -                              | (1)                         | (1)                | (2)                         | 0.0%               |
| Credit cards            | 3,278                          | 32                 | 3,310               | 46                             | 9                           | 13                 | 68                 | 8                   | 3,386                          | (2)                | (32)                | (34)                           | (5)                | (9)                 | (5)                            | (19)                        | (8)                | (61)                        | 1.8%               |
| Others                  | 6,509                          | 46                 | 6,555               | 152                            | 4                           | 14                 | 170                | 93                  | 6,818                          | (15)               | (1)                 | (16)                           | (8)                | (1)                 | (4)                            | (13)                        | (30)               | (59)                        | 0.9%               |
| <b>Singapore</b>        | 26,412                         | 64                 | 26,476              | 379                            | 41                          | 32                 | 452                | 280                 | 27,208                         | (8)                | (18)                | (26)                           | (2)                | (5)                 | (4)                            | (11)                        | (245)              | (282)                       | 1.0%               |
| Mortgages               | 14,992                         | 16                 | 15,008              | 230                            | 34                          | 11                 | 275                | 13                  | 15,296                         | -                  | -                   | -                              | -                  | -                   | -                              | -                           | (4)                | (4)                         | 0.0%               |
| Credit cards            | 1,679                          | 21                 | 1,700               | 11                             | 5                           | 14                 | 30                 | 8                   | 1,738                          | -                  | (17)                | (17)                           | -                  | (5)                 | (3)                            | (8)                         | (8)                | (33)                        | 1.9%               |
| Others                  | 9,741                          | 27                 | 9,768               | 138                            | 2                           | 7                  | 147                | 259                 | 10,174                         | (8)                | (1)                 | (9)                            | (2)                | -                   | (1)                            | (3)                         | (233)              | (245)                       | 2.4%               |
| <b>Korea</b>            | 22,965                         | 211                | 23,176              | 462                            | 20                          | 9                  | 491                | 93                  | 23,760                         | (40)               | -                   | (40)                           | (18)               | -                   | -                              | (18)                        | (19)               | (77)                        | 0.3%               |
| Mortgages               | 16,534                         | 164                | 16,698              | 364                            | 18                          | 8                  | 390                | 69                  | 17,157                         | -                  | -                   | -                              | -                  | -                   | -                              | -                           | -                  | -                           | 0.0%               |
| Credit cards            | 113                            | 2                  | 115                 | 3                              | -                           | -                  | 3                  | -                   | 118                            | (4)                | -                   | (4)                            | -                  | -                   | -                              | -                           | -                  | (4)                         | 3.4%               |
| Others                  | 6,318                          | 45                 | 6,363               | 95                             | 2                           | 1                  | 98                 | 24                  | 6,485                          | (36)               | -                   | (36)                           | (18)               | -                   | -                              | (18)                        | (19)               | (73)                        | 1.1%               |
| <b>Others</b>           | 26,655                         | 4,788              | 31,443              | 440                            | 79                          | 256                | 775                | 947                 | 33,165                         | (169)              | (29)                | (198)                          | (31)               | (7)                 | (41)                           | (79)                        | (457)              | (734)                       | 2.2%               |
| Mortgages               | 14,681                         | 2,297              | 16,978              | 155                            | 48                          | 134                | 337                | 374                 | 17,689                         | (5)                | (2)                 | (7)                            | (2)                | (1)                 | (1)                            | (4)                         | (118)              | (129)                       | 0.7%               |
| Credit cards            | 1,420                          | 68                 | 1,488               | 73                             | 1                           | 15                 | 89                 | 40                  | 1,617                          | (26)               | (9)                 | (35)                           | (7)                | -                   | (10)                           | (17)                        | (16)               | (68)                        | 4.2%               |
| Others                  | 10,554                         | 2,423              | 12,977              | 212                            | 30                          | 107                | 349                | 533                 | 13,859                         | (138)              | (18)                | (156)                          | (22)               | (6)                 | (30)                           | (58)                        | (323)              | (537)                       | 3.9%               |
| <b>Total</b>            | <b>118,193</b>                 | <b>5,293</b>       | <b>123,486</b>      | <b>1,761</b>                   | <b>206</b>                  | <b>337</b>         | <b>2,304</b>       | <b>1,484</b>        | <b>127,274</b>                 | <b>(234)</b>       | <b>(80)</b>         | <b>(314)</b>                   | <b>(65)</b>        | <b>(22)</b>         | <b>(54)</b>                    | <b>(141)</b>                | <b>(760)</b>       | <b>(1,215)</b>              | <b>1.0%</b>        |

### Movement in gross exposures and credit impairment for loans and advances, debt securities, undrawn commitments and financial guarantees (reviewed)

The tables overleaf set out the movement in gross exposures and credit impairment by stage in respect of amortised cost loans to banks and customers, undrawn commitments, financial guarantees and debt securities classified at amortised cost and FVOCI. The tables are presented for the Group, debt securities and other eligible bills.

#### Methodology

The movement lines within the tables are an aggregation of monthly movements over the year and will therefore reflect the accumulation of multiple trades during the year. The credit impairment charge in the income statement comprises the amounts within the boxes in the table below, less recoveries of amounts previously written off. Discount unwind is reported in net interest income and related to stage 3 financial instruments only.

The approach for determining the key line items in the tables is set out below.

- **Transfers** – transfers between stages are deemed to occur at the beginning of a month based on prior month closing balances.
- **Net remeasurement from stage changes** – the remeasurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to. For example, assets transferred into stage 2 are remeasured from a 12-month to a lifetime expected credit loss, with the effect of remeasurement reported in stage 2. For stage 3, this represents the initial remeasurement from specific provisions recognised on individual assets transferred into stage 3 in the year.
- **Net changes in exposures** – new business written less repayments in the year. Within stage 1, new business written will attract up to 12 months of expected credit loss charges. Repayments of non-amortising loans (primarily within CIB) will have low amounts of expected credit loss provisions attributed to them, due to the release of provisions over the term to maturity. In stages 2 and 3, the net change in exposures reflect repayments although stage 2 may include new facilities where clients are on non-purely precautionary early alert, are CG 12, or when non-investment grade debt securities are acquired.
- **Changes in risk parameters** – for stages 1 and 2, this reflects changes in the probability of default (PD), loss given default (LGD) and exposure at default (EAD) of assets during the year, which includes the impact of releasing provisions over the term to maturity. It also includes the effect of changes in forecasts of macroeconomic variables during the year. In stage 3, this line represents additional specific provisions recognised on exposures held within stage 3.
- **Interest due but not paid** – change in contractual amount of interest due in stage 3 financial instruments but not paid, being the net of accruals, repayments and write-offs, together with the corresponding change in credit impairment.

Changes to ECL models, which incorporate changes to model approaches and methodologies, are not reported as a separate line item as these have an impact over a number of lines and stages.

#### Movements during the year

Stage 1 gross exposures decreased by \$7.8 billion to \$716 billion (31 December 2023: \$724 billion). CIB increased by \$20.5 billion to \$358 billion (31 December 2023: \$337 billion) largely due to higher amounts of financial guarantees. WRB decreased by \$15.6 billion to \$175 billion (31 December 2023: \$191 billion), largely due to the mortgage portfolio in Korea and Hong Kong, as well as off balance sheet commitments. Stage 1 debt securities decreased by \$8.9 billion to \$149 billion (31 December 2023: \$158 billion).

Total stage 1 provisions increased by \$39 million to \$565 million (31 December 2023: \$526 million). CIB provisions decreased by \$7 million to \$144 million (31 December 2023: \$151 million), due to China CRE overlay releases driven by repayments. This was partly offset by increases due to portfolio movements. WRB provisions increased by \$33 million to \$358 million (31 December 2023: \$325 million), due to delinquencies in personal loans and unsecured lending portfolio. There was also \$10 million overlay charges on Hong Kong and Singapore credit cards due to an increase in industry bankruptcy trends.

Stage 2 gross exposures decreased by \$3.7 billion to \$19 billion (31 December 2023: \$22 billion), primarily driven by a net reduction in CIB exposures from off-balance sheet instruments, and in Central and other items where a portfolio of debt securities were maturing, which were being held by Treasury and accounted for under FVOCI. WRB exposures decreased by \$0.5 billion to \$2 billion (31 December 2023: \$2.5 billion). Debt securities remained broadly stable at \$1.8 billion (31 December 2023: \$1.9 billion).

Stage 2 provisions decreased by \$89 million to \$428 million (31 December 2023: \$517 million). CIB provisions decreased by \$59 million to \$259 million (31 December 2023: \$318 million) from China CRE overlay releases largely due to repayments, and releases due to a sovereign upgrade. This was partly offset by portfolio movements. Debt securities provisions decreased by \$24 million to \$10 million (31 December 2023: \$34 million) mainly due to a sovereign upgrade, which was driven by an improvement in the macroeconomic environment. The decrease was also due to the maturity of a portfolio of debt securities, which were being held by Treasury and accounted for under FVOCI.

The impact of model and methodology updates in H1 2024 reduced modelled provisions by \$13 million across stages 1, 2 and 3 in WRB.

Stage 3 gross loans for CIB decreased by \$0.4 billion to \$5.8 billion (31 December 2023: \$6.3 billion) due to repayments and write-offs, which were partly offset by new inflows. CIB provisions decreased by \$58 million to \$3.6 billion (31 December 2023: \$3.7 billion), due to releases from repayments and write-offs, which was offset by charges from new downgrades. WRB stage 3 loans was stable at \$1.5 billion (31 December 2023: \$1.5 billion) but provisions decreased by \$61 million to \$0.7 billion (31 December 2023: \$0.8 billion) due to the unsecured portfolio being classified as held for sale in Malaysia. Debt securities increased by \$223 million to \$387 million (31 December 2023: \$164 million) due to sovereign client positions.

## Risk review continued

### All segments (reviewed)

|   | Stage 1                                    |   |                  | Stage 2                                    |   |                  | Stage 3 <sup>5</sup>                       |   |                  | Total                                      |   |                  |
|---|--|---|------------------|--|---|------------------|--|---|------------------|--|---|------------------|
|   | Gross<br>balance <sup>3</sup><br>\$million | Total<br>credit<br>impair-<br>ment<br>\$million | Net<br>\$million | Gross<br>balance <sup>3</sup><br>\$million | Total<br>credit<br>impair-<br>ment<br>\$million | Net<br>\$million | Gross<br>balance <sup>3</sup><br>\$million | Total<br>credit<br>impair-<br>ment<br>\$million | Net<br>\$million | Gross<br>balance <sup>3</sup><br>\$million | Total<br>credit<br>impair-<br>ment<br>\$million | Net<br>\$million |
| <b>As at 1 January 2023</b>                                       | 720,112                                    | (645)   | 719,467          | 27,479                                     | (618)   | 26,861           | 8,841                                      | (4,724)   | 4,117            | 756,432                                    | (5,987)   | 750,445          |
| Transfers to stage 1  | 19,594                                     | (661)   | 18,933           | (19,583)                                   | 661   | (18,922)         | (11)                                       | –   | (11)             | –  | –   | –                |
| Transfers to stage 2  | (42,628)                                   | 174   | (42,454)         | 42,793                                     | (182)   | 42,611           | (165)                                      | 8   | (157)            | –  | –   | –                |
| Transfers to stage 3  | (96)                                       | 6   | (90)             | (2,329)                                    | 326   | (2,003)          | 2,425                                      | (332)   | 2,093            | –  | –   | –                |
| Net change in exposures   | 23,717                                     | (185)   | 23,532           | (22,727)                                   | 22  | (22,705)         | (1,708)                                    | 624   | (1,084)          | (718)                                      | 461   | (257)            |
| Net remeasurement from stage changes                              | –  | 52  | 52               | –  | (199)   | (199)            | –  | (163)   | (163)            | –  | (310)   | (310)            |
| Changes in risk parameters  | –  | 202   | 202              | –  | (32)  | (32)             | –  | (1,100)   | (1,100)          | –  | (930)   | (930)            |
| Write-offs  | –  | –   | –                | –  | –   | –                | (1,027)                                    | 1,027   | –                | (1,027)                                    | 1,027   | –                |
| Interest due but unpaid   | –  | –   | –                | –  | –   | –                | (83)                                       | 83  | –                | (83)                                       | 83  | –                |
| Discount unwind   | –  | –   | –                | –  | –   | –                | –  | 180   | 180              | –  | 180   | 180              |
| Exchange translation differences and other movements <sup>1</sup> | 3,177                                      | 531   | 3,708            | (3,365)                                    | (495)   | (3,860)          | (128)                                      | (102)   | (230)            | (316)                                      | (66)  | (382)            |
| <b>As at 31 December 2023<sup>2</sup></b>                         | 723,876                                    | (526)   | 723,350          | 22,268                                     | (517)   | 21,751           | 8,144                                      | (4,499)   | 3,645            | 754,288                                    | (5,542)   | 748,746          |
| Income statement ECL (charge)/release                             |  | 69  |                  |  | (209)   |                  |  | (639)   |                  |  | (779)   |                  |
| Recoveries of amounts previously written off                      |  | –   |                  |  | –   |                  |  | 271   |                  |  | 271   |                  |
| <b>Total credit impairment (charge)/release</b>                   |  | 69  |                  |  | (209)   |                  |  | (368)   |                  |  | (508)   |                  |
| <b>As at 1 January 2024</b>                                       | 723,876                                    | (526)   | 723,350          | 22,268                                     | (517)   | 21,751           | 8,144                                      | (4,499)   | 3,645            | 754,288                                    | (5,542)   | 748,746          |
| Transfers to stage 1  | 8,877                                      | (299)   | 8,578            | (8,862)                                    | 299   | (8,563)          | (15)                                       | –   | (15)             | –  | –   | –                |
| Transfers to stage 2  | (18,521)                                   | 121   | (18,400)         | 18,617                                     | (122)   | 18,495           | (96)                                       | 1   | (95)             | –  | –   | –                |
| Transfers to stage 3  | (347)                                      | 16  | (331)            | (576)                                      | 108   | (468)            | 923  | (124)   | 799              | –  | –   | –                |
| Net change in exposures   | 13,748                                     | (72)  | 13,676           | (11,669)                                   | 27  | (11,642)         | (563)                                      | 165   | (398)            | 1,516                                      | 120   | 1,636            |
| Net remeasurement from stage changes                              | –  | 44  | 44               | –  | (117)   | (117)            | –  | (145)   | (145)            | –  | (218)   | (218)            |
| Changes in risk parameters  | –  | 68  | 68               | –  | (25)  | (25)             | –  | (314)   | (314)            | –  | (271)   | (271)            |
| Write-offs  | –  | –   | –                | –  | –   | –                | (578)                                      | 578   | –                | (578)                                      | 578   | –                |
| Interest due but unpaid   | –  | –   | –                | –  | –   | –                | 13   | (13)  | –                | 13   | (13)  | –                |
| Discount unwind   | –  | –   | –                | –  | –   | –                | –  | 69  | 69               | –  | 69  | 69               |
| Exchange translation differences and other movements <sup>1</sup> | (11,587)                                   | 83  | (11,504)         | (1,236)                                    | (81)  | (1,317)          | (23)                                       | (35)  | (58)             | (12,846)                                   | (33)  | (12,879)         |
| <b>As at 30 June 2024<sup>2</sup></b>                             | 716,046                                    | (565)   | 715,481          | 18,542                                     | (428)   | 18,114           | 7,805                                      | (4,317)   | 3,488            | 742,393                                    | (5,310)   | 737,083          |
| Income statement ECL (charge)/release <sup>6</sup>                |  | 40  |                  |  | (115)   |                  |  | (294)   |                  |  | (369)   |                  |
| Recoveries of amounts previously written off                      |  | –   |                  |  | –   |                  |  | 130   |                  |  | 130   |                  |
| <b>Total credit impairment (charge)/release<sup>4</sup></b>       |  | 40  |                  |  | (115)   |                  |  | (164)   |                  |  | (239)   |                  |

1 Includes fair value adjustments and amortisation on debt securities

2 Excludes Cash and balances at central banks, Accrued income, Assets held for sale and Other assets gross balances of \$109,690 million (2023: \$111,478 million) and Total credit impairment of \$95 million (2023: \$59 million)

3 Does not include \$1 million (2023: Nil) release relating to Other assets

4 Reported basis

5 Stage 3 gross includes \$23 million (2023: \$80 million) originated credit-impaired debt securities with impairment of Nil (2023: \$14 million)

6 The gross balance includes the notional amount of off balance sheet instruments

Of which – movement of debt securities, additional tier one and other eligible bills (reviewed)

|   | Stage 1                    |                                      |                  | Stage 2                    |                                      |                  | Stage 3 <sup>2</sup>       |                                      |                  | Total                      |                                      |                               |
|---|----------------------------|--------------------------------------|------------------|----------------------------|--------------------------------------|------------------|----------------------------|--------------------------------------|------------------|----------------------------|--------------------------------------|-------------------------------|
|   | Gross balance<br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance<br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance<br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance<br>\$million | Total credit impairment<br>\$million | Net <sup>3</sup><br>\$million |
| <b>Amortised cost and FVOCI</b>                                   |                            |                                      |                  |                            |                                      |                  |                            |                                      |                  |                            |                                      |                               |
| <b>As at 1 January 2023</b>                                       | 166,103                    | (25)                                 | 166,078          | 5,455                      | (90)                                 | 5,365            | 144                        | (106)                                | 38               | 171,702                    | (221)                                | 171,481                       |
| Transfers to stage 1  | 371                        | (65)                                 | 306              | (371)                      | 65                                   | (306)            | –                          | –                                    | –                | –                          | –                                    | –                             |
| Transfers to stage 2  | (884)                      | 14                                   | (870)            | 884                        | (14)                                 | 870              | –                          | –                                    | –                | –                          | –                                    | –                             |
| Transfers to stage 3  | –                          | –                                    | –                | (16)                       | –                                    | (16)             | 16                         | –                                    | 16               | –                          | –                                    | –                             |
| Net change in exposures   | (11,583)                   | (28)                                 | (11,611)         | (1,899)                    | (44)                                 | (1,943)          | 7                          | –                                    | 7                | (13,475)                   | (72)                                 | (13,547)                      |
| Net remeasurement from stage changes                              | –                          | 7                                    | 7                | –                          | (18)                                 | (18)             | –                          | –                                    | –                | –                          | (11)                                 | (11)                          |
| Changes in risk parameters  | –                          | 32                                   | 32               | –                          | 105                                  | 105              | –                          | (4)                                  | (4)              | –                          | 133                                  | 133                           |
| Write-offs  | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                             |
| Interest due but unpaid   | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                             |
| Exchange translation differences and other movements <sup>1</sup> | 4,307                      | 39                                   | 4,346            | (2,193)                    | (38)                                 | (2,231)          | (3)                        | 49                                   | 46               | 2,111                      | 50                                   | 2,161                         |
| <b>As at 31 December 2023</b>                                     | 158,314                    | (26)                                 | 158,288          | 1,860                      | (34)                                 | 1,826            | 164                        | (61)                                 | 103              | 160,338                    | (121)                                | 160,217                       |
| Income statement ECL (charge)/release                             |                            | 11                                   |                  |                            | 43                                   |                  |                            | (4)                                  |                  |                            | 50                                   |                               |
| Recoveries of amounts previously written off                      |                            | –                                    |                  |                            | –                                    |                  |                            | –                                    |                  |                            | –                                    |                               |
| <b>Total credit impairment (charge)/release</b>                   |                            | 11                                   |                  |                            | 43                                   |                  |                            | (4)                                  |                  |                            | 50                                   |                               |
| <b>As at 1 January 2024</b>                                       | 158,314                    | (26)                                 | 158,288          | 1,860                      | (34)                                 | 1,826            | 164                        | (61)                                 | 103              | 160,338                    | (121)                                | 160,217                       |
| Transfers to stage 1  | 125                        | –                                    | 125              | (125)                      | –                                    | (125)            | –                          | –                                    | –                | –                          | –                                    | –                             |
| Transfers to stage 2  | (555)                      | 42                                   | (513)            | 555                        | (42)                                 | 513              | –                          | –                                    | –                | –                          | –                                    | –                             |
| Transfers to stage 3  | (131)                      | –                                    | (131)            | 131                        | –                                    | 131              | –                          | –                                    | –                | –                          | –                                    | –                             |
| Net change in exposures   | (5,162)                    | (4)                                  | (5,166)          | 2                          | (9)                                  | (7)              | 272                        | 22                                   | 294              | (4,888)                    | 9                                    | (4,879)                       |
| Net remeasurement from stage changes                              | –                          | –                                    | –                | –                          | 2                                    | 2                | –                          | –                                    | –                | –                          | 2                                    | 2                             |
| Changes in risk parameters  | –                          | 4                                    | 4                | –                          | 26                                   | 26               | –                          | –                                    | –                | –                          | 30                                   | 30                            |
| Write-offs  | –                          | –                                    | –                | –                          | –                                    | –                | (51)                       | 51                                   | –                | (51)                       | 51                                   | –                             |
| Interest due but unpaid   | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                | –                          | –                                    | –                             |
| Exchange translation differences and other movements <sup>1</sup> | (3,169)                    | (39)                                 | (3,208)          | (636)                      | 47                                   | (589)            | 2                          | (28)                                 | (26)             | (3,803)                    | (20)                                 | (3,823)                       |
| <b>As at 30 June 2024</b>   | 149,422                    | (23)                                 | 149,399          | 1,787                      | (10)                                 | 1,777            | 387                        | (16)                                 | 371              | 151,596                    | (49)                                 | 151,547                       |
| Income statement ECL (charge)/release                             |                            | –                                    |                  |                            | 19                                   |                  |                            | 22                                   |                  |                            | 41                                   |                               |
| Recoveries of amounts previously written off                      |                            | –                                    |                  |                            | –                                    |                  |                            | –                                    |                  |                            | –                                    |                               |
| <b>Total credit impairment (charge)/release</b>                   |                            | –                                    |                  |                            | 19                                   |                  |                            | 22                                   |                  |                            | 41                                   |                               |

1 Includes fair value adjustments and amortisation on debt securities

2 Stage 3 includes gross of \$23 million (31 December 2023: \$80 million) and ECL Nil (31 December 2023: \$14 million) originated credit-impaired debt securities

3 FVOCI instruments are not presented net of ECL. While the presentation is on a net basis for the table, the total net on-balance sheet amount to \$151,580 million (31 December 2023: \$160,263 million). Refer to the Analysis of financial instrument by stage table

## Risk review continued

### Corporate & Investment Banking (reviewed)

|  | Stage 1                                 |                                      |                  | Stage 2                                 |                                      |                  | Stage 3                                 |                                      |                  | Total                                   |                                      |                  |
|--|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|
|  | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million |
| <b>Amortised cost and FVOCI</b>                      |   |                                      |                  |   |                                      |                  |   |                                      |                  |   |                                      |                  |
| <b>As at 1 January 2023</b>                          | 315,437                                 | (194)                                | 315,243          | 20,148                                  | (411)                                | 19,737           | 6,994                                   | (3,822)                              | 3,172            | 342,579                                 | (4,427)                              | 338,152          |
| Transfers to stage 1                                 | 14,948                                  | (347)                                | 14,601           | (14,948)                                | 347                                  | (14,601)         | –                                       | –                                    | –                | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (34,133)                                | 80                                   | (34,053)         | 34,175                                  | (88)                                 | 34,087           | (42)                                    | 8                                    | (34)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (17)                                    | –                                    | (17)             | (1,270)                                 | 141                                  | (1,129)          | 1,287                                   | (141)                                | 1,146            | –                                       | –                                    | –                |
| Net change in exposures                              | 41,314                                  | (73)                                 | 41,241           | (20,084)                                | 89                                   | (19,995)         | (1,335)                                 | 623                                  | (712)            | 19,895                                  | 639                                  | 20,534           |
| Net remeasurement from stage changes                 | –                                       | 15                                   | 15               | –                                       | (45)                                 | (45)             | –                                       | (82)                                 | (82)             | –                                       | (112)                                | (112)            |
| Changes in risk parameters                           | –                                       | 60                                   | 60               | –                                       | (68)                                 | (68)             | –                                       | (668)                                | (668)            | –                                       | (676)                                | (676)            |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (340)                                   | 340                                  | –                | (340)                                   | 340                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | (120)                                   | 120                                  | –                | (120)                                   | 120                                  | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 155                                  | 155              | –                                       | 155                                  | 155              |
| Exchange translation differences and other movements | (360)                                   | 308                                  | (52)             | (1,148)                                 | (283)                                | (1,431)          | (188)                                   | (184)                                | (372)            | (1,696)                                 | (159)                                | (1,855)          |
| <b>As at 31 December 2023</b>                        | 337,189                                 | (151)                                | 337,038          | 16,873                                  | (318)                                | 16,555           | 6,256                                   | (3,651)                              | 2,605            | 360,318                                 | (4,120)                              | 356,198          |
| Income statement ECL (charge)/release <sup>2</sup>   |   | 2                                    |                  |   | (24)                                 |                  |   | (127)                                |                  |   | (149)                                |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 31                                   |                  |   | 31                                   |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 2                                    |                  |   | (24)                                 |                  |   | (96)                                 |                  |   | (118)                                |                  |
| <b>As at 1 January 2024</b>                          | 337,189                                 | (151)                                | 337,038          | 16,873                                  | (318)                                | 16,555           | 6,256                                   | (3,651)                              | 2,605            | 360,318                                 | (4,120)                              | 356,198          |
| Transfers to stage 1                                 | 5,730                                   | (144)                                | 5,586            | (5,730)                                 | 144                                  | (5,586)          | –                                       | –                                    | –                | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (14,220)                                | 41                                   | (14,179)         | 14,245                                  | (42)                                 | 14,203           | (25)                                    | 1                                    | (24)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (118)                                   | 13                                   | (105)            | (147)                                   | (3)                                  | (150)            | 265                                     | (10)                                 | 255              | –                                       | –                                    | –                |
| Net change in exposures                              | 32,957                                  | (23)                                 | 32,934           | (10,137)                                | 39                                   | (10,098)         | (479)                                   | 127                                  | (352)            | 22,341                                  | 143                                  | 22,484           |
| Net remeasurement from stage changes                 | –                                       | 12                                   | 12               | (1)                                     | (32)                                 | (33)             | –                                       | (83)                                 | (83)             | (1)                                     | (103)                                | (104)            |
| Changes in risk parameters                           | –                                       | 38                                   | 38               | –                                       | 3                                    | 3                | –                                       | (69)                                 | (69)             | –                                       | (28)                                 | (28)             |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (107)                                   | 107                                  | –                | (107)                                   | 107                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | 16                                      | (16)                                 | –                | 16                                      | (16)                                 | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 54                                   | 54               | –                                       | 54                                   | 54               |
| Exchange translation differences and other movements | (3,878)                                 | 70                                   | (3,808)          | (538)                                   | (50)                                 | (588)            | (102)                                   | (53)                                 | (155)            | (4,518)                                 | (33)                                 | (4,551)          |
| <b>As at 30 June 2024</b>                            | 357,660                                 | (144)                                | 357,516          | 14,565                                  | (259)                                | 14,306           | 5,824                                   | (3,593)                              | 2,231            | 378,049                                 | (3,996)                              | 374,053          |
| Income statement ECL (charge)/release <sup>2</sup>   |   | 27                                   |                  |   | 10                                   |                  |   | (25)                                 |                  |   | 12                                   |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 5                                    |                  |   | 5                                    |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 27                                   |                  |   | 10                                   |                  |   | (20)                                 |                  |   | 17                                   |                  |

1 The gross balance includes the notional amount of off balance sheet instruments

2 Does not include release relating to Other assets



## Wealth & Retail Banking (reviewed)

|  | Stage 1                                 |                                      |                  | Stage 2                                 |                                      |                  | Stage 3                                 |                                      |                  | Total                                   |                                      |                  |
|--|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|
|  | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million |
| <b>Amortised cost and FVOCI</b>                      |   |                                      |                  |   |                                      |                  |   |                                      |                  |   |                                      |                  |
| <b>As at 1 January 2023</b>                          | 193,239                                 | (413)                                | 192,826          | 1,821                                   | (118)                                | 1,703            | 1,454                                   | (776)                                | 678              | 196,514                                 | (1,307)                              | 195,207          |
| Transfers to stage 1                                 | 4,265                                   | (246)                                | 4,019            | (4,254)                                 | 246                                  | (4,008)          | (11)                                    | –                                    | (11)             | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (7,544)                                 | 73                                   | (7,471)          | 7,667                                   | (73)                                 | 7,594            | (123)                                   | –                                    | (123)            | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (64)                                    | 1                                    | (63)             | (1,049)                                 | 187                                  | (862)            | 1,113                                   | (188)                                | 925              | –                                       | –                                    | –                |
| Net change in exposures                              | 1,965                                   | (78)                                 | 1,887            | (1,713)                                 | 14                                   | (1,699)          | (395)                                   | –                                    | (395)            | (143)                                   | (64)                                 | (207)            |
| Net remeasurement from stage changes                 | –                                       | 31                                   | 31               | –                                       | (137)                                | (137)            | –                                       | (38)                                 | (38)             | –                                       | (144)                                | (144)            |
| Changes in risk parameters                           | –                                       | 110                                  | 110              | –                                       | (69)                                 | (69)             | –                                       | (426)                                | (426)            | –                                       | (385)                                | (385)            |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (649)                                   | 649                                  | –                | (649)                                   | 649                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | 37                                      | (37)                                 | –                | 37                                      | (37)                                 | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 24                                   | 24               | –                                       | 24                                   | 24               |
| Exchange translation differences and other movements | (862)                                   | 197                                  | (665)            | –                                       | (190)                                | (190)            | 59                                      | 33                                   | 92               | (803)                                   | 40                                   | (763)            |
| <b>As at 31 December 2023</b>                        | 190,999                                 | (325)                                | 190,674          | 2,472                                   | (140)                                | 2,332            | 1,485                                   | (759)                                | 726              | 194,956                                 | (1,224)                              | 193,732          |
| Income statement ECL (charge)/release                |   | 63                                   |                  |   | (192)                                |                  |   | (464)                                |                  |   | (593)                                |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 239                                  |                  |   | 239                                  |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 63                                   |                  |   | (192)                                |                  |   | (225)                                |                  |   | (354)                                |                  |
| <b>As at 1 January 2024</b>                          | 190,999                                 | (325)                                | 190,674          | 2,472                                   | (140)                                | 2,332            | 1,485                                   | (759)                                | 726              | 194,956                                 | (1,224)                              | 193,732          |
| Transfers to stage 1                                 | 2,963                                   | (146)                                | 2,817            | (2,948)                                 | 146                                  | (2,802)          | (15)                                    | –                                    | (15)             | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (3,684)                                 | 36                                   | (3,648)          | 3,755                                   | (36)                                 | 3,719            | (71)                                    | –                                    | (71)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (57)                                    | –                                    | (57)             | (568)                                   | 112                                  | (456)            | 625                                     | (112)                                | 513              | –                                       | –                                    | –                |
| Net change in exposures                              | (11,173)                                | (27)                                 | (11,200)         | (668)                                   | (3)                                  | (671)            | (196)                                   | –                                    | (196)            | (12,037)                                | (30)                                 | (12,067)         |
| Net remeasurement from stage changes                 | –                                       | 16                                   | 16               | –                                       | (82)                                 | (82)             | –                                       | (26)                                 | (26)             | –                                       | (92)                                 | (92)             |
| Changes in risk parameters                           | –                                       | 15                                   | 15               | –                                       | (54)                                 | (54)             | –                                       | (245)                                | (245)            | –                                       | (284)                                | (284)            |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (382)                                   | 382                                  | –                | (382)                                   | 382                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | (3)                                     | 3                                    | –                | (3)                                     | 3                                    | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 15                                   | 15               | –                                       | 15                                   | 15               |
| Exchange translation differences and other movements | (3,604)                                 | 73                                   | (3,531)          | (38)                                    | (81)                                 | (119)            | 79                                      | 44                                   | 123              | (3,563)                                 | 36                                   | (3,527)          |
| <b>As at 30 June 2024</b>                            | 175,444                                 | (358)                                | 175,086          | 2,005                                   | (138)                                | 1,867            | 1,522                                   | (698)                                | 824              | 178,971                                 | (1,194)                              | 177,777          |
| Income statement ECL (charge)/release                |   | 4                                    |                  |   | (139)                                |                  |   | (271)                                |                  |   | (406)                                |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 124                                  |                  |   | 124                                  |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 4                                    |                  |   | (139)                                |                  |   | (147)                                |                  |   | (282)                                |                  |

1 The gross balance includes the notional amount of off-balance sheet instruments

## Risk review continued

### Wealth & Retail Banking – Secured (reviewed)

|  | Stage 1                                 |                                      |                  | Stage 2                                 |                                      |                  | Stage 3                                 |                                      |                  | Total                                   |                                      |                  |
|--|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|
|  | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million |
| <b>Amortised cost and FVOCI</b>                      |   |                                      |                  |   |                                      |                  |   |                                      |                  |   |                                      |                  |
| <b>As at 1 January 2023</b>                          | 135,362                                 | (60)                                 | 135,302          | 1,413                                   | (17)                                 | 1,396            | 1,028                                   | (552)                                | 476              | 137,803                                 | (629)                                | 137,174          |
| Transfers to stage 1                                 | 3,311                                   | (20)                                 | 3,291            | (3,302)                                 | 20                                   | (3,282)          | (9)                                     | –                                    | (9)              | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (5,340)                                 | 11                                   | (5,329)          | 5,436                                   | (9)                                  | 5,427            | (96)                                    | (2)                                  | (98)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (28)                                    | 1                                    | (27)             | (463)                                   | 1                                    | (462)            | 491                                     | (2)                                  | 489              | –                                       | –                                    | –                |
| Net change in exposures                              | (3,138)                                 | (16)                                 | (3,154)          | (1,250)                                 | 3                                    | (1,247)          | (216)                                   | –                                    | (216)            | (4,604)                                 | (13)                                 | (4,617)          |
| Net remeasurement from stage changes                 | –                                       | 4                                    | 4                | –                                       | (16)                                 | (16)             | –                                       | (3)                                  | (3)              | –                                       | (15)                                 | (15)             |
| Changes in risk parameters                           | –                                       | 22                                   | 22               | –                                       | 24                                   | 24               | –                                       | (110)                                | (110)            | –                                       | (64)                                 | (64)             |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (109)                                   | 109                                  | –                | (109)                                   | 109                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | (3)                                     | 3                                    | –                | (3)                                     | 3                                    | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 12                                   | 12               | –                                       | 12                                   | 12               |
| Exchange translation differences and other movements | (369)                                   | 25                                   | (344)            | (7)                                     | (22)                                 | (29)             | (24)                                    | 20                                   | (4)              | (400)                                   | 23                                   | (377)            |
| <b>As at 31 December 2023</b>                        | 129,798                                 | (33)                                 | 129,765          | 1,827                                   | (16)                                 | 1,811            | 1,062                                   | (525)                                | 537              | 132,687                                 | (574)                                | 132,113          |
| Income statement ECL (charge)/release                |   | 10                                   |                  |   | 11                                   |                  |   | (113)                                |                  |   | (92)                                 |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 68                                   |                  |   | 68                                   |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 10                                   |                  |   | 11                                   |                  |   | (45)                                 |                  |   | (24)                                 |                  |
| <b>As at 1 January 2024</b>                          | 129,798                                 | (33)                                 | 129,765          | 1,827                                   | (16)                                 | 1,811            | 1,062                                   | (525)                                | 537              | 132,687                                 | (574)                                | 132,113          |
| Transfers to stage 1                                 | 2,353                                   | (13)                                 | 2,340            | (2,342)                                 | 13                                   | (2,329)          | (11)                                    | –                                    | (11)             | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (2,542)                                 | 3                                    | (2,539)          | 2,591                                   | (3)                                  | 2,588            | (49)                                    | –                                    | (49)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (16)                                    | –                                    | (16)             | (234)                                   | 2                                    | (232)            | 250                                     | (2)                                  | 248              | –                                       | –                                    | –                |
| Net change in exposures                              | (6,534)                                 | (4)                                  | (6,538)          | (431)                                   | 2                                    | (429)            | (113)                                   | –                                    | (113)            | (7,078)                                 | (2)                                  | (7,080)          |
| Net remeasurement from stage changes                 | –                                       | 4                                    | 4                | –                                       | (10)                                 | (10)             | –                                       | (1)                                  | (1)              | –                                       | (7)                                  | (7)              |
| Changes in risk parameters                           | –                                       | (9)                                  | (9)              | –                                       | 17                                   | 17               | –                                       | (62)                                 | (62)             | –                                       | (54)                                 | (54)             |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (63)                                    | 63                                   | –                | (63)                                    | 63                                   | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | 23                                      | (23)                                 | –                | 23                                      | (23)                                 | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 8                                    | 8                | –                                       | 8                                    | 8                |
| Exchange translation differences and other movements | (2,768)                                 | 13                                   | (2,755)          | (26)                                    | (17)                                 | (43)             | 37                                      | 24                                   | 61               | (2,757)                                 | 20                                   | (2,737)          |
| <b>As at 30 June 2024</b>                            | 120,291                                 | (39)                                 | 120,252          | 1,385                                   | (12)                                 | 1,373            | 1,136                                   | (518)                                | 618              | 122,812                                 | (569)                                | 122,243          |
| Income statement ECL (charge)/release                |   | (9)                                  |                  |   | 9                                    |                  |   | (63)                                 |                  |   | (63)                                 |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 43                                   |                  |   | 43                                   |                  |
| <b>Total credit impairment (charge)/release</b>      |   | (9)                                  |                  |   | 9                                    |                  |   | (20)                                 |                  |   | (20)                                 |                  |

1 The gross balance includes the notional amount of off balance sheet instruments

## Wealth & Retail Banking – Unsecured (reviewed)

|  | Stage 1                                 |                                      |                  | Stage 2                                 |                                      |                  | Stage 3                                 |                                      |                  | Total                                   |                                      |                  |
|--|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|---|--------------------------------------|------------------|
|  | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million | Gross balance <sup>1</sup><br>\$million | Total credit impairment<br>\$million | Net<br>\$million |
| <b>Amortised cost and FVOCI</b>                      |   |                                      |                  |   |                                      |                  |   |                                      |                  |   |                                      |                  |
| <b>As at 1 January 2023</b>                          | 57,877                                  | (353)                                | 57,524           | 408                                     | (101)                                | 307              | 426                                     | (224)                                | 202              | 58,711                                  | (678)                                | 58,033           |
| Transfers to stage 1                                 | 954                                     | (226)                                | 728              | (952)                                   | 226                                  | (726)            | (2)                                     | –                                    | (2)              | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (2,204)                                 | 62                                   | (2,142)          | 2,231                                   | (64)                                 | 2,167            | (27)                                    | 2                                    | (25)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (36)                                    | –                                    | (36)             | (586)                                   | 186                                  | (400)            | 622                                     | (186)                                | 436              | –                                       | –                                    | –                |
| Net change in exposures                              | 5,103                                   | (62)                                 | 5,041            | (463)                                   | 11                                   | (452)            | (179)                                   | –                                    | (179)            | 4,461                                   | (51)                                 | 4,410            |
| Net remeasurement from stage changes                 | –                                       | 27                                   | 27               | –                                       | (121)                                | (121)            | –                                       | (35)                                 | (35)             | –                                       | (129)                                | (129)            |
| Changes in risk parameters                           | –                                       | 88                                   | 88               | –                                       | (93)                                 | (93)             | –                                       | (316)                                | (316)            | –                                       | (321)                                | (321)            |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (540)                                   | 540                                  | –                | (540)                                   | 540                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | 40                                      | (40)                                 | –                | 40                                      | (40)                                 | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 12                                   | 12               | –                                       | 12                                   | 12               |
| Exchange translation differences and other movements | (493)                                   | 172                                  | (321)            | 7                                       | (168)                                | (161)            | 83                                      | 13                                   | 96               | (403)                                   | 17                                   | (386)            |
| <b>As at 31 December 2023</b>                        | 61,201                                  | (292)                                | 60,909           | 645                                     | (124)                                | 521              | 423                                     | (234)                                | 189              | 62,269                                  | (650)                                | 61,619           |
| Income statement ECL (charge)/release                |   | 53                                   |                  |   | (203)                                |                  |   | (351)                                |                  |   | (501)                                |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 171                                  |                  |   | 171                                  |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 53                                   |                  |   | (203)                                |                  |   | (180)                                |                  |   | (330)                                |                  |
| <b>As at 1 January 2024</b>                          | 61,201                                  | (292)                                | 60,909           | 645                                     | (124)                                | 521              | 423                                     | (234)                                | 189              | 62,269                                  | (650)                                | 61,619           |
| Transfers to stage 1                                 | 610                                     | (133)                                | 477              | (606)                                   | 133                                  | (473)            | (4)                                     | –                                    | (4)              | –                                       | –                                    | –                |
| Transfers to stage 2                                 | (1,142)                                 | 33                                   | (1,109)          | 1,164                                   | (33)                                 | 1,131            | (22)                                    | –                                    | (22)             | –                                       | –                                    | –                |
| Transfers to stage 3                                 | (41)                                    | –                                    | (41)             | (334)                                   | 110                                  | (224)            | 375                                     | (110)                                | 265              | –                                       | –                                    | –                |
| Net change in exposures                              | (4,639)                                 | (23)                                 | (4,662)          | (237)                                   | (5)                                  | (242)            | (83)                                    | –                                    | (83)             | (4,959)                                 | (28)                                 | (4,987)          |
| Net remeasurement from stage changes                 | –                                       | 12                                   | 12               | –                                       | (72)                                 | (72)             | –                                       | (25)                                 | (25)             | –                                       | (85)                                 | (85)             |
| Changes in risk parameters                           | –                                       | 24                                   | 24               | –                                       | (71)                                 | (71)             | –                                       | (183)                                | (183)            | –                                       | (230)                                | (230)            |
| Write-offs   | –                                       | –                                    | –                | –                                       | –                                    | –                | (319)                                   | 319                                  | –                | (319)                                   | 319                                  | –                |
| Interest due but unpaid                              | –                                       | –                                    | –                | –                                       | –                                    | –                | (26)                                    | 26                                   | –                | (26)                                    | 26                                   | –                |
| Discount unwind                                      | –                                       | –                                    | –                | –                                       | –                                    | –                | –                                       | 7                                    | 7                | –                                       | 7                                    | 7                |
| Exchange translation differences and other movements | (836)                                   | 60                                   | (776)            | (12)                                    | (64)                                 | (76)             | 42                                      | 20                                   | 62               | (806)                                   | 16                                   | (790)            |
| <b>As at 30 June 2024</b>                            | 55,153                                  | (319)                                | 54,834           | 620                                     | (126)                                | 494              | 386                                     | (180)                                | 206              | 56,159                                  | (625)                                | 55,534           |
| Income statement ECL (charge)/release                |   | 13                                   |                  |   | (148)                                |                  |   | (208)                                |                  |   | (343)                                |                  |
| Recoveries of amounts previously written off         |   | –                                    |                  |   | –                                    |                  |   | 81                                   |                  |   | 81                                   |                  |
| <b>Total credit impairment (charge)/release</b>      |   | 13                                   |                  |   | (148)                                |                  |   | (127)                                |                  |   | (262)                                |                  |

1 The gross balance includes the notional amount of off balance sheet instruments

## Risk review continued

### Analysis of stage 2 balances

The table below analyses total stage 2 gross on-and off-balance sheet exposures and associated expected credit provisions by the key SICR driver that caused the exposures to be classified as stage 2 as at 30 June 2024 and 31 December 2023 for each segment.

Where multiple drivers apply, the exposure is allocated based on the table order. For example, a loan may have breached the PD thresholds and could also be on non-purely precautionary early alert; in this instance, the exposure is reported under 'Increase in PD'.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

|                                      | 30.06.24                       |               |                 |                         |               |                 |                 |               |                 |                                    |               |                 |                 |               |                 |
|--------------------------------------|--------------------------------|---------------|-----------------|-------------------------|---------------|-----------------|-----------------|---------------|-----------------|------------------------------------|---------------|-----------------|-----------------|---------------|-----------------|
|                                      | Corporate & Investment Banking |               |                 | Wealth & Retail Banking |               |                 | Ventures        |               |                 | Central & other items <sup>1</sup> |               |                 | Total           |               |                 |
|                                      | Gross \$million                | ECL \$million | Cove-<br>rage % | Gross \$million         | ECL \$million | Cove-<br>rage % | Gross \$million | ECL \$million | Cove-<br>rage % | Gross \$million                    | ECL \$million | Cove-<br>rage % | Gross \$million | ECL \$million | Cove-<br>rage % |
| Increase in PD                       | 7,885                          | 115           | 1.5%            | 1,626                   | 125           | 7.7%            | 51              | 25            | 49.0%           | 452                                | 4             | 0.9%            | 10,014          | 269           | 2.7%            |
| Non-purely precautionary early alert | 4,019                          | 35            | 0.9%            | 30                      | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | 4,049           | 35            | 0.9%            |
| Higher risk (CG12)                   | 674                            | 22            | 3.3%            | 17                      | –             | 0.0%            | –               | –             | 0.0%            | 1,427                              | 3             | 0.2%            | 2,118           | 25            | 1.2%            |
| Sub-investment grade                 | –                              | –             | 0.0%            | –                       | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | –               | –             | 0.0%            |
| Top up/Sell down (Private Banking)   | –                              | –             | 0.0%            | 39                      | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | 39              | –             | 0.0%            |
| Others                               | 1,987                          | 1             | 0.1%            | 147                     | 4             | 2.7%            | –               | –             | 0.0%            | 426                                | –             | 0.0%            | 2,560           | 5             | 0.2%            |
| 30 days past due                     | –                              | –             | 0.0%            | 146                     | 9             | 6.2%            | 5               | –             | 0.0%            | –                                  | –             | 0.0%            | 151             | 9             | 6.0%            |
| Management overlay                   | –                              | 86            | 0.0%            | –                       | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | –               | 86            | 0.0%            |
| Total stage 2                        | 14,565                         | 259           | 1.8%            | 2,005                   | 138           | 6.9%            | 56              | 25            | 44.6%           | 2,305                              | 7             | 0.3%            | 18,931          | 429           | 2.3%            |
|                                      | 31.12.23                       |               |                 |                         |               |                 |                 |               |                 |                                    |               |                 |                 |               |                 |
|                                      | Corporate & Investment Banking |               |                 | Wealth & Retail Banking |               |                 | Ventures        |               |                 | Central & other items <sup>1</sup> |               |                 | Total           |               |                 |
|                                      | Gross \$million                | ECL \$million | Cove-<br>rage % | Gross \$million         | ECL \$million | Cove-<br>rage % | Gross \$million | ECL \$million | Cove-<br>rage % | Gross \$million                    | ECL \$million | Cove-<br>rage % | Gross \$million | ECL \$million | Cove-<br>rage % |
| Increase in PD                       | 8,262                          | 75            | 0.9%            | 1,962                   | 109           | 5.6%            | 96              | 23            | 24.0%           | 599                                | 13            | 2.2%            | 10,919          | 220           | 2.0%            |
| Non-purely precautionary early alert | 5,136                          | 26            | 0.5%            | 37                      | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | 5,173           | 26            | 0.5%            |
| Higher risk (CG12)                   | 1,008                          | 56            | 5.6%            | 26                      | 1             | 3.8%            | –               | –             | 0.0%            | 2,020                              | 17            | 0.8%            | 3,054           | 74            | 2.4%            |
| Sub-investment grade                 | –                              | –             | 0.0%            | –                       | –             | 0.0%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | –               | –             | 0.0%            |
| Top up/Sell down (Private Banking)   | –                              | –             | 0.0%            | 148                     | 2             | 1.4%            | –               | –             | 0.0%            | –                                  | –             | 0.0%            | 148             | 2             | 1.4%            |
| Others                               | 2,467                          | 37            | 1.5%            | 151                     | 16            | 10.6%           | –               | –             | 0.0%            | 489                                | –             | 0.0%            | 3,107           | 53            | 1.7%            |
| 30 days past due                     | –                              | –             | 0.0%            | 148                     | 12            | 8.1%            | 2               | –             | 0.0%            | –                                  | –             | 0.0%            | 150             | 12            | 8.0%            |
| Management overlay                   | –                              | 124           | 0.0%            | –                       | –             | 0.0%            | –               | –             | 0.0%            | –                                  | 17            | 0.0%            | –               | 141           | 0.0%            |
| Total stage 2                        | 16,873                         | 318           | 1.9%            | 2,472                   | 140           | 5.7%            | 98              | 23            | 23.5%           | 3,108                              | 47            | 1.5%            | 22,551          | 528           | 2.3%            |

<sup>1</sup> Includes Gross and ECL for Cash and balances at central banks and Assets held for sale

### Credit impairment charge (reviewed)

The table below analyses credit impairment charges or releases of the ongoing business portfolio and restructuring business portfolio for the half year ended 30 June 2024.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

|  | 30.06.24                 |                      |                    | 30.06.23                 |                      |                    |
|--|--------------------------|----------------------|--------------------|--------------------------|----------------------|--------------------|
|  | Stage 1 & 2<br>\$million | Stage 3<br>\$million | Total<br>\$million | Stage 1 & 2<br>\$million | Stage 3<br>\$million | Total<br>\$million |
| <b>Ongoing business portfolio</b>                |                          |                      |                    |                          |                      |                    |
| Corporate & Investment Banking                   | (38)                     | 3                    | (35)               | 33                       | 36                   | 69                 |
| Wealth & Retail Banking                          | 135                      | 147                  | 282                | 15                       | 93                   | 108                |
| Ventures   | 7                        | 36                   | 43                 | 12                       | 11                   | 23                 |
| Central & other items                            | (31)                     | (10)                 | (41)               | (27)                     | (1)                  | (28)               |
| <b>Credit impairment charge/(release)</b>        | <b>73</b>                | <b>176</b>           | <b>249</b>         | <b>33</b>                | <b>139</b>           | <b>172</b>         |
| <b>Restructuring business portfolio</b>          |                          |                      |                    |                          |                      |                    |
| Others   | 2                        | (11)                 | (9)                | (2)                      | (9)                  | (11)               |
| <b>Credit impairment charge/(release)</b>        | <b>2</b>                 | <b>(11)</b>          | <b>(9)</b>         | <b>(2)</b>               | <b>(9)</b>           | <b>(11)</b>        |
| <b>Total credit impairment charge/ (release)</b> | <b>75</b>                | <b>165</b>           | <b>240</b>         | <b>31</b>                | <b>130</b>           | <b>161</b>         |

### Problem credit management and provisioning

#### Forborne and other modified loans by client segment (reviewed)

A forborne loan arises when a concession has been made to the contractual terms of a loan in response to a customer's financial difficulties.

Net forborne loans decreased by \$139 million to \$866 million (31 December 2023: \$1,005 million), largely on the non-performing forborne loans stock. The net non-performing forborne loans decreased by \$136 million to \$831 million (31 December 2023: \$967 million) largely due to write-offs and repayments.

|   | 30.06.24                                    |                                      |                       |                    | 31.12.23                                    |                                      |                       |                    |
|---|---|--------------------------------------|-----------------------|--------------------|---|--------------------------------------|-----------------------|--------------------|
|   | Corporate & Investment Banking<br>\$million | Wealth & Retail Banking<br>\$million | Ventures<br>\$million | Total<br>\$million | Corporate & Investment Banking<br>\$million | Wealth & Retail Banking<br>\$million | Ventures<br>\$million | Total<br>\$million |
| <b>Amortised cost</b>                             |   |                                      |                       |                    |   |                                      |                       |                    |
| All loans with forbearance measures               | 2,139                                       | 299                                  | –                     | 2,438              | 2,340                                       | 314                                  | –                     | 2,654              |
| Credit impairment (stage 1 and 2)                 | –   | (2)                                  | –                     | (2)                | –   | (2)                                  | –                     | (2)                |
| Credit impairment (stage 3)                       | (1,450)                                     | (120)                                | –                     | (1,570)            | (1,529)                                     | (118)                                | –                     | (1,647)            |
| <b>Net carrying value</b>                         | <b>689</b>                                  | <b>177</b>                           | <b>–</b>              | <b>866</b>         | <b>811</b>                                  | <b>194</b>                           | <b>–</b>              | <b>1,005</b>       |
| Included within the above table                   |   |                                      |                       |                    |   |                                      |                       |                    |
| <b>Gross performing forborne loans</b>            | <b>4</b>                                    | <b>33</b>                            | <b>–</b>              | <b>37</b>          | <b>–</b>                                    | <b>40</b>                            | <b>–</b>              | <b>40</b>          |
| Modification of terms and conditions <sup>1</sup> | 4   | 33                                   | –                     | 37                 | –   | 40                                   | –                     | 40                 |
| Refinancing <sup>2</sup>                          | –   | –                                    | –                     | –                  | –   | –                                    | –                     | –                  |
| <b>Impairment provisions</b>                      | <b>–</b>                                    | <b>(2)</b>                           | <b>–</b>              | <b>(2)</b>         | <b>–</b>                                    | <b>(2)</b>                           | <b>–</b>              | <b>(2)</b>         |
| Modification of terms and conditions <sup>1</sup> | –   | (2)                                  | –                     | (2)                | –   | (2)                                  | –                     | (2)                |
| Refinancing <sup>2</sup>                          | –   | –                                    | –                     | –                  | –   | –                                    | –                     | –                  |
| <b>Net performing forborne loans</b>              | <b>4</b>                                    | <b>31</b>                            | <b>–</b>              | <b>35</b>          | <b>–</b>                                    | <b>38</b>                            | <b>–</b>              | <b>38</b>          |
| <b>Collateral</b>                                 | <b>–</b>                                    | <b>22</b>                            | <b>–</b>              | <b>22</b>          | <b>–</b>                                    | <b>31</b>                            | <b>–</b>              | <b>31</b>          |
| <b>Gross non-performing forborne loans</b>        | <b>2,135</b>                                | <b>266</b>                           | <b>–</b>              | <b>2,401</b>       | <b>2,340</b>                                | <b>274</b>                           | <b>–</b>              | <b>2,614</b>       |
| Modification of terms and conditions <sup>1</sup> | 1,906                                       | 266                                  | –                     | 2,172              | 2,113                                       | 274                                  | –                     | 2,387              |
| Refinancing <sup>2</sup>                          | 229   | –                                    | –                     | 229                | 227   | –                                    | –                     | 227                |
| <b>Impairment provisions</b>                      | <b>(1,450)</b>                              | <b>(120)</b>                         | <b>–</b>              | <b>(1,570)</b>     | <b>(1,529)</b>                              | <b>(118)</b>                         | <b>–</b>              | <b>(1,647)</b>     |
| Modification of terms and conditions <sup>1</sup> | (1,240)                                     | (120)                                | –                     | (1,360)            | (1,337)                                     | (118)                                | –                     | (1,455)            |
| Refinancing <sup>2</sup>                          | (210)                                       | –                                    | –                     | (210)              | (192)                                       | –                                    | –                     | (192)              |
| <b>Net non-performing forborne loans</b>          | <b>685</b>                                  | <b>146</b>                           | <b>–</b>              | <b>831</b>         | <b>811</b>                                  | <b>156</b>                           | <b>–</b>              | <b>967</b>         |
| <b>Collateral</b>                                 | <b>296</b>                                  | <b>49</b>                            | <b>–</b>              | <b>345</b>         | <b>341</b>                                  | <b>49</b>                            | <b>–</b>              | <b>390</b>         |

1 Modification of terms is any contractual change apart from refinancing, as a result of credit stress of the counterparty, i.e. interest reductions, loan covenant waivers

2 Refinancing is a new contract to a borrower in credit stress, such that they are refinanced and can pay other debt contracts that they were unable to honour

## Risk review continued

### Forborne and other modified loans by country

Net forborne loans decreased by \$139 million to \$866 million (31 December 2023: \$1,005 million), mainly on the non-performing forborne loans stock. Stage 3 forborne loans reductions in the 'Other' category, were largely in CIB and driven by UAE (\$53 million) and Bahrain (\$30 million).

|                           | 30.06.24   |           |           |           |           |           |            |            | 31.12.23   |           |            |           |           |           |            |              |
|---------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-----------|------------|-----------|-----------|-----------|------------|--------------|
|                           | Hong Kong  | Korea     | China     | Singapore | UK        | US        | Other      | Total      | Hong Kong  | Korea     | China      | Singapore | UK        | US        | Other      | Total        |
| Amortised cost            | \$million  | \$million | \$million | \$million | \$million | \$million | \$million  | \$million  | \$million  | \$million | \$million  | \$million | \$million | \$million | \$million  | \$million    |
| Performing forborne loans | 2          | 6         | –         | 3         | –         | –         | 24         | 35         | –          | 6         | –          | 3         | –         | –         | 29         | 38           |
| Stage 3 forborne loans    | 135        | 20        | 91        | 34        | 49        | 1         | 501        | 831        | 104        | 22        | 114        | 37        | 46        | 1         | 643        | 967          |
| <b>Net forborne loans</b> | <b>137</b> | <b>26</b> | <b>91</b> | <b>37</b> | <b>49</b> | <b>1</b>  | <b>525</b> | <b>866</b> | <b>104</b> | <b>28</b> | <b>114</b> | <b>40</b> | <b>46</b> | <b>1</b>  | <b>672</b> | <b>1,005</b> |

### Credit Risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting arrangements, credit insurance and credit derivatives, taking into account expected volatility and guarantees.

The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

The unadjusted market value of collateral across all asset types, in respect of CIB, without adjusting for over-collateralisation, increased to \$343 billion (31 December 2023: \$290 billion) predominantly due to an increase in reverse repos.

### Collateral held on loans and advances

The table below details collateral held against exposures, separately disclosing stage 2 and stage 3 exposure and corresponding collateral.

|   | 30.06.24               |   |   |                                 |   |   |                    |   |   |
|---|------------------------|---|---|---------------------------------|---|---|--------------------|---|---|
|   | Net amount outstanding |   |   |                                 | Collateral                                  |   |                    | Net exposure                                |   |
|   | Total<br>\$million     | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million | Total <sup>2</sup><br>\$million | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million | Total<br>\$million | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million |
|   |                        |   |   |                                 |   |   |                    |   |   |
| Amortised cost                              |                        |   |   |                                 |   |   |                    |   |   |
| Corporate & Investment Banking <sup>1</sup> | 175,766                | 8,163                                       | 1,652   | 32,993                          | 2,797                                       | 638   | 142,773            | 5,366                                       | 1,014   |
| Wealth & Retail Banking                     | 120,249                | 1,714                                       | 821   | 85,192                          | 810   | 664   | 35,057             | 904   | 157   |
| Ventures                                    | 1,109                  | 26  | –   | –                               | –   | –   | 1,109              | 26  | –   |
| Central & other items                       | 24,003                 | 129   | 64  | 1,678                           | 128   | –   | 22,325             | 1   | 64  |
| <b>Total</b>                                | <b>321,127</b>         | <b>10,032</b>                               | <b>2,537</b>  | <b>119,863</b>                  | <b>3,735</b>                                | <b>1,302</b>  | <b>201,264</b>     | <b>6,297</b>                                | <b>1,235</b>  |

|   | 31.12.23               |   |   |                                 |   |   |                    |   |   |
|---|------------------------|---|---|---------------------------------|---|---|--------------------|---|---|
|   | Net amount outstanding |   |   |                                 | Collateral                                  |   |                    | Net exposure                                |   |
|   | Total<br>\$million     | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million | Total <sup>2</sup><br>\$million | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million | Total<br>\$million | Stage 2<br>financial<br>assets<br>\$million | Credit-<br>impaired<br>financial<br>assets (\$3)<br>\$million |
|   |                        |   |   |                                 |   |   |                    |   |   |
| Amortised cost                              |                        |   |   |                                 |   |   |                    |   |   |
| Corporate & Investment Banking <sup>1</sup> | 175,382                | 8,175                                       | 2,046   | 36,458                          | 2,972                                       | 623   | 138,924            | 5,203                                       | 1,423   |
| Wealth & Retail Banking                     | 126,059                | 2,163                                       | 724   | 86,827                          | 1,136                                       | 554   | 39,232             | 1,027                                       | 170   |
| Ventures                                    | 1,033                  | 33  | –   | –                               | –   | –   | 1,033              | 33  | –   |
| Central & other items                       | 29,478                 | 964   | 209   | 2,475                           | 964   | –   | 27,003             | –   | 209   |
| <b>Total</b>                                | <b>331,952</b>         | <b>11,335</b>                               | <b>2,979</b>  | <b>125,760</b>                  | <b>5,072</b>                                | <b>1,177</b>  | <b>206,192</b>     | <b>6,263</b>                                | <b>1,802</b>  |

1 Includes loans and advances to banks

2 Adjusted for over-collateralisation based on the drawn and undrawn components of exposures

## Collateral – Corporate & Investment Banking (reviewed)

Collateral taken for longer-term and sub-investment grade corporate loans was stable at 40 per cent (31 December 2023: 41 per cent).

Our underwriting standards encourage taking specific charges on assets and we consistently seek high-quality, investment-grade collateral.

84 per cent (31 December 2023: 83 per cent) of tangible collateral excluding reverse repurchase agreements and financial guarantees held comprises physical assets or is property based, with the remainder held in cash. Overall collateral decreased by \$3.5 billion to \$33 billion (31 December 2023: \$36 billion) mainly due to a decrease in reverse repos.

Non-tangible collateral, such as guarantees and standby letters of credit, is also held against corporate exposures, although the financial effect of this type of collateral is less significant in terms of recoveries. However, this is considered when determining the loss given default and other credit-related factors. Collateral is also held against off balance sheet exposures, including undrawn commitments and trade-related instruments.

### Corporate & Investment Banking

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Amortised cost</b>                        |                       |                       |
| <b>Maximum exposure</b>                      | <b>175,766</b>        | 175,382               |
| Property                                     | 8,634                 | 9,339                 |
| Plant, machinery and other stock             | 947                   | 933                   |
| Cash   | 2,782                 | 2,985                 |
| <b>Reverse repos</b>                         | <b>10,303</b>         | 13,826                |
| AAA  | 616                   | –                     |
| AA- to AA+                                   | 383                   | 1,036                 |
| A- to A+                                     | 5,378                 | 10,606                |
| BBB- to BBB+                                 | 758                   | 855                   |
| Lower than BBB-                              | 35                    | 169                   |
| Unrated                                      | 3,133                 | 1,160                 |
| Financial guarantees and insurance           | 5,274                 | 5,057                 |
| Commodities                                  | 14                    | 5                     |
| Ships and aircraft                           | 5,039                 | 4,313                 |
| <b>Total value of collateral<sup>1</sup></b> | <b>32,993</b>         | 36,458                |
| <b>Net exposure</b>                          | <b>142,773</b>        | 138,924               |

1 Adjusted for over-collateralisation based on the drawn and undrawn components of exposures

## Collateral – Wealth & Retail Banking (reviewed)

In WRB, fully secured products remain stable at 85 per cent of the total portfolio (31 December 2023: 85 per cent).

The following table presents an analysis of loans to individuals by product; split between fully secured, partially secured and unsecured.

|                                     | 30.06.24                   |                                |                        |                    | 31.12.23                   |                                |                        |                    |
|-------------------------------------|----------------------------|--------------------------------|------------------------|--------------------|----------------------------|--------------------------------|------------------------|--------------------|
|                                     | Fully secured<br>\$million | Partially secured<br>\$million | Unsecured<br>\$million | Total<br>\$million | Fully secured<br>\$million | Partially secured<br>\$million | Unsecured<br>\$million | Total<br>\$million |
| <b>Amortised cost</b>               |                            |                                |                        |                    |                            |                                |                        |                    |
| <b>Maximum exposure</b>             | <b>101,615</b>             | <b>522</b>                     | <b>18,112</b>          | <b>120,249</b>     | 106,914                    | 505                            | 18,640                 | 126,059            |
| Loans to individuals                |                            |                                |                        |                    |                            |                                |                        |                    |
| Mortgages                           | 77,535                     | –                              | –                      | 77,535             | 82,943                     | –                              | –                      | 82,943             |
| Credit Cards & Personal Loans       | 423                        | –                              | 16,850                 | 17,273             | 375                        | –                              | 17,395                 | 17,770             |
| Auto                                | 224                        | –                              | –                      | 224                | 312                        | –                              | –                      | 312                |
| Secured wealth products             | 21,197                     | –                              | –                      | 21,197             | 20,303                     | –                              | –                      | 20,303             |
| Other                               | 2,236                      | 522                            | 1,262                  | 4,020              | 2,981                      | 505                            | 1,245                  | 4,731              |
| <b>Total collateral<sup>1</sup></b> |                            |                                |                        | <b>85,192</b>      |                            |                                |                        | 86,827             |
| <b>Net exposure<sup>2</sup></b>     |                            |                                |                        | <b>35,057</b>      |                            |                                |                        | 39,232             |
| <b>Percentage of total loans</b>    | <b>85%</b>                 | <b>0%</b>                      | <b>15%</b>             |                    | 85%                        | 0%                             | 15%                    |                    |

1 Collateral values are adjusted where appropriate in accordance with our risk mitigation policy and for the effect of over-collateralisation

2 Amounts net of ECL

### Mortgage loan-to-value ratios by country (reviewed)

Loan-to-value (LTV) ratios measure the ratio of the current mortgage outstanding to the current fair value of the properties on which they are secured.

In a majority of mortgages, the value of property held as security significantly exceeds principal outstanding of the mortgage loans. The average LTV of the overall mortgage portfolio remains broadly stable at 47.9 per cent (31 December 2023: 47.1 per cent). The top three markets (Hong Kong, Singapore and Korea) which represents 79 per cent of the mortgage portfolio continue to have low portfolio LTVs (Hong Kong, Singapore and Korea at 56.8 per cent, 43.0 per cent and 40.6 per cent respectively).

An analysis of LTV ratios by geography for the mortgage portfolio is presented in the table below.

For the Hong Kong residential mortgage portfolio, 8.1 per cent of the portfolio was in negative equity, representing approximately 4,000 accounts that exceeded their property values by a total of \$196 million. Of these, 13 accounts with a total loan balance of \$9.4 million were more than 90 days past due. Under local regulations, mortgages with LTV exceeding 70 per cent (including those in negative equity) are generally required to be insured by the Mortgage Insurance Program (MIP).

|   | 30.06.24                |                         |                     |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|---------------------|
|   | Hong Kong<br>%<br>Gross | Singapore<br>%<br>Gross | Korea<br>%<br>Gross | Other<br>%<br>Gross | Total<br>%<br>Gross |
| <b>Amortised cost</b>                               |                         |                         |                     |                     |                     |
| Less than 50 per cent                               | 43.3                    | 53.5                    | 68.2                | 51.7                | 53.8                |
| 50 per cent to 59 per cent                          | 18.8                    | 23.5                    | 11.6                | 15.7                | 16.9                |
| 60 per cent to 69 per cent                          | 10.6                    | 14.4                    | 10.9                | 16.6                | 12.6                |
| 70 per cent to 79 per cent                          | 4.8                     | 8.2                     | 8.4                 | 11.3                | 7.7                 |
| 80 per cent to 89 per cent                          | 6.3                     | 0.3                     | 0.7                 | 4.1                 | 3.3                 |
| 90 per cent to 99 per cent                          | 8.1                     | 0.0                     | 0.1                 | 0.4                 | 2.9                 |
| 100 per cent and greater                            | 8.1                     | 0.0                     | 0.1                 | 0.2                 | 2.8                 |
| Average portfolio loan-to-value                     | 56.8                    | 43.0                    | 40.6                | 47.6                | 47.9                |
| <b>Loans to individuals – mortgages (\$million)</b> | <b>31,821</b>           | <b>14,531</b>           | <b>13,724</b>       | <b>17,458</b>       | <b>77,534</b>       |

|   | 31.12.23                |                         |                     |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|---------------------|
|   | Hong Kong<br>%<br>Gross | Singapore<br>%<br>Gross | Korea<br>%<br>Gross | Other<br>%<br>Gross | Total<br>%<br>Gross |
| <b>Amortised cost</b>                               |                         |                         |                     |                     |                     |
| Less than 50 per cent                               | 44.9                    | 50.9                    | 69.5                | 51.0                | 54.9                |
| 50 per cent to 59 per cent                          | 19.5                    | 24.7                    | 11.0                | 16.7                | 17.1                |
| 60 per cent to 69 per cent                          | 9.7                     | 15.2                    | 9.7                 | 16.3                | 11.9                |
| 70 per cent to 79 per cent                          | 4.3                     | 8.7                     | 8.9                 | 11.6                | 7.9                 |
| 80 per cent to 89 per cent                          | 7.3                     | 0.5                     | 0.6                 | 3.6                 | 3.3                 |
| 90 per cent to 99 per cent                          | 7.4                     | –                       | 0.1                 | 0.4                 | 2.5                 |
| 100 per cent and greater                            | 7.0                     | –                       | 0.1                 | 0.4                 | 2.4                 |
| Average portfolio loan-to-value                     | 55.7                    | 43.4                    | 40.4                | 47.8                | 47.1                |
| <b>Loans to individuals – mortgages (\$million)</b> | <b>32,935</b>           | <b>15,292</b>           | <b>17,157</b>       | <b>17,559</b>       | <b>82,943</b>       |



**Collateral and other credit enhancements possessed or called upon (reviewed)**

The Group obtains assets by taking possession of collateral or calling upon other credit enhancements (such as guarantees). Repossessed properties are sold in an orderly fashion. Where the proceeds are in excess of the outstanding loan balance the excess is returned to the borrower.

Certain equity securities acquired may be held by the Group for investment purposes and are classified as fair value through profit or loss, and the related loan written off. The carrying value of collateral possessed and held by the Group is \$11.9 million (31 December 2023: \$16.5 million).

|                               | 30.06.24<br>\$million | 31.12.23<br>\$million |
|-------------------------------|-----------------------|-----------------------|
| Property, plant and equipment | 9.0                   | 10.5                  |
| Guarantees                    | 2.9                   | 6.0                   |
| <b>Total</b>                  | <b>11.9</b>           | <b>16.5</b>           |

**Other Credit risk mitigation (reviewed)**

Other forms of credit risk mitigation are set out below.

**Credit default swaps**

The Group has entered into credit default swaps for portfolio management purposes, referencing loan assets with a notional value of \$3.5 billion (31 December 2023: \$3.5 billion). These credit default swaps are accounted for as financial guarantees as per IFRS 9 as they will only reimburse the holder for an incurred loss on an underlying debt instrument.

The Group continues to hold the underlying assets referenced in the credit default swaps and it continues to be exposed to related Credit Risk and Foreign Exchange Rate Risk on these assets.

**Credit linked notes**

The Group has issued credit linked notes for portfolio management purposes, referencing loan assets with a notional value of \$29.0 billion (31 December 2023: \$22.5 billion). The Group continues to hold the underlying assets for which the credit linked notes provide mitigation. The credit linked notes are recognised as a financial liability at amortised cost on the balance sheet.

**Derivative financial instruments**

The Group enters into master netting agreements which, in the event of default, result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions. Credit Risk mitigation for derivative financial instruments is set out below.

**Off-balance sheet exposures**

For certain types of exposures, such as letters of credit and guarantees, the Group obtains collateral such as cash depending on internal Credit Risk assessments, as well as in the case of letters of credit holding legal title to the underlying assets should a default take place.

## Risk review continued

### Other portfolio analysis

This section provides analysis of Credit quality by industry and Industry analysis of loans and advances by key geography.

### Credit quality by industry

#### Loans and advances

This section provides an analysis of the Group's amortised cost portfolio by industry on a gross, total credit impairment and net basis.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

| 30.06.24  |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
|---|----------------------------|---|--|----------------------------|---|--|----------------------------|---|--|----------------------------|---|--|
| Amortised cost  | Stage 1                    |   |  | Stage 2                    |   |  | Stage 3                    |   |  | Total                      |   |  |
|   | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million |
| Industry:   |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
| Energy  | 11,879                     | (15)                                    | 11,864                                 | 554                        | (19)                                    | 535                                    | 894                        | (570)                                   | 324                                    | 13,327                     | (604)                                   | 12,723                                 |
| Manufacturing   | 19,050                     | (9)                                     | 19,041                                 | 712                        | (14)                                    | 698                                    | 500                        | (383)                                   | 117                                    | 20,262                     | (406)                                   | 19,856                                 |
| Financing, insurance<br>and non-banking               | 30,566                     | (9)                                     | 30,557                                 | 666                        | (5)                                     | 661                                    | 107                        | (103)                                   | 4                                      | 31,339                     | (117)                                   | 31,222                                 |
| Transport, telecom<br>and utilities                   | 15,188                     | (10)                                    | 15,178                                 | 2,178                      | (48)                                    | 2,130                                  | 431                        | (152)                                   | 279                                    | 17,797                     | (210)                                   | 17,587                                 |
| Food and household<br>products                        | 8,335                      | (6)                                     | 8,329                                  | 356                        | (8)                                     | 348                                    | 290                        | (226)                                   | 64                                     | 8,981                      | (240)                                   | 8,741                                  |
| Commercial real estate                                | 12,650                     | (45)                                    | 12,605                                 | 1,769                      | (73)                                    | 1,696                                  | 1,606                      | (1,194)                                 | 412                                    | 16,025                     | (1,312)                                 | 14,713                                 |
| Mining and quarrying                                  | 5,622                      | (2)                                     | 5,620                                  | 219                        | (9)                                     | 210                                    | 101                        | (59)                                    | 42                                     | 5,942                      | (70)                                    | 5,872                                  |
| Consumer durables                                     | 6,166                      | (3)                                     | 6,163                                  | 249                        | (18)                                    | 231                                    | 311                        | (277)                                   | 34                                     | 6,726                      | (298)                                   | 6,428                                  |
| Construction  | 2,415                      | (2)                                     | 2,413                                  | 466                        | (3)                                     | 463                                    | 368                        | (325)                                   | 43                                     | 3,249                      | (330)                                   | 2,919                                  |
| Trading companies &<br>distributors                   | 623                        | –                                       | 623                                    | 36                         | –                                       | 36                                     | 86                         | (53)                                    | 33                                     | 745                        | (53)                                    | 692                                    |
| Government  | 27,566                     | (4)                                     | 27,562                                 | 771                        | (3)                                     | 768                                    | 197                        | (19)                                    | 178                                    | 28,534                     | (26)                                    | 28,508                                 |
| Other   | 5,022                      | (5)                                     | 5,017                                  | 133                        | (6)                                     | 127                                    | 221                        | (88)                                    | 133                                    | 5,376                      | (99)                                    | 5,277                                  |
| <b>Total</b>  | <b>145,082</b>             | <b>(110)</b>                            | <b>144,972</b>                         | <b>8,109</b>               | <b>(206)</b>                            | <b>7,903</b>                           | <b>5,112</b>               | <b>(3,449)</b>                          | <b>1,663</b>                           | <b>158,303</b>             | <b>(3,765)</b>                          | <b>154,538</b>                         |
| Retail Products:                                      |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
| Mortgage  | 76,084                     | (8)                                     | 76,076                                 | 1,008                      | (4)                                     | 1,004                                  | 586                        | (132)                                   | 454                                    | 77,678                     | (144)                                   | 77,534                                 |
| Credit Cards  | 7,628                      | (112)                                   | 7,516                                  | 240                        | (67)                                    | 173                                    | 74                         | (53)                                    | 21                                     | 7,942                      | (232)                                   | 7,710                                  |
| Personal loans and other<br>unsecured lending         | 10,488                     | (215)                                   | 10,273                                 | 331                        | (75)                                    | 256                                    | 243                        | (100)                                   | 143                                    | 11,062                     | (390)                                   | 10,672                                 |
| Auto  | 223                        | –                                       | 223                                    | 1                          | –                                       | 1                                      | –                          | –                                       | –                                      | 224                        | –                                       | 224                                    |
| Secured wealth products                               | 20,888                     | (28)                                    | 20,860                                 | 183                        | (8)                                     | 175                                    | 488                        | (328)                                   | 160                                    | 21,559                     | (364)                                   | 21,195                                 |
| Other   | 3,856                      | (7)                                     | 3,849                                  | 133                        | (2)                                     | 131                                    | 136                        | (93)                                    | 43                                     | 4,125                      | (102)                                   | 4,023                                  |
| <b>Total</b>  | <b>119,167</b>             | <b>(370)</b>                            | <b>118,797</b>                         | <b>1,896</b>               | <b>(156)</b>                            | <b>1,740</b>                           | <b>1,527</b>               | <b>(706)</b>                            | <b>821</b>                             | <b>122,590</b>             | <b>(1,232)</b>                          | <b>121,358</b>                         |
| <b>Net carrying value<br/>(customers)<sup>1</sup></b> | <b>264,249</b>             | <b>(480)</b>                            | <b>263,769</b>                         | <b>10,005</b>              | <b>(362)</b>                            | <b>9,643</b>                           | <b>6,639</b>               | <b>(4,155)</b>                          | <b>2,484</b>                           | <b>280,893</b>             | <b>(4,997)</b>                          | <b>275,896</b>                         |
| <b>Net carrying value (Banks)<sup>1</sup></b>         | <b>44,793</b>              | <b>(4)</b>                              | <b>44,789</b>                          | <b>392</b>                 | <b>(3)</b>                              | <b>389</b>                             | <b>57</b>                  | <b>(4)</b>                              | <b>53</b>                              | <b>45,242</b>              | <b>(11)</b>                             | <b>45,231</b>                          |

<sup>1</sup> Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$3,991 million (Loans to Banks) and \$7,788 million (Loans to customers)

31.12.23

|   | Stage 1                    |   |  | Stage 2                    |   |  | Stage 3                    |   |  | Total                      |   |  |
|---|----------------------------|---|--|----------------------------|---|--|----------------------------|---|--|----------------------------|---|--|
|   | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million | Gross balance<br>\$million | Total credit<br>impairment<br>\$million | Net<br>carrying<br>amount<br>\$million |
| <b>Amortised cost</b>                                 |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
| <b>Industry:</b>                                      |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
| Energy  | 9,397                      | (8)                                     | 9,389                                  | 672                        | (22)                                    | 650                                    | 949                        | (535)                                   | 414                                    | 11,018                     | (565)                                   | 10,453                                 |
| Manufacturing   | 21,239                     | (8)                                     | 21,231                                 | 708                        | (16)                                    | 692                                    | 656                        | (436)                                   | 220                                    | 22,603                     | (460)                                   | 22,143                                 |
| Financing, insurance<br>and non-banking               | 31,633                     | (13)                                    | 31,620                                 | 571                        | (1)                                     | 570                                    | 80                         | (77)                                    | 3                                      | 32,284                     | (91)                                    | 32,193                                 |
| Transport, telecom<br>and utilities                   | 14,710                     | (8)                                     | 14,702                                 | 1,722                      | (36)                                    | 1,686                                  | 481                        | (178)                                   | 303                                    | 16,913                     | (222)                                   | 16,691                                 |
| Food and household<br>products                        | 7,668                      | (15)                                    | 7,653                                  | 323                        | (7)                                     | 316                                    | 355                        | (262)                                   | 93                                     | 8,346                      | (284)                                   | 8,062                                  |
| Commercial real estate                                | 12,261                     | (30)                                    | 12,231                                 | 1,848                      | (129)                                   | 1,719                                  | 1,712                      | (1,191)                                 | 521                                    | 15,821                     | (1,350)                                 | 14,471                                 |
| Mining and quarrying                                  | 5,995                      | (4)                                     | 5,991                                  | 220                        | (10)                                    | 210                                    | 151                        | (84)                                    | 67                                     | 6,366                      | (98)                                    | 6,268                                  |
| Consumer durables                                     | 5,815                      | (3)                                     | 5,812                                  | 300                        | (21)                                    | 279                                    | 329                        | (298)                                   | 31                                     | 6,444                      | (322)                                   | 6,122                                  |
| Construction  | 2,230                      | (2)                                     | 2,228                                  | 502                        | (8)                                     | 494                                    | 358                        | (326)                                   | 32                                     | 3,090                      | (336)                                   | 2,754                                  |
| Trading companies &<br>distributors                   | 581                        | –                                       | 581                                    | 57                         | –                                       | 57                                     | 107                        | (58)                                    | 49                                     | 745                        | (58)                                    | 687                                    |
| Government  | 33,400                     | (6)                                     | 33,394                                 | 1,783                      | (5)                                     | 1,778                                  | 367                        | (33)                                    | 334                                    | 35,550                     | (44)                                    | 35,506                                 |
| Other   | 4,262                      | (4)                                     | 4,258                                  | 161                        | (3)                                     | 158                                    | 187                        | (70)                                    | 117                                    | 4,610                      | (77)                                    | 4,533                                  |
| <b>Total</b>  | <b>149,191</b>             | <b>(101)</b>                            | <b>149,090</b>                         | <b>8,867</b>               | <b>(258)</b>                            | <b>8,609</b>                           | <b>5,732</b>               | <b>(3,548)</b>                          | <b>2,184</b>                           | <b>163,790</b>             | <b>(3,907)</b>                          | <b>159,883</b>                         |
| <b>Retail Products:</b>                               |                            |   |  |                            |   |  |                            |   |  |                            |   |  |
| Mortgage  | 81,210                     | (8)                                     | 81,202                                 | 1,350                      | (5)                                     | 1,345                                  | 519                        | (123)                                   | 396                                    | 83,079                     | (136)                                   | 82,943                                 |
| Credit Cards  | 7,633                      | (104)                                   | 7,529                                  | 244                        | (65)                                    | 179                                    | 69                         | (50)                                    | 19                                     | 7,946                      | (219)                                   | 7,727                                  |
| Personal loans and other<br>unsecured lending         | 10,867                     | (188)                                   | 10,679                                 | 324                        | (77)                                    | 247                                    | 315                        | (165)                                   | 150                                    | 11,506                     | (430)                                   | 11,076                                 |
| Auto  | 310                        | –                                       | 310                                    | 1                          | –                                       | 1                                      | 1                          | –                                       | 1                                      | 312                        | –                                       | 312                                    |
| Secured wealth products                               | 19,923                     | (22)                                    | 19,901                                 | 278                        | (10)                                    | 268                                    | 474                        | (340)                                   | 134                                    | 20,675                     | (372)                                   | 20,303                                 |
| Other   | 4,558                      | (7)                                     | 4,551                                  | 161                        | (5)                                     | 156                                    | 118                        | (94)                                    | 24                                     | 4,837                      | (106)                                   | 4,731                                  |
| <b>Total</b>  | <b>124,501</b>             | <b>(329)</b>                            | <b>124,172</b>                         | <b>2,358</b>               | <b>(162)</b>                            | <b>2,196</b>                           | <b>1,496</b>               | <b>(772)</b>                            | <b>724</b>                             | <b>128,355</b>             | <b>(1,263)</b>                          | <b>127,092</b>                         |
| <b>Net carrying value<br/>(customers)<sup>1</sup></b> | <b>273,692</b>             | <b>(430)</b>                            | <b>273,262</b>                         | <b>11,225</b>              | <b>(420)</b>                            | <b>10,805</b>                          | <b>7,228</b>               | <b>(4,320)</b>                          | <b>2,908</b>                           | <b>292,145</b>             | <b>(5,170)</b>                          | <b>286,975</b>                         |
| <b>Net carrying value (Banks)<sup>1</sup></b>         | <b>44,384</b>              | <b>(8)</b>                              | <b>44,376</b>                          | <b>540</b>                 | <b>(10)</b>                             | <b>530</b>                             | <b>77</b>                  | <b>(6)</b>                              | <b>71</b>                              | <b>45,001</b>              | <b>(24)</b>                             | <b>44,977</b>                          |

1 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$1,738 million (Loans to Banks) and \$13,996 million (Loans to customers)

## Risk review continued

### Industry analysis of loans and advances by key geography

This section provides an analysis of the Group's amortised cost loan portfolio, net of provisions, by industry and geography.

The Manufacturing sector group is spread across a diverse range of industries, including automobiles and components, capital goods, pharmaceuticals, biotech and life sciences, technology hardware and equipment, chemicals, paper products and packaging, with lending spread over 3,269 clients.

### Corporate & Investment Banking

| Amortised cost                                   | 30.06.24               |                    |                        |                 |                 |                    |                    | 31.12.23               |                    |                        |                 |                 |                    |                    |
|--|------------------------|--------------------|------------------------|-----------------|-----------------|--------------------|--------------------|------------------------|--------------------|------------------------|-----------------|-----------------|--------------------|--------------------|
|  | Hong Kong<br>\$million | China<br>\$million | Singapore<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Total<br>\$million | Hong Kong<br>\$million | China<br>\$million | Singapore<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Total<br>\$million |
| <b>Industry:</b>                                 |                        |                    |                        |                 |                 |                    |                    |                        |                    |                        |                 |                 |                    |                    |
| Energy   | 2,840                  | 56                 | 3,014                  | 3,646           | 1,594           | 1,560              | 12,710             | 3,118                  | 42                 | 1,162                  | 1,341           | 3,638           | 1,130              | 10,431             |
| Manufacturing                                    | 3,299                  | 4,353              | 1,302                  | 436             | 2,111           | 8,333              | 19,834             | 3,570                  | 4,309              | 1,666                  | 694             | 2,921           | 8,982              | 22,142             |
| Financing, insurance and non-banking             | 3,505                  | 3,823              | 2,031                  | 8,535           | 8,098           | 3,943              | 29,935             | 3,700                  | 3,570              | 1,708                  | 1,724           | 6,627           | 14,864             | 32,193             |
| Transport, telecom and utilities                 | 5,140                  | 410                | 3,022                  | 1,336           | 595             | 7,078              | 17,581             | 4,634                  | 429                | 2,499                  | 1,030           | 630             | 7,470              | 16,692             |
| Food and household products                      | 359                    | 467                | 1,746                  | 1,004           | 626             | 4,539              | 8,741              | 541                    | 519                | 911                    | 816             | 664             | 4,611              | 8,062              |
| Commercial real estate                           | 4,030                  | 411                | 1,549                  | 1,100           | 1,823           | 5,800              | 14,713             | 3,895                  | 588                | 1,125                  | 1,436           | 1,236           | 6,192              | 14,472             |
| Mining and quarrying                             | 955                    | 691                | 506                    | 1,520           | 195             | 2,005              | 5,872              | 1,028                  | 735                | 427                    | 1,729           | 279             | 2,071              | 6,269              |
| Consumer durables                                | 3,028                  | 310                | 282                    | 114             | 487             | 2,207              | 6,428              | 3,030                  | 244                | 180                    | 177             | 483             | 2,008              | 6,122              |
| Construction                                     | 233                    | 146                | 525                    | 119             | 385             | 1,511              | 2,919              | 176                    | 163                | 319                    | 137             | 389             | 1,569              | 2,753              |
| Trading companies and distributors               | 119                    | 185                | 125                    | 31              | 37              | 195                | 692                | 119                    | 75                 | 121                    | 31              | 20              | 321                | 687                |
| Government                                       | 1,248                  | –                  | 103                    | 145             | 5               | 4,332              | 5,833              | 1,445                  | 1                  | 547                    | 236             | 6               | 3,814              | 6,049              |
| Other  | 2,247                  | 321                | 661                    | 349             | 167             | 1,532              | 5,277              | 1,676                  | 265                | 646                    | 257             | 264             | 1,425              | 4,533              |
| <b>Net loans and advances to customers – CIB</b> | <b>27,003</b>          | <b>11,173</b>      | <b>14,866</b>          | <b>18,335</b>   | <b>16,123</b>   | <b>43,035</b>      | <b>130,535</b>     | <b>26,932</b>          | <b>10,940</b>      | <b>11,311</b>          | <b>9,608</b>    | <b>17,157</b>   | <b>54,457</b>      | <b>130,405</b>     |
| <b>Net loans and advances to banks</b>           | <b>16,258</b>          | <b>2,779</b>       | <b>9,263</b>           | <b>3,843</b>    | <b>2,774</b>    | <b>10,314</b>      | <b>45,231</b>      | <b>17,457</b>          | <b>1,996</b>       | <b>8,994</b>           | <b>3,868</b>    | <b>2,544</b>    | <b>10,119</b>      | <b>44,978</b>      |

### Wealth & Retail Banking

| Amortised cost                                   | 30.06.24               |                    |                        |                    |                    | 31.12.23               |                    |                        |                    |                    |
|--|------------------------|--------------------|------------------------|--------------------|--------------------|------------------------|--------------------|------------------------|--------------------|--------------------|
|  | Hong Kong<br>\$million | Korea<br>\$million | Singapore<br>\$million | Other<br>\$million | Total<br>\$million | Hong Kong<br>\$million | Korea<br>\$million | Singapore<br>\$million | Other<br>\$million | Total<br>\$million |
| <b>Retail Products:</b>                          |                        |                    |                        |                    |                    |                        |                    |                        |                    |                    |
| Mortgages  | 31,821                 | 13,724             | 14,531                 | 17,458             | 77,534             | 32,935                 | 17,157             | 15,292                 | 17,559             | 82,943             |
| Credit Cards                                     | 3,335                  | 65                 | 1,643                  | 1,558              | 6,601              | 3,325                  | 114                | 1,705                  | 1,549              | 6,693              |
| Personal Loans and other unsecured lending       | 1,015                  | 2,907              | 255                    | 6,495              | 10,672             | 950                    | 3,230              | 220                    | 6,676              | 11,076             |
| Auto   | –                      | –                  | 171                    | 53                 | 224                | –                      | –                  | 240                    | 72                 | 312                |
| Secured wealth products                          | 5,199                  | 25                 | 10,229                 | 5,742              | 21,195             | 5,164                  | 33                 | 9,388                  | 5,718              | 20,303             |
| Other  | 592                    | 2,423              | 90                     | 918                | 4,023              | 644                    | 3,149              | 82                     | 856                | 4,731              |
| <b>Net loans and advances to customers – WRB</b> | <b>41,962</b>          | <b>19,144</b>      | <b>26,919</b>          | <b>32,224</b>      | <b>120,249</b>     | <b>43,018</b>          | <b>23,683</b>      | <b>26,927</b>          | <b>32,430</b>      | <b>126,058</b>     |

### Vulnerable, cyclical and high carbon sectors

Vulnerable and cyclical sectors are those that the Group considers to be most at risk from current economic stresses, including volatile energy and commodity prices, and we continue to monitor exposures to these sectors particularly carefully.

Sectors are identified and grouped as per the International Standard Industrial Classification (ISIC) system and exposure numbers have been updated to include all in-scope ISIC codes used for target setting among the high carbon sectors.

The maximum exposures shown in the table include Loans and Advances to Customers at Amortised cost, Fair Value through profit or loss, and committed facilities available as per IFRS 9 – Financial Instruments in \$million.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

### Maximum exposure

|   | 30.06.24   |                      |   |  |   |  |   |
|---|--|----------------------|---|--|---|--|---|
|   | Maximum on Balance Sheet Exposure (net of credit impairment) \$million | Collateral \$million | Net On Balance Sheet Exposure \$million | Undrawn Commitments (net of credit impairment) \$million | Financial Guarantees (net of credit impairment) \$million | Net Off Balance Sheet Exposure \$million | Total On & Off Balance Sheet Net Exposure \$million |
| Industry:   |  |                      |   |  |   |  |   |
| Automotive manufacturers <sup>1</sup>                       | 3,120  | 61                   | 3,059                                   | 3,350  | 290   | 3,640                                    | 6,699   |
| Aviation <sup>1,2</sup>                                     | 1,751  | 935                  | 816                                     | 1,964  | 676   | 2,640                                    | 3,456   |
| Of which: High Carbon Sector                                | 1,395  | 970                  | 425                                     | 1,202  | 632   | 1,834                                    | 2,259   |
| Commodity Traders <sup>2</sup>                              | 8,429  | 324                  | 8,105                                   | 2,213  | 6,539   | 8,752                                    | 16,857  |
| Metals & Mining <sup>1,2</sup>                              | 4,651  | 325                  | 4,326                                   | 3,653  | 1,632   | 5,285                                    | 9,611   |
| Of which: Steel <sup>1</sup>                                | 2,068  | 216                  | 1,852                                   | 692  | 376   | 1,068                                    | 2,920   |
| Of which: Coal Mining <sup>1</sup>                          | 13   | 5                    | 8                                       | 50   | 101   | 151                                      | 159   |
| Of which: Aluminium <sup>1</sup>                            | 535  | 33                   | 502                                     | 388  | 118   | 506                                      | 1,008   |
| Shipping <sup>1</sup>                                       | 7,285  | 4,621                | 2,664                                   | 2,851  | 433   | 3,284                                    | 5,948   |
| Construction <sup>2</sup>                                   | 3,013  | 351                  | 2,662                                   | 2,577  | 5,910   | 8,487                                    | 11,149  |
| Of which: Cement <sup>1</sup>                               | 949  | 55                   | 894                                     | 621  | 277   | 898                                      | 1,792   |
| Commercial Real Estate <sup>2</sup>                         | 15,127   | 5,964                | 9,163                                   | 5,042  | 802   | 5,844                                    | 15,007  |
| Of which: High Carbon Sector                                | 8,511  | 3,460                | 5,051                                   | 2,421  | 659   | 3,080                                    | 8,131   |
| Hotels & Tourism <sup>2</sup>                               | 1,950  | 689                  | 1,261                                   | 1,290  | 360   | 1,650                                    | 2,911   |
| Oil & Gas <sup>1,2</sup>                                    | 8,100  | 1,026                | 7,074                                   | 8,543  | 7,070   | 15,613                                   | 22,687  |
| Power <sup>1</sup>  | 5,356  | 1,103                | 4,253                                   | 3,516  | 918   | 4,434                                    | 8,687   |
| <b>Total<sup>3</sup></b>                                    | <b>58,782</b>  | <b>15,399</b>        | <b>43,383</b>                           | <b>34,999</b>  | <b>24,630</b>   | <b>59,629</b>                            | <b>103,012</b>                                      |
| <b>Of which: Vulnerable and cyclical sectors</b>            | <b>43,021</b>  | <b>9,614</b>         | <b>33,407</b>                           | <b>25,282</b>  | <b>22,989</b>   | <b>48,271</b>                            | <b>81,678</b>                                       |
| <b>Of which: High carbon sectors</b>                        | <b>37,332</b>  | <b>11,550</b>        | <b>25,782</b>                           | <b>23,634</b>  | <b>10,874</b>   | <b>34,508</b>                            | <b>60,290</b>                                       |
| <b>Total Corporate &amp; Investment Banking<sup>4</sup></b> | <b>190,337</b>   | <b>27,434</b>        | <b>162,903</b>                          | <b>110,067</b>   | <b>74,551</b>   | <b>184,618</b>                           | <b>347,521</b>                                      |
| <b>Total Group<sup>5</sup></b>                              | <b>423,399</b>   | <b>119,863</b>       | <b>303,536</b>                          | <b>178,475</b>   | <b>85,934</b>   | <b>264,409</b>                           | <b>567,945</b>                                      |

1 High-carbon sectors

2 Vulnerable and cyclical sectors

3 Maximum On Balance sheet exposure include FVTPL portion of \$2,254 million, of which Vulnerable sector is \$1,650 million and High Carbon sector is \$1,186 million

4 Include On Balance sheet FVTPL amount of \$59,802 million for Corporate & Investment Banking loans to customers

5 Total Group includes net loans and advances to banks and net loans and advances to customers held at amortised cost of \$45,231 million and \$275,896 million respectively and loans to banks and loans and advances to customers held at FVTPL of \$42,461 million and \$59,811 million respectively. Refer to credit quality table on page 45

## Risk review continued

|   | 31.12.23  |                       |  |  |   |   |  |
|---|---|-----------------------|--|--|---|---|--|
|   | Maximum On<br>Balance Sheet<br>Exposure<br>(net of credit<br>impairment)<br>Million | Collateral<br>Million | Net On<br>Balance Sheet<br>Exposure<br>Million | Undrawn<br>Commitments<br>(net of credit<br>impairment)<br>Million | Financial<br>Guarantees<br>(net of credit<br>impairment)<br>Million | Net Off<br>Balance Sheet<br>Exposure<br>Million | Total On & Off<br>Balance Sheet<br>Net Exposure<br>Million |
| Industry:   |   |                       |  |  |   |   |  |
| Automotive manufacturers <sup>1</sup>             | 3,564   | 65                    | 3,499  | 3,791  | 538   | 4,329   | 7,828  |
| Aviation <sup>1,2</sup>                           | 1,775   | 974                   | 801  | 1,794  | 668   | 2,462   | 3,263  |
| Of which: High Carbon Sector                      | 1,330   | 974                   | 356  | 944  | 615   | 1,559   | 1,915  |
| Commodity Traders <sup>2</sup>                    | 7,406   | 303                   | 7,103  | 2,591  | 6,281   | 8,872   | 15,975   |
| Metals & Mining <sup>1,2,4</sup>                  | 4,136   | 354                   | 3,782  | 3,862  | 1,153   | 5,015   | 8,797  |
| Of which: Steel <sup>1</sup>                      | 1,596   | 193                   | 1,403  | 601  | 358   | 959   | 2,362  |
| Of which: Coal Mining <sup>1</sup>                | 29  | 9                     | 20   | 51   | 99  | 150   | 170  |
| Of which: Aluminium <sup>1</sup>                  | 526   | 9                     | 517  | 338  | 188   | 526   | 1,043  |
| Shipping <sup>1</sup>                             | 5,964   | 3,557                 | 2,407  | 2,261  | 291   | 2,552   | 4,959  |
| Construction <sup>2</sup>                         | 2,853   | 448                   | 2,405  | 2,753  | 5,927   | 8,680   | 11,085   |
| Of which: Cement <sup>1,4</sup>                   | 671   | 47                    | 624  | 769  | 259   | 1,028   | 1,652  |
| Commercial Real Estate <sup>2</sup>               | 14,533  | 6,363                 | 8,170  | 4,658  | 311   | 4,969   | 13,139   |
| Of which: High Carbon Sector                      | 7,498   | 3,383                 | 4,115  | 1,587  | 112   | 1,699   | 5,814  |
| Hotels & Tourism <sup>2</sup>                     | 1,680   | 715                   | 965  | 1,339  | 227   | 1,566   | 2,531  |
| Oil & Gas <sup>1,2</sup>                          | 6,278   | 894                   | 5,384  | 7,845  | 6,944   | 14,789  | 20,173   |
| Power <sup>1</sup>                                | 5,411   | 1,231                 | 4,180  | 3,982  | 732   | 4,714   | 8,894  |
| Total <sup>3</sup>                                | 53,600  | 14,904                | 38,696   | 34,876   | 23,072  | 57,948  | 96,644   |
| <b>Of which: Vulnerable and cyclical sectors</b>  | <b>38,661</b>   | <b>10,051</b>         | <b>28,610</b>                                  | <b>24,842</b>  | <b>21,511</b>   | <b>46,353</b>                                   | <b>74,963</b>  |
| <b>Of which: High carbon sectors</b>              | <b>32,867</b>   | <b>10,362</b>         | <b>22,505</b>                                  | <b>22,169</b>  | <b>10,136</b>   | <b>32,305</b>                                   | <b>54,810</b>  |
| Total Corporate & Investment Banking <sup>5</sup> | 188,903   | 32,744                | 156,159  | 104,437  | 63,183  | 167,620   | 323,779  |
| Total Group <sup>6</sup>                          | 423,276   | 125,760               | 297,516  | 182,299  | 74,278  | 256,577   | 554,093  |

1 High-carbon sectors

2 Vulnerable and cyclical sectors

3 Maximum On Balance sheet exposure include FVTPL portion of \$640 million, of which Vulnerable sector is \$602 million and High Carbon sector is \$125 million

4 Restated Metals & Mining to align the vulnerable and cyclical sector definition to that used for climate reporting. Other Metals and Mining has been removed from high carbon sectors and Cement added to provide consistency with climate reporting and individual high carbon sectors

5 Represented to include On Balance sheet FVTPL amount of \$58,498 million for Corporate & Investment Banking loans to customers

6 Represented to include On Balance sheet FVTPL amount. In 2023, total Group includes net loans and advances to banks and net loans and advances to customers held at amortised cost of \$44,977 million and \$286,975 million respectively and loans to banks and loans and advances to customers held at FVTPL of \$32,813 million and \$58,511 million respectively. Refer to credit quality table on page 46

## Loans and advances by stage

30.06.24

|                        | Stage 1                    |   |                                     | Stage 2                    |   |                                     | Stage 3                    |   |                                     | Total                      |   |                                     |
|------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|
|                        | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million |
| <b>Amortised Cost</b>  |                            |   |                                     |                            |   |                                     |                            |   |                                     |                            |   |                                     |
| <b>Industry:</b>       |                            |   |                                     |                            |   |                                     |                            |   |                                     |                            |   |                                     |
| Aviation               | 1,605                      | (1)                                     | 1,604                               | 77                         | –                                       | 77                                  | 63                         | (12)                                    | 51                                  | 1,745                      | (13)                                    | 1,732                               |
| Commodity Traders      | 7,838                      | (2)                                     | 7,836                               | 31                         | (1)                                     | 30                                  | 503                        | (491)                                   | 12                                  | 8,372                      | (494)                                   | 7,878                               |
| Metals & Mining        | 3,889                      | (2)                                     | 3,887                               | 188                        | (8)                                     | 180                                 | 110                        | (66)                                    | 44                                  | 4,187                      | (76)                                    | 4,111                               |
| Construction           | 2,415                      | (2)                                     | 2,413                               | 466                        | (3)                                     | 463                                 | 368                        | (325)                                   | 43                                  | 3,249                      | (330)                                   | 2,919                               |
| Commercial Real Estate | 12,650                     | (45)                                    | 12,605                              | 1,769                      | (73)                                    | 1,696                               | 1,606                      | (1,194)                                 | 412                                 | 16,025                     | (1,312)                                 | 14,713                              |
| Hotels & Tourism       | 1,789                      | (2)                                     | 1,787                               | 35                         | –                                       | 35                                  | 125                        | (28)                                    | 97                                  | 1,949                      | (30)                                    | 1,919                               |
| Oil & Gas              | 7,211                      | (6)                                     | 7,205                               | 530                        | (11)                                    | 519                                 | 524                        | (149)                                   | 375                                 | 8,265                      | (166)                                   | 8,099                               |
| <b>Total</b>           | <b>37,397</b>              | <b>(60)</b>                             | <b>37,337</b>                       | <b>3,096</b>               | <b>(96)</b>                             | <b>3,000</b>                        | <b>3,299</b>               | <b>(2,265)</b>                          | <b>1,034</b>                        | <b>43,792</b>              | <b>(2,421)</b>                          | <b>41,371</b>                       |
| <b>Total CIB</b>       | <b>121,272</b>             | <b>(110)</b>                            | <b>121,162</b>                      | <b>7,980</b>               | <b>(206)</b>                            | <b>7,774</b>                        | <b>5,048</b>               | <b>(3,449)</b>                          | <b>1,599</b>                        | <b>134,300</b>             | <b>(3,765)</b>                          | <b>130,535</b>                      |
| <b>Total Group</b>     | <b>309,042</b>             | <b>(482)</b>                            | <b>308,560</b>                      | <b>10,397</b>              | <b>(367)</b>                            | <b>10,030</b>                       | <b>6,696</b>               | <b>(4,159)</b>                          | <b>2,537</b>                        | <b>326,135</b>             | <b>(5,008)</b>                          | <b>321,127</b>                      |

31.12.23

|                        | Stage 1                    |   |                                     | Stage 2                    |   |                                     | Stage 3                    |   |                                     | Total                      |   |                                     |
|------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|----------------------------|---|-------------------------------------|
|                        | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million | Gross Balance<br>\$million | Total Credit<br>Impairment<br>\$million | Net Carrying<br>Amount<br>\$million |
| <b>Amortised Cost</b>  |                            |   |                                     |                            |   |                                     |                            |   |                                     |                            |   |                                     |
| <b>Industry:</b>       |                            |   |                                     |                            |   |                                     |                            |   |                                     |                            |   |                                     |
| Aviation               | 1,619                      | –                                       | 1,619                               | 55                         | (1)                                     | 54                                  | 74                         | (15)                                    | 59                                  | 1,748                      | (16)                                    | 1,732                               |
| Commodity Traders      | 6,912                      | (2)                                     | 6,910                               | 129                        | (1)                                     | 128                                 | 555                        | (504)                                   | 51                                  | 7,596                      | (507)                                   | 7,089                               |
| Metals & Mining        | 3,934                      | (1)                                     | 3,933                               | 140                        | (8)                                     | 132                                 | 154                        | (88)                                    | 66                                  | 4,228                      | (97)                                    | 4,131                               |
| Construction           | 2,230                      | (2)                                     | 2,228                               | 502                        | (8)                                     | 494                                 | 358                        | (326)                                   | 32                                  | 3,090                      | (336)                                   | 2,754                               |
| Commercial Real Estate | 12,261                     | (30)                                    | 12,231                              | 1,848                      | (129)                                   | 1,719                               | 1,712                      | (1,191)                                 | 521                                 | 15,821                     | (1,350)                                 | 14,471                              |
| Hotels & Tourism       | 1,468                      | (2)                                     | 1,466                               | 61                         | –                                       | 61                                  | 126                        | (25)                                    | 101                                 | 1,655                      | (27)                                    | 1,628                               |
| Oil & Gas              | 5,234                      | (4)                                     | 5,230                               | 615                        | (15)                                    | 600                                 | 571                        | (147)                                   | 424                                 | 6,420                      | (166)                                   | 6,254                               |
| <b>Total</b>           | <b>33,658</b>              | <b>(41)</b>                             | <b>33,617</b>                       | <b>3,350</b>               | <b>(162)</b>                            | <b>3,188</b>                        | <b>3,550</b>               | <b>(2,296)</b>                          | <b>1,254</b>                        | <b>40,558</b>              | <b>(2,499)</b>                          | <b>38,059</b>                       |
| <b>Total CIB</b>       | <b>120,886</b>             | <b>(101)</b>                            | <b>120,785</b>                      | <b>7,902</b>               | <b>(257)</b>                            | <b>7,645</b>                        | <b>5,508</b>               | <b>(3,533)</b>                          | <b>1,975</b>                        | <b>134,296</b>             | <b>(3,891)</b>                          | <b>130,405</b>                      |
| <b>Total Group</b>     | <b>318,076</b>             | <b>(438)</b>                            | <b>317,638</b>                      | <b>11,765</b>              | <b>(430)</b>                            | <b>11,335</b>                       | <b>7,305</b>               | <b>(4,326)</b>                          | <b>2,979</b>                        | <b>337,146</b>             | <b>(5,194)</b>                          | <b>331,952</b>                      |

## Loans and advances by geography (net of credit impairment)

30.06.24

31.12.23

|                        | Hong Kong<br>\$million | China<br>\$million | Singapore<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Total<br>\$million | Hong Kong<br>\$million | China<br>\$million | Singapore<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Total<br>\$million |
|------------------------|------------------------|--------------------|------------------------|-----------------|-----------------|--------------------|--------------------|------------------------|--------------------|------------------------|-----------------|-----------------|--------------------|--------------------|
|                        |                        |                    |                        |                 |                 |                    |                    |                        |                    |                        |                 |                 |                    |                    |
| <b>Industry:</b>       |                        |                    |                        |                 |                 |                    |                    |                        |                    |                        |                 |                 |                    |                    |
| Aviation <sup>12</sup> | 232                    | 32                 | 473                    | 628             | 198             | 169                | 1,732              | 238                    | 5                  | 480                    | 447             | 201             | 361                | 1,732              |
| Commodity Traders      | 1,020                  | 673                | 1,948                  | 1,943           | 674             | 1,620              | 7,878              | 1,313                  | 493                | 1,560                  | 2,294           | 312             | 1,117              | 7,089              |
| Metals & Mining        | 313                    | 404                | 357                    | 458             | 98              | 2,481              | 4,111              | 346                    | 430                | 115                    | 773             | 209             | 2,258              | 4,131              |
| Construction           | 233                    | 146                | 525                    | 119             | 385             | 1,511              | 2,919              | 176                    | 163                | 319                    | 137             | 389             | 1,570              | 2,754              |
| Commercial Real Estate | 4,030                  | 411                | 1,549                  | 1,100           | 1,823           | 5,800              | 14,713             | 3,895                  | 588                | 1,125                  | 1,436           | 1,236           | 6,192              | 14,472             |
| Hotel & Tourism        | 693                    | 95                 | 238                    | 357             | 90              | 446                | 1,919              | 355                    | 85                 | 123                    | 289             | 163             | 613                | 1,628              |
| Oil & Gas              | 2,127                  | –                  | 885                    | 598             | 3,840           | 649                | 8,099              | 1,410                  | 4                  | 694                    | 554             | 2,073           | 1,518              | 6,253              |
| <b>Total</b>           | <b>8,648</b>           | <b>1,761</b>       | <b>5,975</b>           | <b>5,203</b>    | <b>7,108</b>    | <b>12,676</b>      | <b>41,371</b>      | <b>7,733</b>           | <b>1,768</b>       | <b>4,416</b>           | <b>5,930</b>    | <b>4,583</b>    | <b>13,629</b>      | <b>38,059</b>      |

## Risk review continued

### Credit quality – loans and advances

| 30.06.24                       |                                |  |                                    |  |   |  |                                 |                             |
|--------------------------------|--------------------------------|--|------------------------------------|--|---|--|---------------------------------|-----------------------------|
| Amortised Cost<br>Credit Grade | Aviation<br>Gross<br>\$million | Commodity<br>Traders<br>Gross<br>\$million | Construction<br>Gross<br>\$million | Metals &<br>Mining<br>Gross<br>\$million | Commercial<br>Real Estate<br>Gross<br>\$million | Hotel &<br>Tourism<br>Gross<br>\$million | Oil & Gas<br>Gross<br>\$million | Total<br>Gross<br>\$million |
| Strong                         | 1,430                          | 5,171                                      | 962                                | 3,011                                    | 8,344   | 1,464                                    | 4,693                           | 25,075                      |
| Satisfactory                   | 252                            | 2,696                                      | 1,904                              | 1,015                                    | 6,067   | 354                                      | 3,033                           | 15,321                      |
| Higher risk                    | –                              | 2  | 15                                 | 51                                       | 8   | 5  | 15                              | 96                          |
| Credit impaired (stage 3)      | 63                             | 503  | 368                                | 110                                      | 1,606   | 126                                      | 524                             | 3,300                       |
| <b>Total Gross Balance</b>     | <b>1,745</b>                   | <b>8,372</b>                               | <b>3,249</b>                       | <b>4,187</b>                             | <b>16,025</b>                                   | <b>1,949</b>                             | <b>8,265</b>                    | <b>43,792</b>               |
| Strong                         | –                              | (1)  | –                                  | (1)                                      | (43)  | (1)                                      | (1)                             | (47)                        |
| Satisfactory                   | (1)                            | (2)  | (5)                                | (4)                                      | (75)  | (1)                                      | (16)                            | (104)                       |
| Higher risk                    | –                              | –  | –                                  | (6)                                      | –   | –  | –                               | (6)                         |
| Credit impaired (stage 3)      | (12)                           | (491)                                      | (325)                              | (65)                                     | (1,194)   | (28)                                     | (149)                           | (2,264)                     |
| <b>Total Credit Impairment</b> | <b>(13)</b>                    | <b>(494)</b>                               | <b>(330)</b>                       | <b>(76)</b>                              | <b>(1,312)</b>                                  | <b>(30)</b>                              | <b>(166)</b>                    | <b>(2,421)</b>              |
| Strong                         | 0.0%                           | 0.0%                                       | 0.0%                               | 0.0%                                     | 0.5%  | 0.1%                                     | 0.0%                            | 0.2%                        |
| Satisfactory                   | 0.4%                           | 0.1%                                       | 0.3%                               | 0.4%                                     | 1.2%  | 0.3%                                     | 0.5%                            | 0.7%                        |
| Higher risk                    | 0.0%                           | 0.0%                                       | 0.0%                               | 11.8%                                    | 0.0%  | 0.0%                                     | 0.0%                            | 6.3%                        |
| Credit impaired (stage 3)      | 19.0%                          | 97.6%                                      | 88.3%                              | 59.1%                                    | 74.3%   | 22.2%                                    | 28.4%                           | 68.6%                       |
| <b>Cover Ratio</b>             | <b>0.7%</b>                    | <b>5.9%</b>                                | <b>10.2%</b>                       | <b>1.8%</b>                              | <b>8.2%</b>                                     | <b>1.5%</b>                              | <b>2.0%</b>                     | <b>5.5%</b>                 |

| 31.12.23                       |                                |  |                                    |  |   |  |                                 |                             |
|--------------------------------|--------------------------------|--|------------------------------------|--|---|--|---------------------------------|-----------------------------|
| Credit Grade                   | Aviation<br>Gross<br>\$million | Commodity<br>Traders<br>Gross<br>\$million | Construction<br>Gross<br>\$million | Metals &<br>Mining<br>Gross<br>\$million | Commercial<br>Real Estate<br>Gross<br>\$million | Hotel &<br>Tourism<br>Gross<br>\$million | Oil & Gas<br>Gross<br>\$million | Total<br>Gross<br>\$million |
| Strong                         | 1,452                          | 4,444                                      | 1,012                              | 3,213                                    | 7,326   | 1,090                                    | 4,024                           | 22,561                      |
| Satisfactory                   | 222                            | 2,592                                      | 1,702                              | 788                                      | 6,751   | 439                                      | 1,726                           | 14,220                      |
| Higher risk                    | –                              | 5  | 18                                 | 73                                       | 32  | –  | 101                             | 229                         |
| Credit impaired (stage 3)      | 74                             | 555  | 358                                | 154                                      | 1,712   | 126                                      | 569                             | 3,548                       |
| <b>Total Gross Balance</b>     | <b>1,748</b>                   | <b>7,596</b>                               | <b>3,090</b>                       | <b>4,228</b>                             | <b>15,821</b>                                   | <b>1,655</b>                             | <b>6,420</b>                    | <b>40,558</b>               |
| Strong                         | –                              | (1)  | (1)                                | –  | (20)  | (1)                                      | (3)                             | (26)                        |
| Satisfactory                   | (1)                            | (2)  | (6)                                | (1)                                      | (139)   | (1)                                      | (12)                            | (162)                       |
| Higher risk                    | –                              | –  | (4)                                | (8)                                      | –   | –  | (4)                             | (16)                        |
| Credit impaired (stage 3)      | (15)                           | (504)                                      | (325)                              | (88)                                     | (1,191)   | (25)                                     | (147)                           | (2,295)                     |
| <b>Total Credit Impairment</b> | <b>(16)</b>                    | <b>(507)</b>                               | <b>(336)</b>                       | <b>(97)</b>                              | <b>(1,350)</b>                                  | <b>(27)</b>                              | <b>(166)</b>                    | <b>(2,499)</b>              |
| Strong                         | 0.0%                           | 0.0%                                       | 0.1%                               | 0.0%                                     | 0.3%  | 0.1%                                     | 0.1%                            | 0.1%                        |
| Satisfactory                   | 0.5%                           | 0.1%                                       | 0.4%                               | 0.1%                                     | 2.1%  | 0.2%                                     | 0.7%                            | 1.1%                        |
| Higher risk                    | 0.0%                           | 0.0%                                       | 22.2%                              | 11.0%                                    | 0.0%  | 0.0%                                     | 4.0%                            | 7.0%                        |
| Credit impaired (stage 3)      | 20.3%                          | 90.8%                                      | 90.8%                              | 57.1%                                    | 69.6%   | 19.8%                                    | 25.8%                           | 64.7%                       |
| <b>Cover Ratio</b>             | <b>0.9%</b>                    | <b>6.7%</b>                                | <b>10.9%</b>                       | <b>2.3%</b>                              | <b>8.5%</b>                                     | <b>1.6%</b>                              | <b>2.6%</b>                     | <b>6.2%</b>                 |



## Maturity and expected credit loss for high-carbon sectors

|                                    | 30.06.24   | Maturity Buckets <sup>1</sup>    |  |                                   |                                      |
|------------------------------------|--|----------------------------------|--|-----------------------------------|--------------------------------------|
|                                    | Loans and<br>advances<br>(Drawn<br>funding)<br>\$million | Less than<br>1 year<br>\$million | More than<br>1 to 5 years<br>\$million | More than<br>5 years<br>\$million | Expected<br>Credit Loss<br>\$million |
| Sector                             |  |                                  |  |                                   |                                      |
| Automotive Manufacturers           | 3,121  | 2,615                            | 506                                    | –                                 | 1                                    |
| Aviation                           | 1,403  | 181                              | 133                                    | 1,089                             | 8                                    |
| Cement                             | 984  | 586                              | 398                                    | –                                 | 35                                   |
| Coal Mining                        | 24   | –                                | 24                                     | –                                 | 11                                   |
| Steel                              | 2,122  | 1,535                            | 228                                    | 359                               | 54                                   |
| Aluminium                          | 544  | 439                              | 83                                     | 22                                | 9                                    |
| Oil & Gas                          | 8,265  | 3,962                            | 1,612                                  | 2,691                             | 165                                  |
| Power                              | 5,453  | 1,753                            | 1,083                                  | 2,617                             | 97                                   |
| Shipping                           | 7,298  | 1,241                            | 2,505                                  | 3,552                             | 13                                   |
| Commercial Real Estate             | 8,640  | 4,584                            | 3,758                                  | 298                               | 129                                  |
| <b>Total balance<sup>2,3</sup></b> | <b>37,854</b>  | <b>16,896</b>                    | <b>10,330</b>                          | <b>10,628</b>                     | <b>522</b>                           |

1 Maturity bucketing of gross balances

2 Other metals and mining sector excluded to align with climate reporting

3 Includes FVTPL

|                                    | 31.12.23   | Maturity Buckets <sup>1</sup>    |  |                                   |                                      |
|------------------------------------|--|----------------------------------|--|-----------------------------------|--------------------------------------|
| Sector                             | Loans and advances<br>(Drawn funding)<br>\$million | Less than<br>1 year<br>\$million | More than<br>1 to 5 years<br>\$million | More than<br>5 years<br>\$million | Expected<br>Credit Loss<br>\$million |
| Automotive Manufacturers           | 3,566  | 3,106                            | 460                                    | –                                 | 2                                    |
| Aviation                           | 1,339  | 149                              | 145                                    | 1,045                             | 9                                    |
| Cement                             | 719  | 512                              | 189                                    | 18                                | 48                                   |
| Coal Mining                        | 42   | 9                                | 33                                     | –                                 | 13                                   |
| Steel                              | 1,649  | 1,258                            | 185                                    | 206                               | 53                                   |
| Aluminium                          | 537  | 442                              | 63                                     | 32                                | 11                                   |
| Oil & Gas                          | 6,444  | 2,980                            | 1,576                                  | 1,888                             | 166                                  |
| Power                              | 5,516  | 1,933                            | 1,533                                  | 2,050                             | 105                                  |
| Shipping                           | 5,971  | 1,051                            | 2,568                                  | 2,352                             | 7                                    |
| Commercial Real Estate             | 7,664  | 3,722                            | 3,935                                  | 7                                 | 166                                  |
| <b>Total balance<sup>2,3</sup></b> | <b>33,447</b>                                      | <b>15,162</b>                    | <b>10,687</b>                          | <b>7,598</b>                      | <b>580</b>                           |

1 Maturity bucketing of gross balances

2 Other metals and mining sector excluded to align with climate reporting

3 Include FVTPL

## Risk review continued

### China commercial real estate

The table below represents the on and off-balance sheet items that are exposed to China CRE by credit quality.

+ Further details can be found in the 'Summary of Credit Risk performance' section.

|   | 30.06.2024         |                        |   |                    |
|---|--------------------|------------------------|---|--------------------|
|   | China<br>\$million | Hong Kong<br>\$million | Rest of Group <sup>1</sup><br>\$million | Total<br>\$million |
| <b>Amortised cost</b>                         |                    |                        |   |                    |
| Loans to customers                            | 398                | 1,696                  | 37                                      | 2,131              |
| Off balance sheet                             | 6                  | 38                     | –                                       | 44                 |
| <b>Total as at 30 June 2024</b>               | <b>404</b>         | <b>1,734</b>           | <b>37</b>                               | <b>2,175</b>       |
| <b>Loans to customers – By Credit quality</b> |                    |                        |   |                    |
| <b>Gross</b>                                  |                    |                        |   |                    |
| Strong  | 9                  | 11                     | –                                       | 20                 |
| Satisfactory                                  | 214                | 422                    | 37                                      | 673                |
| Higher risk                                   | 8                  | –                      | –                                       | 8                  |
| Credit impaired (stage 3)                     | 167                | 1,263                  | –                                       | 1,430              |
| <b>Total as at 30 June 2024</b>               | <b>398</b>         | <b>1,696</b>           | <b>37</b>                               | <b>2,131</b>       |
| <b>Loans to customers – ECL</b>               |                    |                        |   |                    |
| Strong  | –                  | –                      | –                                       | –                  |
| Satisfactory                                  | (3)                | (79)                   | (12)                                    | (94)               |
| Higher risk                                   | –                  | –                      | –                                       | –                  |
| Credit impaired (stage 3)                     | (61)               | (1,035)                | –                                       | (1,096)            |
| <b>Total as at 30 June 2024</b>               | <b>(64)</b>        | <b>(1,114)</b>         | <b>(12)</b>                             | <b>(1,190)</b>     |

1 Rest of Group mainly includes Singapore

|   | 31.12.2023         |                        |   |                    |
|---|--------------------|------------------------|---|--------------------|
|   | China<br>\$million | Hong Kong<br>\$million | Rest of Group <sup>1</sup><br>\$million | Total<br>\$million |
| <b>Amortised cost</b>                         |                    |                        |   |                    |
| Loans to customers                            | 584                | 1,821                  | 39                                      | 2,444              |
| Off balance sheet                             | 42                 | 82                     | –                                       | 124                |
| <b>Total as at 31 December 2023</b>           | <b>626</b>         | <b>1,903</b>           | <b>39</b>                               | <b>2,568</b>       |
| <b>Loans to customers – By Credit quality</b> |                    |                        |   |                    |
| <b>Gross</b>                                  |                    |                        |   |                    |
| Strong  | 33                 | –                      | –                                       | 33                 |
| Satisfactory                                  | 339                | 619                    | 39                                      | 997                |
| Higher risk                                   | 8                  | –                      | –                                       | 8                  |
| Credit impaired (stage 3)                     | 204                | 1,202                  | –                                       | 1,406              |
| <b>Total as at 31 December 2023</b>           | <b>584</b>         | <b>1,821</b>           | <b>39</b>                               | <b>2,444</b>       |
| <b>Loans to customers – ECL</b>               |                    |                        |   |                    |
| Strong  | –                  | –                      | –                                       | –                  |
| Satisfactory                                  | (3)                | (134)                  | (12)                                    | (149)              |
| Higher risk                                   | –                  | –                      | –                                       | –                  |
| Credit impaired (stage 3)                     | (70)               | (941)                  | –                                       | (1,011)            |
| <b>Total as at 31 December 2023</b>           | <b>(73)</b>        | <b>(1,075)</b>         | <b>(12)</b>                             | <b>(1,160)</b>     |

1 Rest of Group mainly includes Singapore

## Debt securities and other eligible bills (reviewed)

This section provides further detail on gross debt securities and treasury bills.

The standard credit ratings used by the Group are those used by Standard & Poor's or its equivalent. Debt securities held that have a short-term rating are reported against the long-term rating of the issuer. For securities that are unrated, the Group applies an internal credit rating, as described under the credit rating and measurement section on page 321 of the 2023 Annual Report.

Total gross debt securities and other eligible bills decreased by \$8.7 billion to \$152 billion (31 December 2023: \$160 billion) due to capital efficiency, primarily in stage 1.

Stage 1 gross balance decreased by \$8.9 billion to \$149 billion (31 December 2023: \$158 billion) of which \$5.1 billion of the decrease was from A- to A+ rating, mainly in Hong Kong.

Stage 2 gross balance remained stable at \$1.8 billion (31 December 2023: \$1.9 billion).

Stage 3 gross balance increased by \$0.2 billion to \$0.4 billion (31 December 2023: \$0.2 billion) due to an increase in Sri Lanka so as to rebuild the liquidity portfolio.

|                                  | 30.06.24           |                  |                               | 31.12.23           |                  |                               |
|----------------------------------|--------------------|------------------|-------------------------------|--------------------|------------------|-------------------------------|
| Amortised cost and FVOCI         | Gross<br>\$million | ECL<br>\$million | Net <sup>2</sup><br>\$million | Gross<br>\$million | ECL<br>\$million | Net <sup>2</sup><br>\$million |
| <b>Stage 1</b>                   | <b>149,422</b>     | <b>(23)</b>      | <b>149,399</b>                | <b>158,314</b>     | <b>(26)</b>      | <b>158,288</b>                |
| AAA                              | 62,664             | (9)              | 62,655                        | 61,920             | (5)              | 61,915                        |
| AA- to AA+                       | 32,206             | (2)              | 32,204                        | 34,244             | (2)              | 34,242                        |
| A- to A+                         | 33,759             | (3)              | 33,756                        | 38,891             | (2)              | 38,889                        |
| BBB- to BBB+                     | 10,980             | (4)              | 10,976                        | 13,098             | (7)              | 13,091                        |
| Lower than BBB-                  | 2,766              | (2)              | 2,764                         | 1,611              | (2)              | 1,609                         |
| Unrated                          | 7,047              | (3)              | 7,044                         | 8,550              | (8)              | 8,542                         |
| – Strong                         | 6,107              | (2)              | 6,105                         | 7,415              | (7)              | 7,408                         |
| – Satisfactory                   | 940                | (1)              | 939                           | 1,135              | (1)              | 1,134                         |
| <b>Stage 2</b>                   | <b>1,787</b>       | <b>(10)</b>      | <b>1,777</b>                  | <b>1,860</b>       | <b>(34)</b>      | <b>1,826</b>                  |
| AAA                              | 11                 | (1)              | 10                            | 98                 | –                | 98                            |
| AA- to AA+                       | 21                 | –                | 21                            | 22                 | –                | 22                            |
| A- to A+                         | 344                | –                | 344                           | 81                 | –                | 81                            |
| BBB- to BBB+                     | 541                | (4)              | 537                           | 499                | (3)              | 496                           |
| Lower than BBB-                  | 826                | (4)              | 822                           | 893                | (30)             | 863                           |
| Unrated                          | 44                 | (1)              | 43                            | 267                | (1)              | 266                           |
| – Strong                         | 1                  | –                | 1                             | 217                | –                | 217                           |
| – Satisfactory                   | 43                 | (1)              | 42                            | 50                 | (1)              | 49                            |
| – High Risk                      | –                  | –                | –                             | –                  | –                | –                             |
| <b>Stage 3</b>                   | <b>387</b>         | <b>(16)</b>      | <b>371</b>                    | <b>164</b>         | <b>(61)</b>      | <b>103</b>                    |
| Lower than BBB-                  | 346                | (10)             | 336                           | 72                 | (4)              | 68                            |
| Defaulted                        | 41                 | (6)              | 35                            | 92                 | (57)             | 35                            |
| <b>Gross balance<sup>1</sup></b> | <b>151,596</b>     | <b>(49)</b>      | <b>151,547</b>                | <b>160,338</b>     | <b>(121)</b>     | <b>160,217</b>                |

1 Stage 3 gross includes \$23 million (31 December 2023: \$80 million) originated credit-impaired debt securities with impairment of Nil (31 December 2023: \$14 million)

2 FVOCI instrument are not presented net of ECL. While the presentation is on a net basis for the table, the total net on-balance sheet amount is \$151,580 million (31 December 2023: \$160,263 million). Refer to the Analysis of financial instrument by stage table

## IFRS 9 expected credit loss methodology (reviewed)

Refer to page 273 in the 2023 Annual Report for the 'Approach for determining expected credit losses', 'Application of lifetime' and pages 282 to 285 for 'SICR', 'Assessment of credit-impaired financial assets' and 'Governance and application of expert credit judgement in respect of expected credit losses'. There have been no changes to the Group's approach in determining SICR compared to 31 December 2023.

### Composition of credit impairment provisions

The table below summarises the key components of the Group's credit impairment provision balances at 30 June 2024 and 31 December 2023.

|  | Corporate &<br>Investment<br>Banking<br>\$ million | Wealth &<br>Retail Banking<br>\$ million | Ventures<br>\$ million | Central &<br>other items <sup>4</sup><br>\$ million | Total<br>\$ million |
|--|--|--|------------------------|---|---------------------|
| <b>30 June 2024</b>                                |  |  |                        |   |                     |
| Modelled ECL provisions (base forecast)            | 342  | 595                                      | 41                     | 80  | 1,058               |
| Modelled Impact of multiple economic scenarios     | 48   | 14 <sup>1</sup>                          | –                      | –   | 62                  |
| Total ECL provisions before management judgements  | 390  | 609                                      | 41                     | 80  | 1,120               |
| Includes: Model performance post model adjustments |  | (23)                                     | –                      | –   | (23)                |
| Judgemental post model adjustments                 | –  | (21) <sup>2</sup>                        | 10                     | –   | (11)                |
| Judgemental management adjustments <sup>3</sup>    |  |  |                        |   |                     |
| – China commercial real estate                     | 86   | –  | –                      | –   | 86                  |
| – Other  | –  | 13                                       | –                      | –   | 13                  |
| Total modelled provisions                          | 476  | 601                                      | 51                     | 80  | 1,208               |
| Of which: Stage 1                                  | 144  | 358                                      | 20                     | 46  | 568                 |
| Stage 2  | 259  | 138                                      | 22                     | 10  | 429                 |
| Stage 3  | 73   | 105                                      | 9                      | 24  | 211                 |
| Stage 3 non-modelled provisions                    | 3,521  | 593                                      | –                      | 83  | 4,197               |
| <b>Total credit impairment provisions</b>          | <b>3,997</b>                                       | <b>1,194</b>                             | <b>51</b>              | <b>163</b>  | <b>5,405</b>        |
|  |  |  |                        |   |                     |
| <b>31 December 2023</b>                            |  |  |                        |   |                     |
| Modelled ECL provisions (base forecast)            | 372  | 553                                      | 48                     | 98  | 1,071               |
| Modelled impact of multiple economic scenarios     | 20   | 18                                       | –                      | 6   | 44                  |
| Total ECL provisions before management judgements  | 392  | 571                                      | 48                     | 104   | 1,115               |
| Includes: Model performance post model adjustments | (3)  | (28)                                     | –                      | –   | (31)                |
| Judgemental post model adjustments                 | –  | 4  | –                      | –   | 4                   |
| Judgemental management adjustments <sup>3</sup>    |  |  |                        |   |                     |
| – China commercial real estate                     | 141  | –  | –                      | –   | 141                 |
| – Other  | –  | 3  | –                      | 17  | 20                  |
| Total modelled provisions                          | 533  | 578                                      | 48                     | 121   | 1,280               |
| Of which: Stage 1                                  | 151  | 325                                      | 15                     | 68  | 559                 |
| Stage 2  | 318  | 140                                      | 21                     | 49  | 528                 |
| Stage 3  | 64   | 113                                      | 12                     | 4   | 193                 |
| Stage 3 non-modelled provisions                    | 3,587  | 646                                      | –                      | 88  | 4,321               |
| <b>Total credit impairment provisions</b>          | <b>4,120</b>                                       | <b>1,224</b>                             | <b>48</b>              | <b>209</b>  | <b>5,601</b>        |

1 Net of a judgemental post model adjustment to reduce ECL by \$4 million (31 December 2023: \$nil)

2 Excludes \$4 million (31 December 2023: \$nil) reduction in ECL which is reported within the 'Modelled impact of multiple economic scenarios'

3 \$13 million (31 December 2023: \$27 million) is in stage 1, \$86 million (31 December 2023: \$138 million) in stage 2

4 Includes ECL on cash and balances at central banks, accrued income, assets held for sale and other assets

### Model performance post model adjustments (PMA)

As part of normal model monitoring and validation operational processes, where a model's performance breaches the monitoring thresholds or validation standards, an assessment is performed to determine whether a model performance post model adjustment is required to correct for the identified model issue. Model performance post model adjustments are approved by the Group Credit Model Assessment Committee and will be removed when the models are enhanced to correct for the identified model issue or the model estimates return to being within the monitoring thresholds or validation standards.

As at 30 June 2024, model performance post model adjustments have been applied for five models out of the total of 167 models. In aggregate, these post model adjustments reduce the Group's impairment provisions by \$23 million (2 per cent of modelled provisions) compared with a \$31 million decrease at 31 December 2023. The most significant of these relates to an adjustment to decrease ECL for Korea personal loans as the IFRS 9 PD model is sensitive to the higher range of interest rates.

In addition to these model performance post model adjustments, separate judgemental post model and management adjustments have also been applied as set out on pages 79 and 80.

|                                | 30.06.24<br>\$ million | 31.12.23<br>\$ million |
|--------------------------------|------------------------|------------------------|
| Model performance PMAs         |                        |                        |
| Corporate & Investment Banking | –                      | (3)                    |
| Wealth & Retail Banking        | (23)                   | (28)                   |
| Total model performance PMAs   | (23)                   | (31)                   |

### Key assumptions and judgements in determining expected credit loss

#### Incorporation of forward-looking information

The evolving economic environment is a key determinant of the ability of a bank's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future Credit Risk losses should depend, not just on the health of the economy today, but should also take into account potential changes to the economic environment. For example, if a bank were to anticipate a sharp slowdown in the world economy over the coming year, it should hold more provisions today to absorb the credit losses likely to occur in the near future.

To capture the effect of changes to the economic environment, the PDs and LGDs used to calculate ECL incorporate forward-looking information in the form of forecasts of the values of economic variables and asset prices that are likely to have an effect on the repayment ability of the Group's clients.

The 'base forecast' of the economic variables and asset prices is based on management's view of the five-year outlook, supported by projections from the Group's in-house research team and outputs from a third-party model that project specific economic variables and asset prices. The research team takes consensus views into consideration, and senior management review projections for some core country variables against consensus when forming their view of the outlook. For the period beyond five years, management utilises the in-house research view and third-party model outputs, which allow for a reversion to long-term growth rates or norms. All projections are updated on a quarterly basis.

#### Forecast of key macroeconomic variables underlying the expected credit loss calculation and the impact on non-linearity

In the Base Forecast – management's view of the most likely outcome – the world economy is expected grow by 3.1 per cent in 2024 and 3.2 per cent in 2025 with Asia set to remain the primary engine of global growth. This compares to the average of 3.7 per cent for the 10 years prior to COVID-19 (between 2010 and 2019). Growth was over 3 per cent in both 2022 and 2023 at 3.4 per cent and 3.1 per cent, respectively.

Significant uncertainties remain around the outlook. High geopolitical tensions remain a significant near-term adverse risk, particularly if the evolving conflicts in the Middle East were to intensify and disrupt energy and financial markets. Key elections in multiple countries this year may temporarily weigh on investment activity. The US election in particular could have consequences for global trade in 2025. Major central banks are likely to start their rate-cutting cycles in the coming months, opening doors for Asian countries to ease monetary policy.

While the quarterly Base Forecasts inform the Group's strategic plan, one key requirement of IFRS 9 is that the assessment of provisions should consider multiple future economic environments. For example, the global economy may grow more quickly or more slowly than the Base Forecast, and these variations would have different implications for the provisions that the Group should hold today. As the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn, if the Group sets provisions only on the ECL under the Base Forecast it might maintain a level of provisions that does not appropriately capture the range of potential outcomes. To address the inherent uncertainty in economic forecast, and the property of skewness (or non-linearity), IFRS 9 requires reported ECL to be a probability-weighted ECL, calculated over a range of possible outcomes.

## Risk review continued

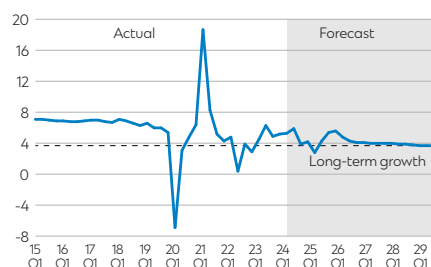
To assess the range of possible outcomes the Group simulates a set of 50 scenarios around the Base Forecast, calculates the ECL under each of them and assigns an equal weight of 2 per cent to each scenario outcome. These scenarios are generated by a Monte Carlo simulation, which addresses the challenges of crafting many realistic alternative scenarios in the many countries in which the Group operates by means of a model, which produces these alternative scenarios while considering the degree of historical uncertainty (or volatility) observed from Q1 1990 to Q1 2024 around economic outcomes, the trends in each macroeconomic variable modelled and the correlation in the unexplained movements around these trends. This naturally means that each of the 50 scenarios do not have a specific narrative, although collectively they explore a range of hypothetical alternative outcomes for the global economy, including scenarios that turn out better than expected and scenarios that amplify anticipated stresses.

The GDP graphs below illustrate the shape of the Base Forecast for key footprint markets in relation to prior periods' actuals. The long-term growth rates are based on the pace of economic expansion expected for 2030. The tables below provide a summary of the Group's Base Forecast for these markets. The peak/trough amount show the highest and lowest points within the Base Forecast.

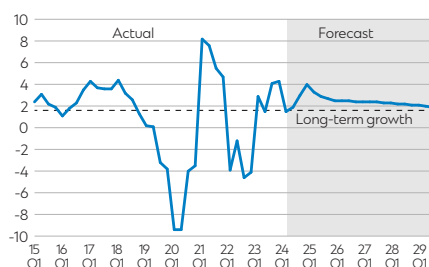
China's GDP growth is expected to ease to 4.8 per cent in 2024 and then to 4.5 per cent in 2025. This follows growth of 5.2 per cent in 2023. Weak consumer confidence and a persistent housing-market downturn cloud the economic outlook. The slower growth for China will also temper economic expansion of Hong Kong. Growth there is expected to be 2.6 per cent in 2024 and 2.9 per cent in 2025, down from the 3.2 per cent for 2023. The recent weakness in domestic business confidence will also slow the recovery in Hong Kong. Growth in India is also expected to slow to 7 per cent in 2024 and 6.5 per cent in 2025 from 7.6 per cent last year. Supportive one-off factors are expected to fade. Growth was recently supported by construction activity and electricity demand (amid below-normal rains), higher corporate profitability due to lower commodity prices, and a still-strong global economy.

In contrast, GDP growth for Singapore is expected to accelerate from 1.0 per cent in 2023 to just over 2.6 per cent in 2024 and to 2.9 per cent in 2025. Favourable base effects to exports and the recovery in the global electronics and semiconductor industry are expected to continue to support the economy. Korea's economic growth will also benefit from the turnaround in this key sector and the current AI 'super-cycle'. The economy is also expected to be supported by more demand for new ships on stricter environmental regulations and export-related facility investment. Korea's economic growth is expected to improve to 2.5 per cent in 2024 and 2.1 per cent in 2025 from 1.3 per cent in 2023.

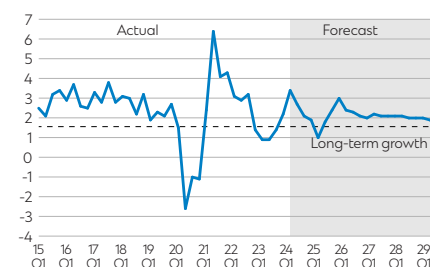
China GDP YoY%



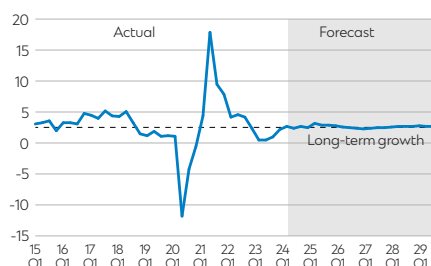
Hong Kong GDP YoY%



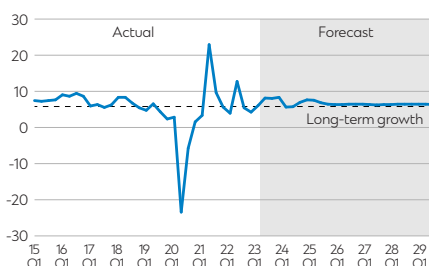
Korea GDP YoY%



Singapore GDP YoY%



India GDP YoY%



Long-term growth = GDP growth expected for 2030

| 30.06.24                          |                      |                   |                                   |                            |                       |                   |                                   |                            |
|-----------------------------------|----------------------|-------------------|-----------------------------------|----------------------------|-----------------------|-------------------|-----------------------------------|----------------------------|
|                                   | China                |                   |                                   |                            | Hong Kong             |                   |                                   |                            |
|                                   | GDP growth<br>(YoY%) | Unemployment<br>% | 3-month<br>interest<br>rates<br>% | House<br>prices<br>(YoY %) | GDP growth<br>(YoY %) | Unemployment<br>% | 3-month<br>interest<br>rates<br>% | House<br>prices<br>(YoY %) |
| <b>Base forecast<sup>1</sup></b>  |                      |                   |                                   |                            |                       |                   |                                   |                            |
| 2024                              | 4.8                  | 3.6               | 1.9                               | (2.9)                      | 2.6                   | 3.1               | 4.5                               | 4.3                        |
| 2025                              | 4.5                  | 3.5               | 2.0                               | 0.0                        | 2.9                   | 3.2               | 3.7                               | 5.5                        |
| 2026                              | 4.3                  | 3.3               | 2.2                               | 2.7                        | 2.5                   | 3.2               | 3.2                               | 3.3                        |
| 2027                              | 4.0                  | 3.2               | 2.4                               | 3.7                        | 2.3                   | 3.2               | 2.7                               | 2.7                        |
| 2028                              | 3.8                  | 3.2               | 2.6                               | 4.3                        | 2.2                   | 3.2               | 2.7                               | 2.6                        |
| <b>5-year average<sup>2</sup></b> | 4.1                  | 3.3               | 2.3                               | 2.3                        | 2.5                   | 3.2               | 3.1                               | 4.0                        |
| <b>Peak</b>                       | 5.6                  | 3.6               | 2.7                               | 4.4                        | 4.0                   | 3.2               | 4.3                               | 11.1                       |
| <b>Trough</b>                     | 2.8                  | 3.1               | 1.8                               | (3.9)                      | 1.9                   | 3.2               | 2.7                               | 2.6                        |
| <b>Monte Carlo</b>                |                      |                   |                                   |                            |                       |                   |                                   |                            |
| Low <sup>3</sup>                  | (0.8)                | 2.8               | 0.8                               | (6.0)                      | (4.5)                 | 1.4               | 0.0                               | (19.7)                     |
| High <sup>4</sup>                 | 9.3                  | 3.8               | 4.5                               | 10.1                       | 8.6                   | 6.1               | 6.5                               | 26.8                       |

| 30.06.24                          |                      |                   |                                   |                           |                      |                   |                                   |                            |
|-----------------------------------|----------------------|-------------------|-----------------------------------|---------------------------|----------------------|-------------------|-----------------------------------|----------------------------|
|                                   | Singapore            |                   |                                   |                           | Korea                |                   |                                   |                            |
|                                   | GDP growth<br>(YoY%) | Unemployment<br>% | 3-month<br>interest<br>rates<br>% | House<br>prices<br>(YoY%) | GDP growth<br>(YoY%) | Unemployment<br>% | 3-month<br>interest<br>rates<br>% | House<br>prices<br>(YoY %) |
| <b>Base forecast<sup>1</sup></b>  |                      |                   |                                   |                           |                      |                   |                                   |                            |
| 2024                              | 2.6                  | 3.1               | 3.8                               | 2.7                       | 2.5                  | 3.3               | 3.6                               | 2.9                        |
| 2025                              | 2.9                  | 2.8               | 3.1                               | 2.5                       | 2.1                  | 3.3               | 3.2                               | 5.7                        |
| 2026                              | 2.5                  | 2.8               | 2.9                               | 2.2                       | 2.2                  | 3.1               | 3.2                               | 3.5                        |
| 2027                              | 2.5                  | 2.8               | 2.7                               | 3.0                       | 2.1                  | 3.0               | 3.2                               | 2.4                        |
| 2028                              | 2.7                  | 2.8               | 2.6                               | 3.7                       | 2.0                  | 3.0               | 3.2                               | 2.1                        |
| <b>5-year average<sup>2</sup></b> | 2.6                  | 2.8               | 2.9                               | 2.8                       | 2.1                  | 3.1               | 3.2                               | 3.5                        |
| <b>Peak</b>                       | 3.2                  | 3.1               | 3.7                               | 3.9                       | 3.0                  | 3.4               | 3.6                               | 8.0                        |
| <b>Trough</b>                     | 2.3                  | 2.8               | 2.6                               | 0.4                       | 1.0                  | 2.9               | 3.2                               | 2.0                        |
| <b>Monte Carlo</b>                |                      |                   |                                   |                           |                      |                   |                                   |                            |
| Low <sup>3</sup>                  | (2.6)                | 1.9               | 0.9                               | (16.1)                    | (2.7)                | 1.2               | 0.5                               | (5.7)                      |
| High <sup>4</sup>                 | 8.3                  | 4.0               | 5.2                               | 23.9                      | 7.0                  | 5.7               | 6.4                               | 12.3                       |

| 30.06.24                          |                      |                                |                                |                        |                      |  |
|-----------------------------------|----------------------|--------------------------------|--------------------------------|------------------------|----------------------|--|
|                                   | India                |                                |                                |                        |                      |  |
|                                   | GDP growth<br>(YoY%) | Unemployment <sup>7</sup><br>% | 3 month<br>interest rates<br>% | House prices<br>(YoY%) | Brent Crude<br>\$ pb |  |
| <b>Base forecast<sup>1</sup></b>  |                      |                                |                                |                        |                      |  |
| 2024                              | 7.0                  | NA                             | 6.3                            | 6.6                    | 83.2                 |  |
| 2025                              | 6.5                  | NA                             | 6.0                            | 6.1                    | 82.7                 |  |
| 2026                              | 6.5                  | NA                             | 6.0                            | 6.4                    | 82.6                 |  |
| 2027                              | 6.4                  | NA                             | 6.0                            | 6.4                    | 83.2                 |  |
| 2028                              | 6.5                  | NA                             | 6.0                            | 6.3                    | 81.3                 |  |
| <b>5-year average<sup>2</sup></b> | 6.6                  | NA                             | 6.0                            | 6.4                    | 82.4                 |  |
| <b>Peak</b>                       | 7.7                  | NA                             | 6.5                            | 7.5                    | 83.4                 |  |
| <b>Trough</b>                     | 6.3                  | NA                             | 6.0                            | 5.9                    | 80.9                 |  |
| <b>Monte Carlo</b>                |                      |                                |                                |                        |                      |  |
| Low <sup>3</sup>                  | 1.7                  | NA                             | 1.7                            | (0.9)                  | 40.1                 |  |
| High <sup>4</sup>                 | 11.5                 | NA                             | 9.8                            | 11.7                   | 140.4                |  |

## Risk review continued

|                             | 31.12.23          |                |                          |                                  |                   |                |                          |                     |
|-----------------------------|-------------------|----------------|--------------------------|----------------------------------|-------------------|----------------|--------------------------|---------------------|
|                             | China             |                |                          |                                  | Hong Kong         |                |                          |                     |
|                             | GDP growth (YoY%) | Unemployment % | 3-month interest rates % | House prices (YoY%) <sup>5</sup> | GDP growth (YoY%) | Unemployment % | 3-month interest rates % | House prices (YoY%) |
| 5-year average <sup>2</sup> | 4.3               | 4.0            | 2.1                      | 4.6                              | 2.5               | 3.4            | 3.4                      | 2.8                 |
| Peak                        | 5.7               | 4.1            | 2.5                      | 7.2                              | 3.8               | 3.4            | 5.0                      | 4.6                 |
| Trough                      | 3.8               | 3.8            | 1.7                      | 1.5                              | 1.5               | 3.4            | 2.3                      | (1.1)               |
| Monte Carlo                 |                   |                |                          |                                  |                   |                |                          |                     |
| Low <sup>3</sup>            | 0.6               | 3.3            | 0.8                      | (1.5)                            | (3.8)             | 1.4            | 0.3                      | (19.3)              |
| High <sup>4</sup>           | 7.7               | 4.4            | 3.8                      | 12.0                             | 8.2               | 6.4            | 8.3                      | 25.5                |

|                             | 31.12.23          |                             |                          |                     |                   |                |                          |                     |
|-----------------------------|-------------------|-----------------------------|--------------------------|---------------------|-------------------|----------------|--------------------------|---------------------|
|                             | Singapore         |                             |                          |                     | Korea             |                |                          |                     |
|                             | GDP growth (YoY%) | Unemployment % <sup>6</sup> | 3-month interest rates % | House prices (YoY%) | GDP growth (YoY%) | Unemployment % | 3-month interest rates % | House prices (YoY%) |
| 5-year average <sup>2</sup> | 2.9               | 2.8                         | 2.9                      | 2.2                 | 2.3               | 3.1            | 3.1                      | 3.3                 |
| Peak                        | 3.8               | 2.9                         | 4.1                      | 3.9                 | 2.6               | 3.5            | 3.7                      | 5.3                 |
| Trough                      | 1.9               | 2.8                         | 2.3                      | (0.7)               | 2.0               | 3.0            | 3.1                      | (0.3)               |
| Monte Carlo                 |                   |                             |                          |                     |                   |                |                          |                     |
| Low <sup>3</sup>            | (2.4)             | 1.7                         | 0.6                      | (16.2)              | (2.3)             | 1.4            | 0.7                      | (6.1)               |
| High <sup>4</sup>           | 8.5               | 3.8                         | 5.9                      | 19.2                | 7.0               | 5.8            | 6.3                      | 12.5                |

|                             | 31.12.23          |                             |                          |                     |                   |  |
|-----------------------------|-------------------|-----------------------------|--------------------------|---------------------|-------------------|--|
|                             | India             |                             |                          |                     |                   |  |
|                             | GDP growth (YoY%) | Unemployment <sup>7</sup> % | 3-month interest rates % | House prices (YoY%) | Brent crude \$ pb |  |
| 5-year average <sup>2</sup> | 6.2               | NA                          | 6.2                      | 6.1                 | 88.2              |  |
| Peak                        | 9.1               | NA                          | 6.3                      | 6.5                 | 93.8              |  |
| Trough                      | 4.4               | NA                          | 5.8                      | 4.7                 | 82.8              |  |
| Monte Carlo                 |                   |                             |                          |                     |                   |  |
| Low <sup>3</sup>            | 2.1               | NA                          | 2.7                      | (0.5)               | 46.0              |  |
| High <sup>4</sup>           | 10.5              | NA                          | 9.9                      | 13.8                | 137.8             |  |

1 Data presented are those used in the calculation of ECL. These may differ slightly to forecasts presented elsewhere in this Report as they are finalised before the period end.

2 5 year averages reported for 30.06.24 cover Q3 2024 to Q2 2029. They cover Q1 2024 to Q4 2028 for the numbers reported for the 2023 annual report.

3 Represents the 10th percentile in the range of economic scenarios used to determine non-linearity.

4 Represents the 90th percentile in the range of economic scenarios used to determine non-linearity.

5 A judgemental management adjustment is held in respect of the China commercial real estate sector as discussed.

6 Singapore unemployment rate covers the resident unemployment rate, which refers to citizens and permanent residents.

7 India unemployment is not available due to insufficient data



### Impact of multiple economic scenarios

The final probability-weighted ECL reported by the Group is a simple average of the ECL for each of the 50 scenarios simulated using a Monte Carlo model. The Monte Carlo approach has the advantage that it generates many alternative scenarios that cover our global footprint.

The total amount of non-linearity, calculated as the difference between the probability-weighted ECL calculated by the Monte Carlo model and the unweighted base forecast ECL, is \$62 million (31 December 2023: \$44 million). The CIB and Central and other items portfolios accounted for \$48 million (31 December 2023: \$26 million) of the calculated non-linearity, with the increase from 31 December 2023 driven by the Project Finance portfolio. The remaining \$14 million (31 December 2023: \$18 million) was attributable to WRB portfolios (net of a \$4 million judgemental post model adjustment).

The impact of multiple economic scenarios on stage 1, stage 2 and stage 3 modelled ECL is set out in the table below, together with the management overlay and other judgemental adjustments.

|  | Base forecast<br>\$million | Multiple<br>economic<br>scenarios <sup>1</sup><br>\$million | Management<br>overlays<br>and other<br>judgemental<br>adjustments<br>\$million | Total<br>modelled<br>ECL <sup>2,3</sup><br>\$million |
|--|----------------------------|---|--|--|
| Total expected credit loss at 30 June 2024     | 1,058                      | 62  | 88   | 1,208  |
| Total expected credit loss at 31 December 2023 | 1,071                      | 44  | 165  | 1,280  |

1 Includes judgemental post model adjustment of \$4 million (31 December 2023: \$nil million) relating to WRB

2 Total modelled ECL comprises stage 1 and stage 2 balances of \$997 million (31 December 2023: \$1,105 million) and \$194 million (31 December 2023: \$193 million) of modelled ECL on stage 3 loans

3 Includes ECL on Assets held for sale of \$17 million (31 December 2023: \$34 million)

The average expected credit loss under multiple scenarios is 6 per cent (31 December 2023: 4 per cent) higher than the expected credit loss calculated using only the most likely scenario (the Base Forecast). Portfolios that are more sensitive to non-linearity include those with greater leverage and/or a longer tenor, such as Project and Shipping Finance portfolios. Other portfolios display minimal non-linearity owing to limited responsiveness to macroeconomic impacts for structural reasons, such as significant collateralisation as with the WRB mortgage portfolios.

### Judgemental management adjustments

As at 30 June 2024, the Group held judgemental adjustments for ECL as set out in the table below. All of the judgemental adjustments have been determined after taking account of the model performance post model adjustments reported. They are reassessed quarterly and are reviewed and approved by the IFRS 9 Impairment Committee and will be released when no longer relevant.

|                                      | Corporate &<br>Investment<br>Banking<br>\$ million | Wealth & Retail Banking |                               |                     |                     |                        | Central &<br>other<br>\$ million | Total<br>\$ million |
|--------------------------------------|--|-------------------------|-------------------------------|---------------------|---------------------|------------------------|----------------------------------|---------------------|
|                                      |  | Mortgages<br>\$ million | Credit<br>Cards<br>\$ million | Other<br>\$ million | Total<br>\$ million | Ventures<br>\$ million |                                  |                     |
| 30 June 2024                         |  |                         |                               |                     |                     |                        |                                  |                     |
| Judgemental post model adjustments   | –  | 1                       | (4)                           | (22)                | (25)                | 10                     | –                                | (15)                |
| Judgemental management adjustments:  |  |                         |                               |                     |                     |                        |                                  |                     |
| – China CRE                          | 86   | –                       | –                             | –                   | –                   | –                      | –                                | 86                  |
| – Other                              | –  | 1                       | 11                            | 1                   | 13                  | –                      | –                                | 13                  |
| <b>Total judgemental adjustments</b> | <b>86</b>  | <b>2</b>                | <b>8</b>                      | <b>(22)</b>         | <b>(12)</b>         | <b>10</b>              | <b>–</b>                         | <b>84</b>           |
| Judgemental adjustments by stage:    |  |                         |                               |                     |                     |                        |                                  |                     |
| – Stage 1                            | –  | 1                       | 8                             | (9)                 | –                   | 10                     | –                                | 10                  |
| – Stage 2                            | 86   | 1                       | –                             | (11)                | (10)                | –                      | –                                | 76                  |
| – Stage 3                            | –  | –                       | –                             | (2)                 | (2)                 | –                      | –                                | (2)                 |

## Risk review continued

| 31 December 2023                         | Corporate & Investment Banking<br>\$ million | Wealth & Retail Banking |                            |                     |                     | Ventures<br>\$ million | Central & other<br>\$ million | Total<br>\$ million |
|--|--|-------------------------|----------------------------|---------------------|---------------------|------------------------|-------------------------------|---------------------|
|  |  | Mortgages<br>\$ million | Credit Cards<br>\$ million | Other<br>\$ million | Total<br>\$ million |                        |                               |                     |
| Judgemental post model adjustments       | –  | –                       | 1                          | 1                   | 2                   | –                      | –                             | 2                   |
| Judgemental management adjustments:      |  |                         |                            |                     |                     |                        |                               |                     |
| – China CRE                              | 141  | –                       | –                          | –                   | –                   | –                      | –                             | 141                 |
| – Other                                  | –  | 1                       | 2                          | 2                   | 5                   | –                      | 17                            | 22                  |
| <b>Total judgemental adjustments</b>     | <b>141</b>                                   | <b>1</b>                | <b>3</b>                   | <b>3</b>            | <b>7</b>            | <b>–</b>               | <b>17</b>                     | <b>165</b>          |
| <b>Judgemental adjustments by stage:</b> |  |                         |                            |                     |                     |                        |                               |                     |
| – Stage 1                                | 17   | 1                       | 3                          | 6                   | 10                  | –                      | –                             | 27                  |
| – Stage 2                                | 124  | –                       | –                          | (3)                 | (3)                 | –                      | 17                            | 138                 |
| – Stage 3                                | –  | –                       | –                          | –                   | –                   | –                      | –                             | –                   |

### Judgemental post model adjustments

Judgemental post model adjustments that decreased ECL by a net \$15 million (31 December 2023: \$2 million increase) have been applied to certain WRB and Ventures models. This includes a \$13 million (31 December 2023: \$nil) reduction in ECL in WRB due to the expected migration of a number of non-material portfolios to a simplified modelling approach and a \$4 million (31 December 2023: \$nil) reduction in ECL relating to non-linearity. The remaining adjustments primarily relate to temporary factors impacting modelled outputs. These will be released when these factors normalise.

### China commercial real estate

The real estate market in China has been in a downturn since late 2021 as evidenced by continued decline in sales, and investments in the sector. Liquidity issues experienced by Chinese property developers continued into 2023 with more developers defaulting on their obligations both offshore and onshore. During 2023, authorities on the mainland have introduced a slew of policies to help revive the sector and restore buying sentiments. This has helped stabilise the market to an extent in some cities, but demand and home prices remain muted overall. Continued policy relaxations, including those related to house purchase restrictions, completion support for eligible projects from onshore financial institutions, relaxation in mortgage rates, and further support for affordable housing, are key for reversing the continued decline in sales and investments and ensuring a stable outlook for 2024.

The Group's loans and advances to China CRE clients was \$2.1 billion at 30 June 2024 (31 December 2023: \$2.4 billion). Client level analysis continues to be done, with clients being placed on purely precautionary or non-purely precautionary early alert, where appropriate, for closer monitoring. Given the evolving nature of the risks in the China CRE sector, a management overlay of \$86 million (31 December 2023: \$141 million) has been taken by estimating the impact of further deterioration to exposures in this sector. The decrease from 31 December 2023 was primarily driven by repayments and movement of one exposure to Stage 3.

### Other

Overlays of \$13 million (31 December 2023: \$5 million) have also been applied in WRB to capture risks from increased credit card bankruptcy industry trends in Singapore and Hong Kong and macroeconomic environment challenges caused by sovereign defaults or heightened sovereign risk, the impact of which is not fully captured in the modelled outcomes. An overlay of \$17 million held in Central & Other at 31 December 2023, due to a temporary market dislocation in the Middle East, was fully released in the six months to 30 June 2024 as conditions normalised.

### Stage 3 assets

Credit-impaired assets managed by Stressed Asset Group (SAG) incorporate forward-looking economic assumptions in respect of the recovery outcomes identified and are assigned individual probability weightings per IFRS 9. These assumptions are not based on a Monte Carlo simulation but are informed by the Base Forecast.

### Sensitivity of expected credit loss calculation to macroeconomic variables

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, which implies that no single analysis can fully demonstrate the sensitivity of the ECL to changes in the macroeconomic variables. The Group has conducted a series of analyses with the aim of identifying the macroeconomic variables which might have the greatest impact on the overall ECL. These encompassed single variable and multi-variable exercises, using simple up/down variation and extracts from actual calculation data, as well as bespoke scenario design assessments.

The primary conclusion of these exercises is that no individual macroeconomic variable is materially influential. The Group believes this is plausible as the number of variables used in the ECL calculation is large. This does not mean that macroeconomic variables are uninfluential; rather, that the Group believes that consideration of macroeconomics should involve whole scenarios, as this aligns with the multi-variable nature of the calculation.

The Group faces downside risks in the operating environment related to the uncertainties surrounding the macroeconomic outlook. To explore this, a sensitivity analysis of ECL was undertaken to explore the effect of slower economic recoveries across the Group's footprint markets. Two downside scenarios were considered. The first scenario, Renewed Global Trade Tensions (RGTT), explores an escalating trade war between the US and China and other economies and increased geopolitical tensions in Europe. The second more severe scenario is based on the US Federal Reserve's regulatory Dodd-Frank Act Stress Test scenario (Fed DFAST) which explores a deep global downturn with weakness in developing Asia reflecting a significant slowdown in economic growth in China. Interest rates and inflation are much lower than base and there is a prolonged decline in property prices.

|                           | Baseline          |             | RGTT              |             | Fed DFAST         |             |
|---------------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
|                           | Five year average | Peak/Trough | Five year average | Peak/Trough | Five year average | Peak/Trough |
| China GDP                 | 4.1               | 5.6/2.8     | 3.2               | 4.0/0.0     | 3.2               | 6.0/(1.5)   |
| China unemployment        | 3.3               | 3.6/3.1     | 3.9               | 4.7/3.1     | 4.5               | 5.4/3.4     |
| China property prices     | 2.3               | 4.4/(3.9)   | 1.4               | 4.4/(4.5)   | 0.5               | 4.4/(5.7)   |
| Hong Kong GDP             | 2.5               | 4.0/1.9     | 1.6               | 2.1/0.1     | 1.6               | 4.3/(2.4)   |
| Hong Kong unemployment    | 3.2               | 3.2/3.2     | 3.6               | 4.2/3.2     | 3.8               | 4.5/3.3     |
| Hong Kong property prices | 4.0               | 11.1/2.6    | 3.3               | 8.4/0.9     | 2.7               | 7.1/(2.0)   |
| US GDP                    | 1.8               | 2.6/1.4     | 0.9               | 1.6/(1.0)   | 1.3               | 6.4/(7.7)   |
| Singapore GDP             | 2.6               | 3.2/2.3     | 1.9               | 2.7/0.0     | 1.8               | 4.7/(1.8)   |
| India GDP                 | 6.6               | 7.7/6.3     | 6.3               | 6.6/5.7     | 5.8               | 7.5/3.3     |
| Crude oil                 | 82.4              | 83.4/80.9   | 79.5              | 83.4/73.4   | 61.6              | 80.5/30.1   |

Period covered from Q3 2024 to Q2 2029.

|           | Base (GDP, YoY%) |      |      |      |      | Fed DFAST (GDP, YoY%) |       |      |      |      | Difference from Base |       |      |      |       |
|-----------|------------------|------|------|------|------|-----------------------|-------|------|------|------|----------------------|-------|------|------|-------|
|           | 2024             | 2025 | 2026 | 2027 | 2028 | 2024                  | 2025  | 2026 | 2027 | 2028 | 2024                 | 2025  | 2026 | 2027 | 2028  |
| China     | 3.8              | 5.0  | 4.0  | 3.9  | 3.7  | (0.1)                 | 2.0   | 5.4  | 4.6  | 4.0  | (3.9)                | (3.0) | 1.4  | 0.6  | 0.2   |
| Hong Kong | 3.3              | 2.6  | 2.4  | 2.3  | 2.0  | (0.6)                 | (0.5) | 3.7  | 3.0  | 2.2  | (3.9)                | (3.0) | 1.3  | 0.7  | 0.2   |
| US        | 1.7              | 1.6  | 2.4  | 1.9  | 1.6  | (4.6)                 | (2.5) | 5.3  | 4.8  | 3.3  | (6.3)                | (4.1) | 2.9  | 2.9  | 1.7   |
| Singapore | 2.8              | 2.7  | 2.4  | 2.6  | 2.7  | (0.3)                 | (0.8) | 4.0  | 3.3  | 2.7  | (3.1)                | (3.6) | 1.6  | 0.6  | 0.0   |
| India     | 7.3              | 6.5  | 6.4  | 6.4  | 6.5  | 5.2                   | 3.8   | 7.0  | 6.4  | 6.3  | (2.1)                | (2.7) | 0.6  | 0.0  | (0.1) |

Each year is from Q3 to Q2. For example, 2024 is from Q3 2024 to Q2 2025.

|           | Base (GDP, YoY%) |      |      |      |      | RGTT (GDP, YoY%) |      |      |      |      | Difference from Base |       |       |       |      |
|-----------|------------------|------|------|------|------|------------------|------|------|------|------|----------------------|-------|-------|-------|------|
|           | 2024             | 2025 | 2026 | 2027 | 2028 | 2024             | 2025 | 2026 | 2027 | 2028 | 2024                 | 2025  | 2026  | 2027  | 2028 |
| China     | 3.8              | 5.0  | 4.0  | 3.9  | 3.7  | 1.4              | 3.7  | 3.7  | 3.7  | 3.7  | (2.4)                | (1.3) | (0.4) | (0.2) | 0.0  |
| Hong Kong | 3.3              | 2.6  | 2.4  | 2.3  | 2.0  | 0.9              | 1.5  | 1.7  | 1.9  | 2.0  | (2.4)                | (1.0) | (0.7) | (0.4) | 0.0  |
| US        | 1.7              | 1.6  | 2.4  | 1.9  | 1.6  | (0.3)            | 0.7  | 1.0  | 1.3  | 1.6  | (1.9)                | (0.9) | (1.4) | (0.6) | 0.0  |
| Singapore | 2.8              | 2.7  | 2.4  | 2.6  | 2.7  | 0.5              | 1.9  | 2.2  | 2.4  | 2.7  | (2.4)                | (0.8) | (0.2) | (0.2) | 0.0  |
| India     | 7.3              | 6.5  | 6.4  | 6.4  | 6.5  | 6.1              | 6.3  | 6.4  | 6.4  | 6.5  | (1.2)                | (0.1) | (0.1) | 0.0   | 0.0  |

Each year is from Q3 to Q2. For example, 2024 is from Q3 2024 to Q2 2025.

## Risk review continued

The total modelled stage 1 and 2 ECL provisions (including both on and off-balance sheet instruments) would be approximately \$122 million higher under the RGTT scenario, and \$175 million higher under the Fed DFAST scenario than the baseline ECL provisions (which excluded the impact of multiple economic scenarios and management overlays which may already capture some of the risks in these scenarios). Stage 2 exposures as a proportion of stage 1 and 2 exposures would increase from 4.8 per cent in the base case to 5.1 per cent and 5.7 per cent respectively under the RGTT and Fed DFAST scenarios. This includes the impact of exposures transferring to stage 2 from stage 1 but does not consider an increase in stage 3 defaults.

Under both scenarios, the majority of the increase in ECL in CIB came from the main corporate, CRE and Project Finance portfolios. For the portfolios under the main corporate models, ECL would increase by \$29 million and \$84 million for the RGTT and Fed DFAST scenarios respectively and the proportion of stage 2 exposures would increase from 3.9 per cent in the base case to 4.3 per cent and 6.8 per cent respectively.

For the WRB portfolios, most of the increase in ECL came from the unsecured retail portfolios. The reduction in ECL under the Fed DFAST scenario compared to RGTT reflects the impact of interest rate cuts on the personal loan portfolios in Korea and Taiwan, where interest rates are highly correlated to defaults. Under the Fed DFAST scenario, interest rates have a peak-to-trough range of 1.5% to 0.8% for Taiwan and 2.7% to 1.1% for Korea, compared to 3.0% to 1.5% and 4.2% to 3.2% respectively in the RGTT scenario. Under the RGTT and Fed DFAST scenarios, credit card ECL would increase by \$8 million and \$15 million respectively, largely in the Singapore and Hong Kong portfolios and the proportion of stage 2 credit card exposures would increase from 1.6 per cent in the base case to 1.7 per cent and 1.9 per cent for each scenario respectively, with the Singapore portfolio most impacted. Mortgages ECL would increase by under \$1 million in both scenarios and the proportion of exposures would be broadly stable around 1 per cent.

There was no material change in modelled stage 3 provisions as these primarily relate to unsecured WRB exposures for which the LGD is not sensitive to changes in the macroeconomic forecasts. There is also no material change for non-modelled stage 3 exposures as these are more sensitive to client specific factors than to alternative macroeconomic scenarios.

The actual outcome of any scenario may be materially different due to, among other factors, the effect of management actions to mitigate potential increases in risk and changes in the underlying portfolio.

|  | Gross as reported <sup>1</sup><br>\$ million | ECL as reported <sup>2</sup><br>\$ million | ECL Base case<br>\$ million | ECL RGTT<br>\$ million | ECL Fed DFAST<br>\$ million |
|--|--|--|-----------------------------|------------------------|-----------------------------|
| <b>Stage 1 modelled</b>                                |  |  |                             |                        |                             |
| Corporate & Investment Banking                         | 357,660                                      | 144  | 139                         | 165                    | 215                         |
| Wealth & Retail Banking                                | 175,444                                      | 358  | 351                         | 400                    | 354                         |
| Ventures   | 1,103  | 5  | 5                           | 5                      | 5                           |
| Central & Other items                                  | 181,839                                      | 48   | 47                          | 52                     | 57                          |
| <b>Total stage 1 excluding management judgements</b>   | <b>716,046</b>                               | <b>555</b>                                 | <b>543</b>                  | <b>622</b>             | <b>631</b>                  |
| <b>Stage 2 modelled</b>                                |  |  |                             |                        |                             |
| Corporate & Investment Banking                         | 14,565                                       | 173  | 130                         | 149                    | 211                         |
| Wealth & Retail Banking                                | 2,005  | 148  | 141                         | 165                    | 147                         |
| Ventures   | 48   | 21   | 21                          | 21                     | 21                          |
| Central & Other items                                  | 1,924  | 10   | 10                          | 9                      | 10                          |
| <b>Total excluding management overlays</b>             | <b>18,542</b>                                | <b>352</b>                                 | <b>302</b>                  | <b>345</b>             | <b>389</b>                  |
| <b>Total Stage 1 &amp; 2 modelled</b>                  |  |  |                             |                        |                             |
| Corporate & Investment Banking                         | 372,225                                      | 317  | 269                         | 315                    | 426                         |
| Wealth & Retail Banking                                | 177,449                                      | 506  | 492                         | 565                    | 501                         |
| Ventures   | 1,151  | 26   | 26                          | 26                     | 26                          |
| Central & Other items                                  | 183,763                                      | 58   | 57                          | 61                     | 67                          |
| <b>Total excluding management overlays</b>             | <b>734,588</b>                               | <b>907</b>                                 | <b>845</b>                  | <b>967</b>             | <b>1,020</b>                |
| Stage 3 exposures excluding management overlays        | 7,805  | 4,319                                      |                             |                        |                             |
| Other financial assets <sup>3</sup>                    | 109,690                                      | 95   |                             |                        |                             |
| ECL from management overlays                           |  | 84   |                             |                        |                             |
| <b>Total financial assets reported at 30 June 2024</b> | <b>852,083</b>                               | <b>5,405</b>                               |                             |                        |                             |

1 Gross balances includes both on- and off- balance sheet instruments; allocation between stage 1 and 2 will differ by scenario

2 Includes ECL for both on- and off- balance sheet instruments

3 Includes cash and balances at central banks, Accrued income, Other financial assets; and Assets held for sale

## Traded Risk

Traded Risk is the potential for loss resulting from activities undertaken by the Group in financial markets. Under the Enterprise Risk Management Framework, the Traded Risk Framework brings together Market Risk, Counterparty Credit Risk and Algorithmic Trading. Traded Risk Management is the core risk management function supporting market-facing businesses, predominantly Trading and Treasury.

### Market Risk (reviewed)

Market Risk is the potential for fair value loss due to adverse moves in financial markets. The Group's exposure to Market Risk arises predominantly from the following sources:

- Trading book:
  - The Group provides clients with access to financial markets, facilitation of which entails the Group taking moderate Market Risk positions. All trading teams support client activity. There are no proprietary trading teams. Hence, income earned from Market Risk-related activities is primarily driven by the volume of client activity.
- Non-trading book:
  - The Treasury Markets desk is required to hold a liquid assets buffer, much of which is held in high-quality marketable debt securities.
  - The Group has capital invested and related income streams denominated in currencies other than US dollars. To the extent that these income streams are not hedged, the Group is subject to Structural Foreign Exchange Risk which is reflected in reserves.

A summary of our current policies and practices regarding Market Risk management is provided in the Principal Risks section.

The primary categories of Market Risk for the Group are:

- Interest Rate Risk: arising from changes in yield curves and implied volatilities on interest rate options.
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options.
- Commodity Risk: arising from changes in commodity prices and implied volatilities on commodity options.
- Credit Spread Risk: arising from changes in the price of debt instruments and credit-linked derivatives and driven by factors other than the level of risk-free interest rates.
- Equity Risk: arising from changes in the prices of equities and implied volatilities on equity options.

### Market Risk movements (reviewed)

Value at Risk (VaR) allows the Group to manage Market Risk across the trading book and most of the fair valued non-trading books.

The average level of total trading and non-trading VaR in H1 2024 was \$42.9 million, 20 per cent lower than H2 2023 (\$53.4 million) and 19 per cent lower than H1 2023 (\$53.1 million). The half year-end level of total trading and non-trading VaR in H1 2024 was \$42.3 million, 5 per cent lower than H2 2023 (\$44.5 million) and 16 per cent lower than H1 2023 (\$50.2 million). The decrease in trading and non-trading average VaR was driven by a reduction in market volatility.

The average trading VaR remained relatively unchanged in H1 2024 at \$21.5 million, 9 per cent lower than H2 2023 (\$23.5 million) and 11 per cent higher than H1 2023 (\$19.4 million).

Daily value at risk (VaR at 97.5%, one day) (reviewed)

|  | 6 months ended 30.06.24 |                |               |                     | 6 months ended 31.12.23 |                |               |                     | 6 months ended 30.06.23 |                |               |                     |
|--|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|
|  | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million |
| <b>Trading<sup>1</sup> and non-trading<sup>2</sup></b> |                         |                |               |                     |                         |                |               |                     |                         |                |               |                     |
| Interest Rate Risk                                     | 35.5                    | 43.9           | 26.3          | 34.9                | 45.0                    | 54.1           | 29.2          | 30.5                | 34.2                    | 47.3           | 23.2          | 46.0                |
| Credit Spread Risk                                     | 21.9                    | 31.3           | 12.8          | 20.2                | 30.0                    | 34.1           | 25.0          | 31.7                | 37.5                    | 48.0           | 31.9          | 34.9                |
| Foreign Exchange Risk                                  | 8.9                     | 14.5           | 5.2           | 9.1                 | 7.9                     | 12.2           | 5.3           | 7.4                 | 6.1                     | 9.7            | 4.2           | 5.1                 |
| Commodity Risk   | 5.6                     | 10.0           | 2.9           | 6.4                 | 5.2                     | 8.6            | 3.7           | 4.3                 | 6.4                     | 9.7            | 3.7           | 5.3                 |
| Equity Risk  | 0.4                     | 0.9            | –             | 0.1                 | –                       | 0.1            | –             | –                   | 0.1                     | 0.4            | –             | 0.1                 |
| Diversification effect <sup>3</sup>                    | (29.4)                  | NA             | NA            | (28.4)              | (34.7)                  | NA             | NA            | (29.4)              | (31.2)                  | NA             | NA            | (41.2)              |
| <b>Total</b>   | <b>42.9</b>             | <b>53.1</b>    | <b>37.0</b>   | <b>42.3</b>         | <b>53.4</b>             | <b>65.4</b>    | <b>44.4</b>   | <b>44.5</b>         | <b>53.1</b>             | <b>65.5</b>    | <b>44.2</b>   | <b>50.2</b>         |

|                                     | 6 months ended 30.06.24 |                |               |                     | 6 months ended 31.12.23 |                |               |                     | 6 months ended 30.06.23 |                |               |                     |
|-------------------------------------|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|
|                                     | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million |
| <b>Trading<sup>1</sup></b>          |                         |                |               |                     |                         |                |               |                     |                         |                |               |                     |
| Interest Rate Risk                  | 13.2                    | 22.0           | 9.1           | 10.6                | 14.7                    | 20.4           | 8.7           | 11.6                | 11.5                    | 16.9           | 7.7           | 13.0                |
| Credit Spread Risk                  | 7.2                     | 9.6            | 4.8           | 6.0                 | 9.3                     | 10.6           | 7.9           | 9.4                 | 9.6                     | 12.4           | 7.4           | 10.2                |
| Foreign Exchange Risk               | 8.9                     | 14.5           | 5.2           | 9.1                 | 7.9                     | 12.2           | 5.3           | 7.4                 | 6.1                     | 9.7            | 4.2           | 5.1                 |
| Commodity Risk                      | 5.2                     | 10.0           | 2.4           | 5.7                 | 5.2                     | 8.6            | 3.7           | 4.4                 | 6.4                     | 9.7            | 3.7           | 5.3                 |
| Equity Risk                         | –                       | –              | –             | –                   | –                       | –              | –             | –                   | –                       | –              | –             | –                   |
| Diversification effect <sup>3</sup> | (13.0)                  | NA             | NA            | (15.9)              | (13.6)                  | NA             | NA            | (11.5)              | (14.2)                  | NA             | NA            | (13.7)              |
| <b>Total</b>                        | <b>21.5</b>             | <b>33.1</b>    | <b>13.0</b>   | <b>15.5</b>         | <b>23.5</b>             | <b>30.6</b>    | <b>16.3</b>   | <b>21.3</b>         | <b>19.4</b>             | <b>24.0</b>    | <b>14.7</b>   | <b>19.9</b>         |

|                                     | 6 months ended 30.06.24 |                |               |                     | 6 months ended 31.12.23 |                |               |                     | 6 months ended 30.06.23 |                |               |                     |
|-------------------------------------|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|-------------------------|----------------|---------------|---------------------|
|                                     | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million | Average \$million       | High \$million | Low \$million | Half Year \$million |
| <b>Non-trading<sup>2</sup></b>      |                         |                |               |                     |                         |                |               |                     |                         |                |               |                     |
| Interest Rate Risk                  | 30.8                    | 35.5           | 26.4          | 32.4                | 38.0                    | 43.6           | 23.7          | 23.9                | 30.4                    | 43.1           | 19.7          | 37.7                |
| Credit Spread Risk                  | 17.7                    | 24.8           | 10.0          | 17.8                | 24.7                    | 28.9           | 21.5          | 24.4                | 31.8                    | 40.1           | 26.5          | 28.5                |
| Foreign Exchange Risk               | –                       | –              | –             | –                   | –                       | –              | –             | –                   | –                       | –              | –             | –                   |
| Commodity Risk                      | 1.3                     | 1.8            | 0.6           | 1.5                 | 0.1                     | 0.5            | –             | 0.5                 | –                       | –              | –             | –                   |
| Equity Risk                         | 0.4                     | 0.9            | –             | 0.1                 | –                       | 0.1            | –             | –                   | 0.1                     | 0.4            | –             | 0.1                 |
| Diversification effect <sup>3</sup> | (16.3)                  | NA             | NA            | (11.0)              | (21.6)                  | NA             | NA            | (13.2)              | (15.5)                  | NA             | NA            | (22.0)              |
| <b>Total</b>                        | <b>33.9</b>             | <b>44.1</b>    | <b>29.2</b>   | <b>40.8</b>         | <b>41.2</b>             | <b>46.0</b>    | <b>32.0</b>   | <b>35.6</b>         | <b>46.8</b>             | <b>53.4</b>    | <b>41.7</b>   | <b>44.3</b>         |

- 1 The trading book for Market Risk is defined in the Trading Book (CRR) section of the PRA Rulebook which transposes the requirements of the Capital Requirements Regulation Part 3 Title I Chapter 3. This restricts the positions permitted in the trading book.
- 2 The non-trading book VaR does not include syndicated loans
- 3 The total VaR is non-additive across risk types due to diversification effects, which is measured as the difference between the sum of the VaR by individual risk type or business and the combined total VaR. As the maximum and minimum occur on different days for different risk types or businesses, it is not meaningful to calculate a portfolio diversification benefit for these measures

Risks not in VaR

In H1 2024, the main market risks not reflected in VaR were:

- Basis risks for which the historical market price data is limited and is therefore proxied, giving rise to potential proxy basis risk that is not captured in VaR
- Potential depeg risk from currencies currently pegged or managed, where the historical one-year VaR observation period may not reflect the possibility of a change in the currency regime or a sudden depegging
- Potential understatement of VaR when abrupt increases in market volatility are not adequately captured by the VaR model

Additional capital is set aside to cover such 'risks not in VaR'.

## Backtesting

In H1 2024, there were no regulatory backtesting exceptions. In the one year period to 28 June 2024, there have been two Group level backtesting exceptions:

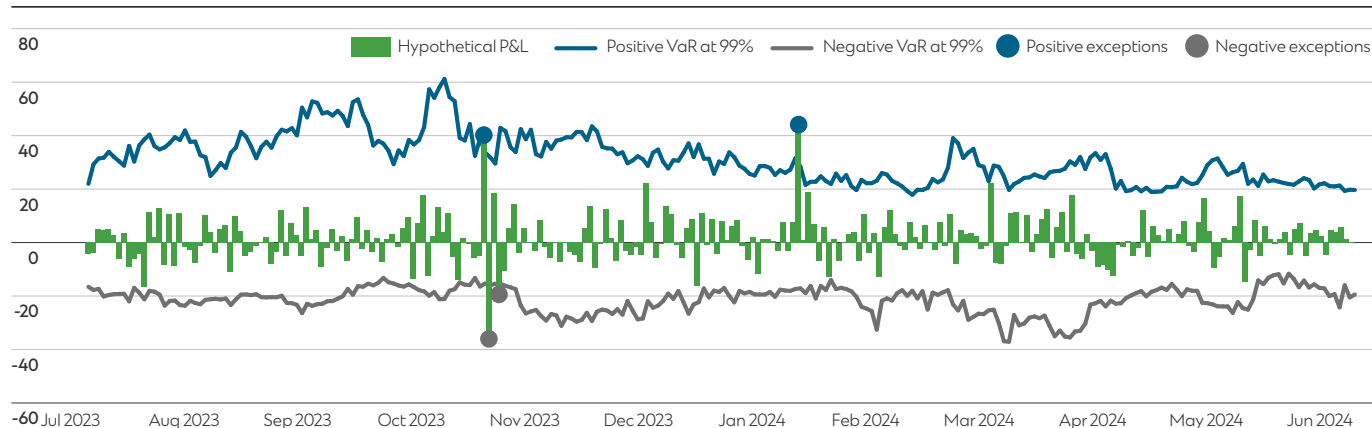
- 1 November and 3 November: After the Nigerian government announced on 30 October that it planned to target an exchange rate of 750 Naira per dollar, the onshore spot market became more volatile on low volumes.

An enhancement to the VaR model has been approved by the PRA and once implemented is expected to increase its responsiveness to abrupt upturns in market volatility.

The graph below illustrates the performance of the VaR model used in capital calculations. It compares the 99-percentile profit and loss confidence level given by the VaR model with the hypothetical profit and loss of each day given the actual market movement without taking into account any intra-day trading activity.

### Half year 2024 Backtesting Chart

Internal Model Approach regulatory trading book at Group Level  
Hypothetical Profit and Loss (P&L) versus VaR (99 per cent, one day)



### Average daily income earned from Market Risk-related activities<sup>1</sup> (reviewed)

Trading: The average level of total trading daily income in H1 2024 was \$14.3 million, 33.6 per cent higher than H2 2023 (\$10.7million) and 7.5 per cent higher than H1 2023 (\$13.3 million). The increase in 2024 is largely attributable to double-digit growth from higher flow income in Credit Trading & Commodities, offsetting with lower income in FX & Rates business.

Non-trading: The average level of non-trading daily income in H1 2024 was \$2.1 million, largely attributable to a one-off FX revaluation gain in Treasury due to the devaluation of the Egyptian Pound against the US Dollar, and FX Revaluation gains across currencies in Credit Trading.

|                       | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>31.12.23<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|-----------------------|---|---|---|
| <b>Trading</b>        |   |   |   |
| Interest Rate Risk    | 5.5                                     | 4.5                                     | 4.6                                     |
| Credit Spread Risk    | 1.9                                     | 0.9                                     | 1.5                                     |
| Foreign Exchange Risk | 5.8                                     | 4.4                                     | 6.4                                     |
| Commodity Risk        | 1.1                                     | 0.9                                     | 0.8                                     |
| Equity Risk           | –                                       | –                                       | –                                       |
| <b>Total</b>          | <b>14.3</b>                             | <b>10.7</b>                             | <b>13.3</b>                             |
| <b>Non-trading</b>    |   |   |   |
| Interest Rate Risk    | 1.3                                     | (0.1)                                   | –                                       |
| Credit Spread Risk    | 0.8                                     | (0.6)                                   | (0.8)                                   |
| Equity Risk           | –                                       | 0.1                                     | 0.1                                     |
| <b>Total</b>          | <b>2.1</b>                              | <b>(0.6)</b>                            | <b>(0.7)</b>                            |

<sup>1</sup> Reflects total product income which is the sum of client income and own account income. Includes elements of trading income, interest income and non funded income which are generated from Market Risk-related activities. Rates, XVA and Treasury income are included under Interest Rate Risk whilst Credit Trading income is included under Credit Spread Risk

## Risk review continued

### Counterparty Credit Risk

Counterparty Credit Risk is the potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation techniques. The Group's counterparty credit exposures are included in the Credit Risk section.

### Derivative financial instruments Credit Risk mitigation

The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions.

In addition, the Group enters into credit support annexes (CSAs) with counterparties where collateral is deemed a necessary or desirable mitigant to the exposure. Cash collateral includes collateral called under a variation margin process from counterparties if total uncollateralised mark-to-market exposure exceeds the threshold and minimum transfer amount specified in the CSA. With certain counterparties, the CSA is reciprocal and requires us to post collateral if the overall mark-to-market values of positions are in the counterparty's favour and exceed an agreed threshold.

### Liquidity and Funding Risk

Liquidity and Funding Risk is the risk that the Group may not have sufficient stable or diverse sources of funding to meet its obligations as they fall due.

The Group's Liquidity and Funding Risk framework requires each country to ensure that it operates within predefined liquidity limits and remains in compliance with Group liquidity policies and practices, as well as local regulatory requirements.

The Group achieves this through a combination of setting Risk Appetite and associated limits, policy formation, risk measurement and monitoring, prudential and internal stress testing, governance and review.

The Group has maintained resilience and retained a robust liquidity position. The Group continues to focus on improving the quality and diversification of its funding mix and remains committed to supporting its clients.

### Liquidity and Funding Risk metrics

The Group continually monitors key liquidity metrics, both on a country basis and consolidated across the Group.

The following liquidity and funding Board Risk Appetite metrics define the maximum amount and type of risk that the Group is willing to assume in pursuit of its strategy: liquidity coverage ratio (LCR), liquidity stress survival horizons, recovery capacity and net stable funding ratio (NSFR). In addition to the Board Risk Appetite, there are further limits that apply at Group and country level such as external wholesale borrowing (WBE) and advances-to-deposit-ratio (ADR).

### Liquidity coverage ratio (LCR)

The LCR is a regulatory requirement set to ensure the Group has sufficient unencumbered high-quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario.

The Group monitors and reports its liquidity positions under the Liquidity Coverage Ratio per PRA rulebook and has maintained its LCR above the prudential requirement.

At the reporting date, the Group LCR was 148 per cent (31 December 2023: 145 per cent), with a surplus to both Board-approved Risk Appetite and regulatory requirements.

Adequate liquidity was held across our footprint to meet all local prudential LCR requirements where applicable.

|                          | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--------------------------|-----------------------|-----------------------|
| Liquidity buffer         | 173,493               | 185,643               |
| Total net cash outflows  | 116,884               | 128,111               |
| Liquidity coverage ratio | 148%                  | 145%                  |



### Stress coverage

The Group intends to maintain a prudent and sustainable funding and liquidity position, in all countries and currencies, such that it can withstand a severe but plausible liquidity stress.

Our approach to managing liquidity and funding is reflected in the Board-level Risk Appetite Statement which includes the following:

“The Group should have sufficient stable and diverse sources of funding to meet its contractual and contingent obligations as they fall due.”

The Group’s internal liquidity stress testing framework covers the following stress scenarios:

- Standard Chartered-specific – Captures the liquidity impact from an idiosyncratic event affecting Standard Chartered only with the rest of the market assumed to be operating normally.
- Market wide – Captures the liquidity impact from a market-wide crisis affecting all participants in a country, region or globally.
- Combined – Assumes both Standard Chartered-specific and market-wide events affect the Group simultaneously and hence is the most severe scenario.

All scenarios include, but are not limited to, modelled outflows for retail and wholesale funding, off-balance sheet funding risk, cross-currency funding risk, intraday risk, franchise risk, risks associated with a deterioration of a firm’s credit rating and concentration risk from single name and industry concentration.

Stress testing results show that a positive surplus was maintained under all scenarios at 30 June 2024, and respective countries were able to survive for a period of time as defined under each scenario. The results take into account currency convertibility and portability constraints while calculating the liquidity surplus at Group level.

Standard Chartered Bank’s credit ratings as at 30 June 2024 were A+ with stable outlook (Fitch), A+ with stable outlook (S&P) and A1 with stable outlook (Moody’s). As of 30 June 2024, the estimated contractual outflow of a three-notch long-term ratings downgrade is \$1.1 billion.

### External wholesale borrowing

A risk limit is set to prevent excessive reliance on wholesale borrowing. Within the definition of wholesale borrowing, limits are applied to all branches and operating subsidiaries in the Group and as at the reporting date, the Group remained within the limit.

### Advances-to-deposits ratio

This is defined as the ratio of total loans and advances to customers relative to total customer deposits, excluding approved balances held with central banks, confirmed as repayable at the point of stress. An advances-to-deposits ratio below 100 per cent demonstrates that customer deposits exceed customer loans as a result of the emphasis placed on generating a high level of stable funding from customers.

The Group’s advances-to-deposits ratio has decreased by 0.8 per cent to 52.6 per cent during H1 2024, driven by an increase in customer deposits of 1 per cent and with a reduction of 3 per cent in customer loans and advances. Deposits from customers as at 30 June 2024 are \$488,007 million (31 December 2023: \$486,666 million).

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| Total loans and advances to customers <sup>1,2</sup> | 256,566               | 259,481               |
| Total customer accounts <sup>3</sup>                 | 488,007               | 486,666               |
| Advances-to-deposits ratio                           | 52.6%                 | 53.3%                 |

1 Excludes reverse repurchase agreement and other similar secured lending of \$7,788 million and includes loans and advances to customers held at fair value through profit and loss of \$6,877 million

2 Loans and advances to customers for the purpose of the advances-to-deposits ratio excludes \$18,419 million of approved balances held with central banks, confirmed as repayable at the point of stress (31 December 2023: \$20,710 million)

3 Includes customer accounts held at fair value through profit or loss of \$19,850 million (31 December 2023: \$17,248 million)

### Net stable funding ratio (NSFR)

The NSFR is a PRA regulatory requirement that stipulates institutions to maintain a stable funding profile in relation to an assumed duration of their assets and off-balance sheet activities over a one-year horizon. It is the ratio between the amount of available stable funding (ASF) and the amount of required stable funding (RSF). ASF factors are applied to balance sheet liabilities and capital, based on the tenor and/or their perceived stability to quantify the amount of stable funding they provide. Likewise, RSF factors are applied to assets and off-balance sheet exposures according to the amount of stable funding they require. The regulatory requirements for NSFR are to maintain a ratio of at least 100 per cent. The average ratio for the past four quarters is 136 per cent.

### Liquidity pool

The liquidity value of the Group's LCR eligible liquidity pool at the reporting date was \$173 billion. The figures in the table below account for haircuts, currency convertibility and portability constraints per PRA rules for transfer restrictions, and therefore are not directly comparable with the consolidated balance sheet. A liquidity pool is held to offset stress outflows as defined in the LCR per PRA rulebook.

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Level 1 securities</b>                                      |                       |                       |
| Cash and balances at central banks                             | 74,141                | 81,675                |
| Central banks, governments/public sector entities              | 74,632                | 71,768                |
| Multilateral development banks and international organisations | 15,789                | 16,917                |
| Other  | 1,240                 | 1,291                 |
| <b>Total Level 1 securities</b>                                | <b>165,802</b>        | <b>171,651</b>        |
| Level 2 A securities   | 6,165                 | 13,268                |
| Level 2 B securities   | 1,526                 | 724                   |
| <b>Total LCR eligible assets</b>                               | <b>173,493</b>        | <b>185,643</b>        |

### Liquidity analysis of the Group's balance sheet (reviewed)

#### Contractual maturity of assets and liabilities

The following table presents assets and liabilities by maturity groupings based on the remaining period to the contractual maturity date as at the balance sheet date on a discounted basis. Contractual maturities do not necessarily reflect actual repayments or cash flows.

Within the tables below, cash and balances with central banks, interbank placements and investment securities that are fair valued through other comprehensive income are used by the Group principally for liquidity management purposes.

As at the reporting date, assets remain predominantly short-dated, with 60 per cent maturing in less than one year.

|   | 30.06.24                       |   |  |   |   |   |   |   |                    |
|---|--------------------------------|---|--|---|---|---|---|---|--------------------|
|   | One month or less<br>\$million | Between one month and three months<br>\$million | Between three months and six months<br>\$million | Between six months and nine months<br>\$million | Between nine months and one year<br>\$million | Between one year and two years<br>\$million | Between two years and five years<br>\$million | More than five years and undated<br>\$million | Total<br>\$million |
| <b>Assets</b>                                     |                                |   |  |   |   |   |   |   |                    |
| Cash and balances at central banks                | 54,216                         | –   | –  | –   | –   | –   | –   | 9,870   | 64,086             |
| Derivative financial instruments                  | 10,026                         | 6,008   | 7,662  | 5,234   | 2,818   | 5,261                                       | 6,924   | 4,714   | 48,647             |
| Loans and advances to banks <sup>1,2</sup>        | 31,438                         | 21,293  | 12,292   | 5,050   | 4,579   | 8,414                                       | 3,424   | 1,202   | 87,692             |
| Loans and advances to customers <sup>1,2</sup>    | 83,116                         | 51,429  | 21,244   | 15,126  | 11,686  | 33,798                                      | 25,855  | 93,453  | 335,707            |
| Investment securities <sup>1</sup>                | 11,746                         | 23,660  | 23,513   | 20,820  | 18,813  | 26,188                                      | 48,845  | 58,270  | 231,855            |
| Other assets <sup>1</sup>                         | 22,827                         | 30,911  | 1,457  | 335   | 619   | 129   | 44  | 11,118  | 67,440             |
| <b>Total assets</b>                               | <b>213,369</b>                 | <b>133,301</b>                                  | <b>66,168</b>                                    | <b>46,565</b>                                   | <b>38,515</b>                                 | <b>73,790</b>                               | <b>85,092</b>                                 | <b>178,627</b>                                | <b>835,427</b>     |
| <b>Liabilities</b>                                |                                |   |  |   |   |   |   |   |                    |
| Deposits by banks <sup>1,3</sup>                  | 27,480                         | 3,237   | 1,938  | 913   | 465   | 3,794                                       | 2,647   | 4   | 40,478             |
| Customer accounts <sup>1,4</sup>                  | 379,475                        | 46,011  | 28,154   | 9,360   | 11,613  | 9,805                                       | 45,223  | 2,621   | 532,262            |
| Derivative financial instruments                  | 8,837                          | 8,975   | 7,076  | 5,436   | 3,201   | 5,216                                       | 6,874   | 4,969   | 50,584             |
| Senior debt <sup>5</sup>                          | 1,180                          | 910   | 1,249  | 1,584   | 4,031   | 9,049                                       | 19,481  | 16,575  | 54,059             |
| Other debt securities in issue <sup>1</sup>       | 1,944                          | 5,123   | 8,107  | 4,206   | 2,989   | 907   | 264   | 415   | 23,955             |
| Other liabilities                                 | 17,794                         | 39,284  | 2,983  | 1,870   | 762   | 1,225                                       | 2,044   | 5,944   | 71,906             |
| Subordinated liabilities and other borrowed funds | 10                             | 72  | 508  | 160   | 43  | 358   | 1,954   | 7,751   | 10,856             |
| <b>Total liabilities</b>                          | <b>436,720</b>                 | <b>103,612</b>                                  | <b>50,015</b>                                    | <b>23,529</b>                                   | <b>23,104</b>                                 | <b>30,354</b>                               | <b>78,487</b>                                 | <b>38,279</b>                                 | <b>784,100</b>     |
| <b>Net liquidity gap</b>                          | <b>(223,351)</b>               | <b>29,689</b>                                   | <b>16,153</b>                                    | <b>23,036</b>                                   | <b>15,411</b>                                 | <b>43,436</b>                               | <b>6,605</b>                                  | <b>140,348</b>                                | <b>51,327</b>      |

1 Loans and advances, investment securities, other assets, deposits by banks, customer accounts and debt securities in issue include financial instruments held at fair value through profit or loss, see Note 13 Financial instruments

2 Loans and advances include reverse repurchase agreements and other similar secured lending of \$105.0 billion

3 Deposits by banks include repurchase agreements and other similar secured borrowing of \$10.3 billion

4 Customer accounts include repurchase agreements and other similar secured borrowing of \$44.3 billion

5 Senior debt maturity profiles are based upon contractual maturity, which may be later than call options over the debt held by the Group

31.12.23

|   | One month or less \$million | Between one month and three months \$million | Between three months and six months \$million | Between six months and nine months \$million | Between nine months and one year \$million | Between one year and two years \$million | Between two years and five years \$million | More than five years and undated \$million | Total \$million |
|---|-----------------------------|--|---|--|--|--|--|--|-----------------|
| <b>Assets</b>                                     |                             |  |   |  |  |  |  |  |                 |
| Cash and balances at central banks                | 63,752                      | –  | –   | –  | –  | –  | –  | 6,153                                      | 69,905          |
| Derivative financial instruments                  | 12,269                      | 10,632                                       | 6,910   | 3,611  | 2,921                                      | 4,650                                    | 6,038                                      | 3,403                                      | 50,434          |
| Loans and advances to banks <sup>1,2</sup>        | 28,814                      | 23,384                                       | 10,086  | 4,929  | 5,504                                      | 1,583                                    | 2,392                                      | 1,098                                      | 77,790          |
| Loans and advances to customers <sup>1,2</sup>    | 86,695                      | 55,009                                       | 25,492  | 15,392                                       | 14,537                                     | 25,987                                   | 26,545                                     | 95,829                                     | 345,486         |
| Investment securities <sup>1</sup>                | 12,187                      | 28,999                                       | 17,131  | 18,993                                       | 20,590                                     | 24,244                                   | 44,835                                     | 50,168                                     | 217,147         |
| Other assets <sup>1</sup>                         | 17,611                      | 31,729                                       | 1,286   | 409  | 587  | 67                                       | 93   | 10,300                                     | 62,082          |
| <b>Total assets</b>                               | <b>221,328</b>              | <b>149,753</b>                               | <b>60,905</b>                                 | <b>43,334</b>                                | <b>44,139</b>                              | <b>56,531</b>                            | <b>79,903</b>                              | <b>166,951</b>                             | <b>822,844</b>  |
| <b>Liabilities</b>                                |                             |  |   |  |  |  |  |  |                 |
| Deposits by banks <sup>1,3</sup>                  | 26,745                      | 1,909  | 1,398   | 503  | 778  | 1,326                                    | 2,848                                      | 2  | 35,509          |
| Customer accounts <sup>1,4</sup>                  | 384,444                     | 47,723                                       | 28,288  | 13,647                                       | 11,806                                     | 7,787                                    | 38,578                                     | 2,349                                      | 534,622         |
| Derivative financial instruments                  | 13,111                      | 12,472                                       | 6,655   | 4,001  | 3,433                                      | 5,142                                    | 6,932                                      | 4,315                                      | 56,061          |
| Senior debt <sup>5</sup>                          | 130                         | 1,111  | 1,537   | 1,389  | 624  | 11,507                                   | 20,127                                     | 14,443                                     | 50,868          |
| Other debt securities in issue <sup>1</sup>       | 3,123                       | 5,822  | 6,109   | 3,235  | 3,037                                      | 492                                      | 482  | 195  | 22,495          |
| Other liabilities                                 | 14,929                      | 26,447                                       | 1,695   | 544  | 883  | 1,830                                    | 1,809                                      | 12,763                                     | 60,900          |
| Subordinated liabilities and other borrowed funds | 980                         | 68   | 19  | 172  | 453  | 312                                      | 1,936                                      | 8,096                                      | 12,036          |
| <b>Total liabilities</b>                          | <b>443,462</b>              | <b>95,552</b>                                | <b>45,701</b>                                 | <b>23,491</b>                                | <b>21,014</b>                              | <b>28,396</b>                            | <b>72,712</b>                              | <b>42,163</b>                              | <b>772,491</b>  |
| <b>Net liquidity gap</b>                          | <b>(22,134)</b>             | <b>54,201</b>                                | <b>15,204</b>                                 | <b>19,843</b>                                | <b>23,125</b>                              | <b>28,135</b>                            | <b>7,191</b>                               | <b>124,788</b>                             | <b>50,353</b>   |

1 Loans and advances, investment securities, other assets, deposits by banks, customer accounts and debt securities in issue include financial instruments held at fair value through profit or loss, see Note 13 Financial instruments

2 Loans and advances include reverse repurchase agreements and other similar secured lending of \$97.6 billion

3 Deposits by banks include repurchase agreements and other similar secured borrowing of \$5.6 billion

4 Customer accounts include repurchase agreements and other similar secured borrowing of \$48 billion

5 Senior debt maturity profiles are based upon contractual maturity, which may be later than call options over the debt held by the Group

### Behavioural maturity of financial assets and liabilities

The cash flows presented in the previous section reflect the cash flows that will be contractually payable over the residual maturity of the instruments. However, contractual maturities do not necessarily reflect the timing of actual repayments or cash flow. In practice, certain assets and liabilities behave differently from their contractual terms, especially for short-term customer accounts, credit card balances and overdrafts, which extend to a longer period than their contractual maturity. On the other hand, mortgage balances tend to have a shorter repayment period than their contractual maturity date. Expected customer behaviour is assessed and managed on a country basis using qualitative and quantitative techniques, including analysis of observed customer behaviour over time.

### Maturity of financial liabilities on an undiscounted basis (reviewed)

The following table analyses the contractual cash flows payable for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The financial liability balances in the table below will not agree with the balances reported in the consolidated balance sheet as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. Derivatives not treated as hedging derivatives are included in the 'On demand' time bucket and not by contractual maturity.

Within the 'More than five years and undated' maturity band are undated financial liabilities, the majority of which relate to subordinated debt, on which interest payments are not included as this information would not be meaningful, given the instruments are undated. Interest payments on these instruments are included within the relevant maturities up to five years.

## Risk review continued

| 30.06.24  |                             |  |   |  |  |  |  |  |                 |
|---|-----------------------------|--|---|--|--|--|--|--|-----------------|
|   | One month or less \$million | Between one month and three months \$million | Between three months and six months \$million | Between six months and nine months \$million | Between nine months and one year \$million | Between one year and two years \$million | Between two years and five years \$million | More than five years and undated \$million | Total \$million |
| Deposits by banks                                 | 27,493                      | 3,257  | 1,974   | 919  | 480  | 3,794                                    | 2,647                                      | 4  | 40,568          |
| Customer accounts                                 | 380,360                     | 46,413                                       | 28,652  | 9,584  | 12,017                                     | 10,147                                   | 45,513                                     | 3,379                                      | 536,065         |
| Derivative financial instruments                  | 48,345                      | 4  | 37  | 83   | 44   | 184                                      | 760  | 1,127                                      | 50,584          |
| Debt securities in issue                          | 3,403                       | 6,062  | 9,706   | 6,210  | 7,478                                      | 11,444                                   | 22,754                                     | 19,967                                     | 87,024          |
| Subordinated liabilities and other borrowed funds | 15                          | 174  | 558   | 167  | 48   | 185                                      | 2,355                                      | 16,017                                     | 19,519          |
| Other liabilities                                 | 17,365                      | 39,101                                       | 2,900   | 1,852  | 753  | 1,227                                    | 2,044                                      | 5,787                                      | 71,029          |
| <b>Total liabilities</b>                          | <b>476,981</b>              | <b>95,011</b>                                | <b>43,827</b>                                 | <b>18,815</b>                                | <b>20,820</b>                              | <b>26,981</b>                            | <b>76,073</b>                              | <b>46,281</b>                              | <b>804,789</b>  |

| 31.12.23  |                             |  |   |  |  |  |  |  |                 |
|---|-----------------------------|--|---|--|--|--|--|--|-----------------|
|   | One month or less \$million | Between one month and three months \$million | Between three months and six months \$million | Between six months and nine months \$million | Between nine months and one year \$million | Between one year and two years \$million | Between two years and five years \$million | More than five years and undated \$million | Total \$million |
| Deposits by banks                                 | 26,759                      | 1,921  | 1,417   | 513  | 790  | 1,328                                    | 2,848                                      | 4  | 35,580          |
| Customer accounts                                 | 385,361                     | 48,140                                       | 28,763  | 14,049                                       | 12,190                                     | 8,118                                    | 39,000                                     | 3,036                                      | 538,657         |
| Derivative financial instruments                  | 53,054                      | 517  | 46  | 44   | 103  | 202                                      | 887  | 1,208                                      | 56,061          |
| Debt securities in issue                          | 3,507                       | 6,995  | 8,015   | 5,070  | 4,002                                      | 13,663                                   | 23,413                                     | 16,396                                     | 81,061          |
| Subordinated liabilities and other borrowed funds | 1,043                       | 134  | 46  | 208  | 570  | 395                                      | 2,389                                      | 14,367                                     | 19,152          |
| Other liabilities                                 | 12,200                      | 26,291                                       | 1,560   | 515  | 884  | 1,832                                    | 1,810                                      | 11,513                                     | 56,605          |
| <b>Total liabilities</b>                          | <b>481,924</b>              | <b>83,998</b>                                | <b>39,847</b>                                 | <b>20,399</b>                                | <b>18,539</b>                              | <b>25,538</b>                            | <b>70,347</b>                              | <b>46,524</b>                              | <b>787,116</b>  |

### Interest Rate Risk in the Banking Book (reviewed)

The following table provides the estimated impact to a hypothetical base case projection of the Group's earnings under the following scenarios:

- A 50 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves
- A 100 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves

These interest rate shock scenarios assume all other economic variables remain constant. The sensitivities shown represent the estimated change to a hypothetical base case projected net interest income (NII), plus the change in interest rate implied income and expense from FX swaps used to manage banking book currency positions, under the different interest rate shock scenarios.

The base case projected NII is based on the current market-implied path of rates and forward rate expectations. The NII sensitivities below stress this base case by a further 50 or 100bps. Actual observed interest rate changes will likely differ from market expectation. Accordingly, the shocked NII sensitivity does not represent a forecast of the Group's net interest income.

The interest rate sensitivities are indicative stress tests and based on simplified scenarios, estimating the aggregate impact of an unanticipated, instantaneous parallel shock across all yield curves over a one-year horizon, including the time taken to implement changes to pricing before becoming effective. The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the change in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment.

Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability re-pricing tenors, and price flooring. In particular, the assumption that interest rates of all currencies and maturities shift by the same amount concurrently, and that no actions are taken to mitigate the impacts arising from this are considered unlikely. Reported sensitivities will vary over time due to a number of factors including changes in balance sheet composition, market conditions, customer behaviour and risk management strategy. Therefore, while the NII sensitivities are a relevant measure of the Group's interest rate exposure, they should not be considered an income or profit forecast.

| 30.06.24   |                       |                       |                       |                       |   |                    |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---|--------------------|
| Estimated one-year impact to earnings from a parallel shift in yield curves at the beginning of the period of: | USD bloc<br>\$million | HKD bloc<br>\$million | SGD bloc<br>\$million | CNY bloc<br>\$million | Other<br>currency<br>bloc <sup>1</sup><br>\$million | Total<br>\$million |
| + 50 basis points  | 50                    | 20                    | 10                    | 20                    | 110   | 210                |
| – 50 basis points  | (100)                 | (30)                  | (20)                  | (40)                  | (140)   | (330)              |
| + 100 basis points   | 100                   | 30                    | 20                    | 50                    | 200   | 400                |
| – 100 basis points   | (210)                 | (60)                  | (40)                  | (70)                  | (270)   | (650)              |

| 31.12.23   |                       |                       |                       |                       |  |                    |
|--|-----------------------|-----------------------|-----------------------|-----------------------|--|--------------------|
| Estimated one-year impact to earnings from a parallel shift in yield curves at the beginning of the period of: | USD bloc<br>\$million | HKD bloc<br>\$million | SGD bloc<br>\$million | CNY bloc<br>\$million | Other<br>currency<br>bloc<br>\$million | Total<br>\$million |
| + 50 basis points  | 90                    | 10                    | 50                    | 30                    | 170                                    | 350                |
| – 50 basis points  | (150)                 | (30)                  | (50)                  | (40)                  | (200)                                  | (470)              |
| + 100 basis points   | 180                   | 10                    | 100                   | 60                    | 340                                    | 690                |
| – 100 basis points   | (280)                 | (40)                  | (100)                 | (80)                  | (390)                                  | (890)              |

<sup>1</sup> The currency blocs broken out in the table are not necessarily the most material at the reporting date as this can change year to year. The majority of the Other currency bloc sensitivity relates to the currencies EUR, GBP, INR, KRW, MYR, TWD

As at 30 June 2024, the Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 50 basis points to increase projected NII by \$210 million. The equivalent impact from a parallel decrease of 50 basis points would result in a reduction in projected NII of \$330 million. The Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 100 basis points to increase projected NII by \$400 million. The equivalent impact from a parallel decrease of 100 basis points would result in a reduction in projected NII of \$650 million.

The benefit from rising interest rates is primarily from reinvesting at higher yields and from assets re-pricing faster and to a greater extent than deposits. NII sensitivity in falling rate scenarios has decreased versus 31 December 2023, due to an increase in programmatic hedging as well as actions taken in discretionary portfolios to increase asset duration. Over the course of 2024 the notional of interest rate swaps and HTC-accounted bond portfolios used to reduce NII sensitivity through the cycle increased from \$47 billion to \$51 billion. As at 30 June 2024, the portfolios had a weighted average maturity of 3.1 years, which reflects the behaviouralised lives of the rate-insensitive deposit and equity balances that they hedge, and a yield of 3.4 per cent.

### Operational and Technology Risk

The Group defines Operational and Technology Risk as the potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks). Operational and Technology risk may occur anywhere in the Group, including third-party processes.

### Operational and Technology Risk profile

Risk management practices help the business grow safely and ensure governance and management of Operational and Technology risk through the delivery and embedding of effective frameworks and policies, together with continuous oversight and assurance. Managing Operational and Technology risk makes the Group more efficient and enables it to offer better, sustainable service to its customers. The Group's Operational and Technology Risk Type Framework (O&T RTF) enable the Group to govern, identify, measure, monitor and test, manage and report on its Operational and Technology risk. The Group continues to ensure the O&T RTF supports the business and functions in effectively managing risk and controls within Risk Appetite to meet their strategic objectives.

The Group has demonstrated progress on ensuring visibility of risks and risk management through implementation of a standardised risk taxonomy. Standardising the risk taxonomy enables improved risk aggregation and reporting and provides opportunities for simplifying the process of risk identification and assessment. A revised Process Universe along with taxonomies for causes and controls have been designed and are being implemented in 2024, with control categories supporting the streamlining and removal of duplicate controls, reducing complexity, and improving risk and control management. Macro processes will provide a client-centric view and enable clearer accountability for delivery as well as management of risks in line with business objectives.

The Group's Operational and Technology risk profile remained stable with improvements to the quality of risk understanding and identification in a fast-changing technology landscape. Operational and Technology risk is elevated in areas such as Information and Cyber Security, Data Management and Transaction Processing, which are subject to ongoing control enhancement programmes. Other key areas of focus are Change, Systems Health/Technology risk, Third Party risk, Resilience and Regulatory Compliance. Management has focused on addressing these areas, improving the sustainable operating environment, and initiated several programmes to enhance the control environment. The Group continues to monitor and manage Operational and Technology risks associated with the external environment such as geopolitical factors and the increasing risk of cyber attacks. Digitalisation and inappropriate use of Artificial Intelligence, various regulatory expectations across our footprint and the changing technology landscape remain key emerging areas to manage, allowing the Group to keep pace with new business developments, whilst ensuring that risk and control frameworks evolve accordingly. The Group continues to strengthen its risk management to understand the full spectrum of risks in the operating environment, enhance its defences and improve resilience.

### Other principal risks

Losses arising from operational failures for other principal and integrated risks are reported as operational losses. Operational losses do not include operational risk-related credit impairments.

## Capital review

The Capital review provides an analysis of the Group's capital and leverage position, and requirements.

### Capital summary

The Group's capital, leverage and minimum requirements for own funds and eligible liabilities (MREL) position is managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity.

|                                      | 30.06.24 | 31.12.23 |
|--------------------------------------|----------|----------|
| CET1 capital                         | 14.6%    | 14.1%    |
| Tier 1 capital                       | 17.3%    | 16.3%    |
| Total capital                        | 22.1%    | 21.2%    |
| Leverage ratio                       | 4.8%     | 4.7%     |
| MREL ratio                           | 35.4%    | 33.3%    |
| Risk-weighted assets (RWA) \$million | 241,926  | 244,151  |

The Group's capital, leverage and MREL positions were all above current requirements and Board-approved risk appetite. For further detail see the Capital section in the Standard Chartered PLC Pillar 3 Disclosures for H1 2024. The Group's CET1 capital increased 59 basis points to 14.6 per cent of RWA since FY2023. Profits, movements in FVOCI, lower regulatory deductions and RWA optimisations were partly offset by distributions (including ordinary share buybacks of \$1.0 billion during the year) and FX translation reserves.

As at 30 June 2024 the Group's Pillar 2A was 3.8 per cent of RWA, of which at least 2.1 per cent must be held in CET1 capital. The Group's minimum CET1 capital requirement was 10.6 per cent at H1 2024. The Korea countercyclical buffer increased to 1.0 per cent in the second quarter which impacts the Group's CET1 minimum requirement by approximately 7 basis points from December 2023.

The Group CET1 capital ratio at H1 2024 reflects the share buybacks of \$1.0 billion completed during the year. The CET1 capital ratio also includes an accrual for the FY 2024 interim dividend. The Board has recommended an interim dividend for H1 2024 of \$230 million or 9 cents per share representing a third of the total 2023 dividend. In addition, the Board has announced a further share buyback of \$1.5 billion, the impact of this will reduce the Group's CET1 capital by around 60 basis points in the third quarter of 2024.

The Group expects to manage CET1 capital dynamically within our 13-14 per cent target range, in support of our aim of delivering future sustainable shareholder distributions.

The Group's MREL requirement as at H1 2024 was equivalent to 28.4 per cent of RWA. This is composed of a minimum requirement of 24.5 per cent of RWA and the Group's combined buffer (comprising the capital conservation buffer, the G-SII buffer and the countercyclical buffer). The Group's MREL ratio was 35.4 per cent of RWA and 9.8 per cent of leverage exposure at H1 2024.

During the period, the Group successfully raised \$7.0 billion of MREL eligible securities from its holding company, Standard Chartered PLC. Issuance include \$1.0 billion of Additional Tier1 and \$6.0 billion of callable senior debt.

The Group is a G-SII, with a 1.0 per cent G-SII CET1 capital buffer. The Standard Chartered PLC G-SII disclosure is published at: [sc.com/en/investors/financial-results](https://www.sc.com/en/investors/financial-results).

## Capital review continued

### Capital base<sup>1</sup> (reviewed)

|   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| <b>CET1 capital instruments and reserves</b>  |                       |                       |
| Capital instruments and the related share premium accounts  | 5,264                 | 5,321                 |
| Of which: share premium accounts  | 3,989                 | 3,989                 |
| Retained earnings   | 27,017                | 24,930                |
| Accumulated other comprehensive income (and other reserves)   | 8,274                 | 9,171                 |
| Non-controlling interests (amount allowed in consolidated CET1)   | 236                   | 217                   |
| Independently reviewed interim and year-end profits   | 2,409                 | 3,542                 |
| Foreseeable dividends   | (478)                 | (768)                 |
| <b>CET1 capital before regulatory adjustments</b>   | <b>42,722</b>         | <b>42,413</b>         |
| <b>CET1 regulatory adjustments</b>  |                       |                       |
| Additional value adjustments (prudential valuation adjustments)   | (678)                 | (730)                 |
| Intangible assets (net of related tax liability)  | (6,006)               | (6,128)               |
| Deferred tax assets that rely on future profitability (excludes those arising from temporary differences) | (44)                  | (41)                  |
| Fair value reserves related to net losses on cash flow hedges   | 56                    | (91)                  |
| Deduction of amounts resulting from the calculation of excess expected loss                               | (653)                 | (754)                 |
| Net gains on liabilities at fair value resulting from changes in own credit risk                          | 260                   | (100)                 |
| Defined-benefit pension fund assets   | (110)                 | (95)                  |
| Fair value gains arising from the institution's own credit risk related to derivative liabilities         | (90)                  | (116)                 |
| Exposure amounts which could qualify for risk weighting of 1250%  | (39)                  | (44)                  |
| Other regulatory adjustments to CET1 capital  | –                     | –                     |
| <b>Total regulatory adjustments to CET1</b>   | <b>(7,304)</b>        | <b>(8,099)</b>        |
| <b>CET1 capital</b>   | <b>35,418</b>         | <b>34,314</b>         |
| <b>Additional Tier 1 capital (AT1) instruments</b>  | <b>6,504</b>          | <b>5,512</b>          |
| <b>AT1 regulatory adjustments</b>   | <b>(20)</b>           | <b>(20)</b>           |
| <b>Tier 1 capital</b>   | <b>41,902</b>         | <b>39,806</b>         |
| Tier 2 capital instruments  | 11,697                | 11,965                |
| Tier 2 regulatory adjustments   | (30)                  | (30)                  |
| Tier 2 capital  | 11,667                | 11,935                |
| <b>Total capital</b>  | <b>53,569</b>         | <b>51,741</b>         |
| <b>Total risk-weighted assets<sup>2</sup></b>   | <b>241,926</b>        | <b>244,151</b>        |

1 Capital base is prepared on the regulatory scope of consolidation

2 Total risk-weighted assets are not in scope of EY's review



## Movement in total capital (reviewed)

|   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| CET1 at 1 January/1 July  | 34,314                | 34,896                |
| Ordinary shares issued in the period and share premium  | –                     | –                     |
| Share buyback   | (1,000)               | (1,000)               |
| Profit for the period/year  | 2,409                 | 1,156                 |
| Foreseeable dividends deducted from CET1  | (478)                 | (391)                 |
| Difference between dividends paid and foreseeable dividends                                       | 8                     | (376)                 |
| Movement in goodwill and other intangible assets  | 122                   | (303)                 |
| Foreign currency translation differences  | (510)                 | 164                   |
| Non-controlling interests   | 19                    | 27                    |
| Movement in eligible other comprehensive income   | 368                   | 54                    |
| Deferred tax assets that rely on future profitability   | (3)                   | 45                    |
| Decrease/(increase) in excess expected loss   | 101                   | 33                    |
| Additional value adjustments (prudential valuation adjustment)                                    | 52                    | (37)                  |
| IFRS 9 transitional impact on regulatory reserves including day one                               | –                     | –                     |
| Exposure amounts which could qualify for risk weighting   | 5                     | 8                     |
| Fair value gains arising from the institution's own Credit Risk related to derivative liabilities | 26                    | (52)                  |
| Others  | (15)                  | 90                    |
| <b>CET1 at 30 June/31 December</b>  | <b>35,418</b>         | <b>34,314</b>         |
| AT1 at 1 January/1 July   | 5,492                 | 5,492                 |
| Net issuances (redemptions)   | 992                   | –                     |
| Foreign currency translation difference   | –                     | –                     |
| Excess on AT1 grandfathered limit (ineligible)  | –                     | –                     |
| <b>AT1 at 30 June/31 December</b>   | <b>6,484</b>          | <b>5,492</b>          |
| Tier 2 capital at 1 January/1 July  | 11,935                | 12,281                |
| Regulatory amortisation   | 822                   | (287)                 |
| Net issuances (redemptions)   | (1,000)               | (118)                 |
| Foreign currency translation difference   | (91)                  | 36                    |
| Tier 2 ineligible minority interest   | (2)                   | 22                    |
| Recognition of ineligible AT1   | –                     | –                     |
| Others  | 3                     | 1                     |
| <b>Tier 2 capital at 30 June/31 December</b>  | <b>11,667</b>         | <b>11,935</b>         |
| <b>Total capital at 30 June/31 December</b>   | <b>53,569</b>         | <b>51,741</b>         |

The main movements in capital in the period were:

- CET1 capital increased by \$1.1 billion as retained profits of \$2.4 billion, movement in FVOCI of \$0.2bn and decrease in regulatory deductions and other movements of \$0.5 billion were partly offset by share buybacks of \$1.0 billion, distributions paid and foreseeable of \$0.5 billion and foreign currency translation impact of \$0.5 billion.
- AT1 capital increased by \$1.0 billion following the issuance of \$1.0 billion of 7.875 per cent securities.
- Tier 2 capital decreased by \$0.3 billion due to the redemption of \$1.0 billion of Tier 2 during the period partly offset by the reversal of regulatory amortisation and foreign currency translation impact.

## Risk-weighted assets by business

|                                   | 30.06.24                 |                               |                          |                         |
|-----------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------|
|                                   | Credit risk<br>\$million | Operational risk<br>\$million | Market risk<br>\$million | Total risk<br>\$million |
| Corporate & Investment Banking    | 105,356                  | 19,987                        | 23,790                   | 149,133                 |
| Wealth & Retail Banking           | 42,936                   | 9,523                         | –                        | 52,459                  |
| Ventures                          | 1,981                    | 142                           | 6                        | 2,129                   |
| Central & Other items             | 34,731                   | (173)                         | 3,647                    | 38,205                  |
| <b>Total risk-weighted assets</b> | <b>185,004</b>           | <b>29,479</b>                 | <b>27,443</b>            | <b>241,926</b>          |

|                                   | 31.12.23                 |                               |                          |                         |
|-----------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------|
|                                   | Credit risk<br>\$million | Operational risk<br>\$million | Market risk<br>\$million | Total risk<br>\$million |
| Corporate & Investment Banking    | 102,675                  | 18,083                        | 21,221                   | 141,979                 |
| Wealth & Retail Banking           | 42,559                   | 8,783                         | –                        | 51,342                  |
| Ventures                          | 1,885                    | 35                            | 3                        | 1,923                   |
| Central & Other items             | 44,304                   | 960                           | 3,643                    | 48,907                  |
| <b>Total risk-weighted assets</b> | <b>191,423</b>           | <b>27,861</b>                 | <b>24,867</b>            | <b>244,151</b>          |

## Movement in risk-weighted assets

|  | Credit risk                                    |   |                       |                                    |                    |                                  |                          |                         |
|--|--|---|-----------------------|------------------------------------|--------------------|----------------------------------|--------------------------|-------------------------|
|  | Corporate & Investment<br>Banking<br>\$million | Wealth & Retail<br>Banking<br>\$million | Ventures<br>\$million | Central & Other items<br>\$million | Total<br>\$million | Operational<br>risk<br>\$million | Market risk<br>\$million | Total risk<br>\$million |
| <b>At 31 December 2022</b>                 | 110,103  | 42,091                                  | 1,350                 | 43,311                             | 196,855            | 27,177                           | 20,679                   | 244,711                 |
| <b>At 1 January 2023</b>                   | 110,103  | 42,091                                  | 1,350                 | 43,311                             | 196,855            | 27,177                           | 20,679                   | 244,711                 |
| Assets growth & mix                        | (726)  | 693                                     | 538                   | 2,000                              | 2,505              | –                                | –                        | 2,505                   |
| Asset quality                              | (157)  | (125)                                   | –                     | 420                                | 138                | –                                | –                        | 138                     |
| Risk-weighted assets efficiencies          | –  | –                                       | –                     | –                                  | –                  | –                                | –                        | –                       |
| Model Updates                              | 800  | –                                       | –                     | –                                  | 800                | –                                | 700                      | 1,500                   |
| Methodology and policy changes             | –  | (200)                                   | –                     | –                                  | (200)              | –                                | –                        | (200)                   |
| Acquisitions and disposals                 | –  | –                                       | –                     | –                                  | –                  | –                                | –                        | –                       |
| Foreign currency translation               | (677)  | (578)                                   | –                     | (1,692)                            | (2,947)            | –                                | –                        | (2,947)                 |
| Other, Including non-credit risk movements | –  | –                                       | –                     | –                                  | –                  | 684                              | 2,726                    | 3,410                   |
| <b>At 30 June 2023</b>                     | 109,343  | 41,881                                  | 1,888                 | 44,039                             | 197,151            | 27,861                           | 24,105                   | 249,117                 |
| Assets growth & mix                        | (3,698)  | 35                                      | (3)                   | (817)                              | (4,483)            | –                                | –                        | (4,483)                 |
| Asset quality                              | (234)  | 515                                     | –                     | 2,264                              | 2,545              | –                                | –                        | 2,545                   |
| Risk-weighted assets efficiencies          | –  | –                                       | –                     | (688)                              | (688)              | –                                | –                        | (688)                   |
| Model Updates                              | (1,397)  | (151)                                   | –                     | (151)                              | (1,699)            | –                                | (200)                    | (1,899)                 |
| Methodology and policy changes             | –  | 4                                       | –                     | –                                  | 4                  | –                                | (800)                    | (796)                   |
| Acquisitions and disposals                 | (1,630)  | –                                       | –                     | –                                  | (1,630)            | –                                | –                        | (1,630)                 |
| Foreign currency translation               | 291  | 275                                     | –                     | (343)                              | 223                | –                                | –                        | 223                     |
| Other, Including non-credit risk movements | –  | –                                       | –                     | –                                  | –                  | –                                | 1,762                    | 1,762                   |
| <b>At 31 December 2023</b>                 | 102,675  | 42,559                                  | 1,885                 | 44,304                             | 191,423            | 27,861                           | 24,867                   | 244,151                 |
| Assets growth & mix                        | 4,273  | 53                                      | 96                    | (5,051)                            | (629)              | –                                | –                        | (629)                   |
| Asset quality                              | (741)  | 401                                     | –                     | (2,334)                            | (2,674)            | –                                | –                        | (2,674)                 |
| Risk-weighted assets efficiencies          | –  | –                                       | –                     | –                                  | –                  | –                                | –                        | –                       |
| Model Updates                              | 462  | 818                                     | –                     | –                                  | 1,280              | –                                | –                        | 1,280                   |
| Methodology and policy changes             | –  | –                                       | –                     | –                                  | –                  | –                                | (1,300)                  | (1,300)                 |
| Acquisitions and disposals                 | –  | –                                       | –                     | –                                  | –                  | –                                | –                        | –                       |
| Foreign currency translation               | (1,313)  | (895)                                   | –                     | (954)                              | (3,162)            | –                                | –                        | (3,162)                 |
| Other, Including non-credit risk movements | –  | –                                       | –                     | (1,234)                            | (1,234)            | 1,618                            | 3,876                    | 4,260                   |
| <b>At 30 June 2024</b>                     | <b>105,356</b>                                 | <b>42,936</b>                           | <b>1,981</b>          | <b>34,731</b>                      | <b>185,004</b>     | <b>29,479</b>                    | <b>27,443</b>            | <b>241,926</b>          |

### Movements in risk-weighted assets

RWA decreased by \$2.2 billion, or 0.9 per cent from 31 December 2023 to \$241.9 billion. This was mainly due to a decrease in Credit Risk RWA of \$6.4 billion, partially offset by increases in Market Risk RWA of \$2.6 billion and Operational Risk RWA of \$1.6 billion.

### Corporate & Investment Banking

Credit Risk RWA increased by \$2.7 billion, or 2.6 per cent from 31 December 2023 to \$105.4 billion mainly due to:

- \$4.3 billion increase from changes in asset growth & mix, of which:
  - \$5.1 billion increase from asset balance growth
  - \$0.8 billion decrease from optimisation activities
- \$0.5 billion increase from industry-wide regulatory changes to align IRB model performance
- \$1.3 billion decrease from foreign currency translation
- \$0.7 billion decrease mainly due to an improvement in asset quality reflecting client upgrades

### Wealth & Retail Banking

Credit Risk RWA increased by \$0.4 billion, or 0.9 per cent from 31 December 2023 to \$42.9 billion mainly due to:

- \$0.8 billion increase from industry-wide regulatory changes to align IRB model performance
- \$0.4 billion increase mainly due to deterioration in asset quality mainly in Asia
- \$0.1 billion increase from changes in asset growth & mix
- \$0.9 billion decrease from foreign currency translation

### Ventures

Ventures is comprised of Mox Bank Limited, Trust Bank and SC Ventures. Credit Risk RWA increased by \$0.1 billion, or 5.1 per cent from 31 December 2023 to \$2.0 billion from asset balance growth, mainly from SC Ventures.

### Central & Other items

Central & Other items RWA mainly relate to the Treasury Markets liquidity portfolio, equity investments and current & deferred tax assets.

Credit Risk RWA decreased by \$9.6 billion, or 21.6 per cent from 31 December 2023 to \$34.7 billion mainly due to:

- \$5.1 billion decrease from changes in asset growth & mix primarily from optimisation activities
- \$2.3 billion decrease due to improvement in asset quality mainly from sovereign upgrades in Asia
- \$1.2 billion decrease due to reporting enhancements
- \$1.0 billion decrease from foreign currency translation

### Market Risk

Total Market Risk RWA increased by \$2.6 billion, or 10 per cent from 31 December 2023 to \$27.4 billion due primarily to:

- \$2.5 billion increase in Standardised Approach (SA) Specific Interest Rate Risk RWA due primarily to increases in the Trading Book government bond portfolio
- \$1.1 billion increase in Internal Models Approach (IMA) stressed VaR RWA due to increased IMA positions attributable mainly to interest rate exposures, offset by a reduction of VaR RWA due to lower FX market volatility, and a reduction of add-ons for Risks not in VaR
- \$1.3 billion decrease in the first quarter due to a reduction in the IMA RWA multiplier resulting from fewer back-testing exceptions

### Operational Risk

- Operational Risk RWA increased by \$1.6 billion, or 5.8 per cent from 31 December 2023 to \$29.5 billion, mainly due to an increase in average income as measured over a rolling three-year time horizon for certain products.

## Capital review continued

### Leverage ratio

The Group's leverage ratio, which excludes qualifying claims on central banks, was 4.8 per cent at H1 2024, which was above the current minimum requirement of 3.8 per cent. The leverage ratio was 7 basis points higher than FY2023. Tier1 capital increased by \$2.1 billion as CET1 capital increased by \$1.1 billion and AT1 capital increased following the issuance of \$1.0 billion of 7.875 percent securities in February 2024. Leverage exposure increased by \$30.6 billion predominantly due to growth in on balance sheet assets, decrease in eligible central bank claims deduction forming part of regulatory adjustments, and decrease in derivative netting adjustments.

### Leverage ratio

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Tier 1 capital (end point)</b>  | <b>41,902</b>         | <b>39,806</b>         |
| Derivative financial instruments   | 48,647                | 50,434                |
| Derivative cash collateral   | 8,099                 | 10,337                |
| Securities financing transactions (SFTs)                                   | 104,981               | 97,581                |
| Loans and advances and other assets  | 673,700               | 664,492               |
| <b>Total on-balance sheet assets</b>                                       | <b>835,427</b>        | <b>822,844</b>        |
| Regulatory consolidation adjustments <sup>1</sup>                          | (82,607)              | (92,709)              |
| Derivatives adjustments  |                       |                       |
| Derivatives netting  | (36,580)              | (39,031)              |
| Adjustments to cash collateral   | (6,876)               | (9,833)               |
| Net written credit protection  | 1,316                 | 1,359                 |
| Potential future exposure on derivatives                                   | 45,488                | 42,184                |
| Total derivatives adjustments  | 3,348                 | (5,321)               |
| Counterparty risk leverage exposure measure for SFTs                       | 3,885                 | 6,639                 |
| Off-balance sheet items  | 125,194               | 123,572               |
| Regulatory deductions from Tier 1 capital                                  | (7,474)               | (7,883)               |
| <b>Total exposure measure excluding claims on central banks</b>            | <b>877,773</b>        | <b>847,142</b>        |
| <b>Leverage ratio excluding claims on central banks (%)</b>                | <b>4.8%</b>           | <b>4.7%</b>           |
| <b>Average leverage exposure measure excluding claims on central banks</b> | <b>870,657</b>        | <b>853,968</b>        |
| <b>Average leverage ratio excluding claims on central banks (%)</b>        | <b>4.7%</b>           | <b>4.6%</b>           |
| <b>Countercyclical leverage ratio buffer</b>                               | <b>0.2%</b>           | <b>0.1%</b>           |
| <b>G-SII additional leverage ratio buffer</b>                              | <b>0.4%</b>           | <b>0.4%</b>           |

1 Includes adjustment for qualifying central bank claims and unsettled regular way trades

## Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting and IAS 34 as adopted by the EU.
- The interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the six months ended 30 June 2024 and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the six months ended 30 June 2024 that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could have materially affected the financial position or performance of the entity during that period

By order of the Board



**Diego De Giorgi**  
Group Chief Financial Officer

30 July 2024

### Standard Chartered PLC Board of Directors

#### Chairman

José Viñals

#### Executive Directors

Bill Winters

Diego De Giorgi

#### Non-Executive Directors

Shirish Apte

David Conner

Jackie Hunt

Diane Jurgens

Robin Lawther

Maria Ramos

Phil Rivett

David Tang

Linda Yueh

# Independent review report to Standard Chartered PLC

## Conclusion

We have been engaged by Standard Chartered PLC (the 'Company' or, together with its subsidiaries, the 'Group') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim cash flow statement, the related notes 1 to 31, and the risk and capital disclosures marked as 'reviewed' from page 38 to 98 (together the 'condensed consolidated interim financial statements'). We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2024 are not prepared, in all material respects, in accordance with United Kingdom (UK) adopted International Accounting Standard 34 (IAS 34), IAS 34 as adopted by the European Union (EU), and the Disclosure Guidance and Transparency Rules (DTR) of the UK's Financial Conduct Authority (FCA).

## Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE) issued by the Financial Reporting Council (FRC). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards and international financial reporting standard as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted IAS 34 and IAS 34 as adopted by the EU, and the DTR of the UK's FCA.

## Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

## Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with UK adopted IAS 34 and IAS 34 as adopted by the EU, and the DTR of the UK's FCA.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the FRC. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

*Ernst & Young LLP*

Ernst & Young LLP  
London

30 July 2024

# Condensed consolidated interim income statement

For the six months ended 30 June 2024

|   | Notes | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|-------|---|---|
| Interest income   |       | 14,194                                  | 12,826                                  |
| Interest expense  |       | (11,019)                                | (8,842)                                 |
| <b>Net interest income</b>                                    | 3     | <b>3,175</b>                            | <b>3,984</b>                            |
| Fees and commission income                                    |       | 2,363                                   | 2,079                                   |
| Fees and commission expense                                   |       | (442)                                   | (434)                                   |
| <b>Net fee and commission income</b>                          | 4     | <b>1,921</b>                            | <b>1,645</b>                            |
| Net trading income  | 5     | 4,749                                   | 3,233                                   |
| Other operating income  | 6     | (54)                                    | 265                                     |
| <b>Operating income</b>                                       |       | <b>9,791</b>                            | <b>9,127</b>                            |
| Staff costs   |       | (4,336)                                 | (4,158)                                 |
| Premises costs  |       | (177)                                   | (208)                                   |
| General administrative expenses                               |       | (1,027)                                 | (741)                                   |
| Depreciation and amortisation                                 |       | (516)                                   | (561)                                   |
| <b>Operating expenses</b>                                     | 7     | <b>(6,056)</b>                          | <b>(5,668)</b>                          |
| <b>Operating profit before impairment losses and taxation</b> |       | <b>3,735</b>                            | <b>3,459</b>                            |
| Credit impairment   | 8     | (240)                                   | (161)                                   |
| Goodwill, property, plant and equipment and other impairment  | 9     | (147)                                   | (77)                                    |
| Profit from associates and joint ventures                     | 19    | 144                                     | 102                                     |
| <b>Profit before taxation</b>                                 |       | <b>3,492</b>                            | <b>3,323</b>                            |
| Taxation  | 10    | (1,123)                                 | (938)                                   |
| <b>Profit for the period</b>                                  |       | <b>2,369</b>                            | <b>2,385</b>                            |
| <b>Profit attributable to:</b>                                |       |   |   |
| Non-controlling interests                                     |       | (9)                                     | (3)                                     |
| Parent company shareholders                                   |       | 2,378                                   | 2,388                                   |
| <b>Profit for the period</b>                                  |       | <b>2,369</b>                            | <b>2,385</b>                            |
| Basic earnings per ordinary share                             | 12    | 83.3                                    | 75.6                                    |
| Diluted earnings per ordinary share                           | 12    | 81.3                                    | 73.9                                    |

The notes on pages 107 to 155 form an integral part of these financial statements.

# Condensed consolidated interim statement of comprehensive income

For the six months ended 30 June 2024

|  | Notes | 6 months ended<br>30.06.2024<br>\$million | 6 months ended<br>30.06.2023<br>\$million |
|--|-------|---|---|
| Profit for the period  |       | 2,369                                     | 2,385                                     |
| <b>Other comprehensive loss</b>  |       |   |   |
| Items that will not be reclassified to income statement:                                   |       | (265)                                     | (53)                                      |
| Own credit losses on financial liabilities designated at fair value through profit or loss |       | (410)                                     | (141)                                     |
| Equity instruments at fair value through other comprehensive (loss)/income                 |       | (25)                                      | 67  |
| Actuarial gains on retirement benefit obligations  | 26    | 31  | 35  |
| Revaluation Surplus  |       | 15  | -   |
| Taxation relating to components of other comprehensive income                              |       | 124                                       | (14)                                      |
| Items that may be reclassified subsequently to income statement:                           |       | (649)                                     | (233)                                     |
| <b>Exchange differences on translation of foreign operations:</b>                          |       |   |   |
| Net loss taken to equity   |       | (1,017)                                   | (979)                                     |
| Net gains on net investment hedges   |       | 377                                       | 294                                       |
| Share of other comprehensive income/(loss) from associates and joint ventures              |       | 9   | (11)                                      |
| <b>Debt instruments at fair value through other comprehensive income:</b>                  |       |   |   |
| Net valuation gains taken to equity  |       | 56  | 167                                       |
| Reclassified to income statement   |       | 90  | 84  |
| Net impact of expected credit losses   |       | (19)                                      | (41)                                      |
| <b>Cash flow hedges:</b>   |       |   |   |
| Net movements in cash flow hedge reserve   |       | (171)                                     | 271                                       |
| Taxation relating to components of other comprehensive income                              |       | 26  | (18)                                      |
| Other comprehensive loss for the period, net of taxation                                   |       | (914)                                     | (286)                                     |
| <b>Total comprehensive income for the period</b>   |       | <b>1,455</b>                              | <b>2,099</b>                              |
| <b>Total comprehensive income attributable to:</b>   |       |   |   |
| Non-controlling interests  |       | (16)                                      | (31)                                      |
| Parent company shareholders  |       | 1,471                                     | 2,130                                     |
| <b>Total comprehensive income for the period</b>   |       | <b>1,455</b>                              | <b>2,099</b>                              |



# Condensed consolidated interim balance sheet

As at 30 June 2024

|   | Notes | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-------|-----------------------|-----------------------|
| <b>Assets</b>   |       |                       |                       |
| Cash and balances at central banks                              |       | 64,086                | 69,905                |
| Financial assets held at fair value through profit or loss      | 13    | 181,725               | 147,222               |
| Derivative financial instruments                                | 13,14 | 48,647                | 50,434                |
| Loans and advances to banks                                     | 13    | 45,231                | 44,977                |
| Loans and advances to customers                                 | 13    | 275,896               | 286,975               |
| Investment securities   | 13    | 152,403               | 161,255               |
| Other assets  | 18    | 53,016                | 47,594                |
| Current tax assets  |       | 491                   | 484                   |
| Prepayments and accrued income                                  |       | 3,224                 | 3,033                 |
| Interests in associates and joint ventures                      | 19    | 1,088                 | 966                   |
| Goodwill and intangible assets                                  | 16    | 6,103                 | 6,214                 |
| Property, plant and equipment                                   | 17    | 2,202                 | 2,274                 |
| Deferred tax assets   | 10    | 593                   | 702                   |
| Retirement benefit schemes in surplus                           | 26    | 111                   | –                     |
| Assets classified as held for sale                              | 20    | 611                   | 809                   |
| <b>Total assets</b>   |       | <b>835,427</b>        | <b>822,844</b>        |
| <b>Liabilities</b>  |       |                       |                       |
| Deposits by banks   | 13    | 28,087                | 28,030                |
| Customer accounts   | 13    | 468,157               | 469,418               |
| Repurchase agreements and other similar secured borrowing       | 13,15 | 7,539                 | 12,258                |
| Financial liabilities held at fair value through profit or loss | 13    | 96,882                | 83,096                |
| Derivative financial instruments                                | 13,14 | 50,584                | 56,061                |
| Debt securities in issue  | 13    | 65,199                | 62,546                |
| Other liabilities   | 21    | 47,440                | 39,221                |
| Current tax liabilities   |       | 1,061                 | 811                   |
| Accruals and deferred income                                    |       | 6,491                 | 6,975                 |
| Subordinated liabilities and other borrowed funds               | 13,24 | 10,856                | 12,036                |
| Deferred tax liabilities  | 10    | 558                   | 770                   |
| Provisions for liabilities and charges                          |       | 401                   | 299                   |
| Retirement benefit schemes in deficit                           | 26    | 268                   | 183                   |
| Liabilities included in disposal groups held for sale           | 20    | 577                   | 787                   |
| <b>Total liabilities</b>  |       | <b>784,100</b>        | <b>772,491</b>        |
| <b>Equity</b>   |       |                       |                       |
| Share capital and share premium account                         | 25    | 6,758                 | 6,815                 |
| Other reserves  |       | 8,274                 | 9,171                 |
| Retained earnings   |       | 29,381                | 28,459                |
| Total parent company shareholders' equity                       |       | 44,413                | 44,445                |
| Other equity instruments  | 25    | 6,504                 | 5,512                 |
| Total equity excluding non-controlling interests                |       | 50,917                | 49,957                |
| Non-controlling interests                                       |       | 410                   | 396                   |
| <b>Total equity</b>   |       | <b>51,327</b>         | <b>50,353</b>         |
| <b>Total equity and liabilities</b>                             |       | <b>835,427</b>        | <b>822,844</b>        |

The notes on pages 107 to 155 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 30 July 2024 and signed on its behalf by:



**Diego De Giorgi**  
Group Chief Financial Officer

# Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2024

|   | Ordinary share capital and share premium account \$million | Preference share capital and share premium account \$million | Capital and merger reserves \$million | Own credit adjustment reserve \$million | Fair value through other comprehensive income – debt \$million | Fair value through other comprehensive income reserve – equity \$million | Cash flow hedge reserve \$million | Translation reserve \$million | Retained earnings \$million | Parent company shareholders' equity \$million | Other equity instruments \$million | Non-controlling interests \$million | Total \$million |
|---|--|--|---------------------------------------|---|--|--|-----------------------------------|-------------------------------|-----------------------------|---|------------------------------------|-------------------------------------|-----------------|
| <b>As at 01 January 2023</b>                      | 5,436  | 1,494  | 17,338                                | (63)                                    | (1,116)  | 206  | (564)                             | (7,636)                       | 28,067                      | 43,162  | 6,504                              | 350                                 | 50,016          |
| Profit for the period                             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 2,388                       | 2,388   | –                                  | (3)                                 | 2,385           |
| Other comprehensive (loss)/income <sup>7</sup>    | –  | –  | –                                     | (140)                                   | 204  | 50   | 247                               | (666)                         | 47 <sup>2</sup>             | (258)   | –                                  | (28)                                | (286)           |
| Distributions                                     | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | –                           | –   | –                                  | (17)                                | (17)            |
| Redemption of other equity instruments            | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | –                           | –   | (1,000)                            | –                                   | (1,000)         |
| Treasury shares net movement                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 23                          | 23  | –                                  | –                                   | 23              |
| Share option expense, net of taxation             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 90                          | 90  | –                                  | –                                   | 90              |
| Dividends on ordinary shares                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (401)                       | (401)   | –                                  | –                                   | (401)           |
| Dividends on preference shares and AT1 securities | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (243)                       | (243)   | –                                  | –                                   | (243)           |
| Share buyback <sup>3</sup>                        | (47)   | –  | 47                                    | –                                       | –  | –  | –                                 | –                             | (1,000)                     | (1,000)                                       | –                                  | –                                   | (1,000)         |
| Other movements                                   | –  | –  | –                                     | –                                       | –  | –  | –                                 | 25 <sup>4</sup>               | 17                          | 42  | 8 <sup>4</sup>                     | 64 <sup>5</sup>                     | 114             |
| <b>As at 30 June 2023</b>                         | 5,389  | 1,494  | 17,385                                | (203)                                   | (912)  | 256  | (317)                             | (8,277)                       | 28,988                      | 43,803  | 5,512                              | 366                                 | 49,681          |
| Profit for the period                             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 1,081                       | 1,081   | –                                  | (4)                                 | 1,077           |
| Other comprehensive income/(loss) <sup>7</sup>    | –  | –  | –                                     | 303                                     | 222  | 74   | 408                               | 177                           | (94) <sup>2</sup>           | 1,090   | –                                  | (3)                                 | 1,087           |
| Distributions                                     | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | –                           | –   | –                                  | (9)                                 | (9)             |
| Treasury shares net movement                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (212)                       | (212)   | –                                  | –                                   | (212)           |
| Share option expense, net of taxation             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 83                          | 83  | –                                  | –                                   | 83              |
| Dividends on ordinary shares                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (167)                       | (167)   | –                                  | –                                   | (167)           |
| Dividends on preference shares and AT1 securities | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (209)                       | (209)   | –                                  | –                                   | (209)           |
| Share buyback <sup>3,6</sup>                      | (68)   | –  | 68                                    | –                                       | –  | –  | –                                 | –                             | (1,000)                     | (1,000)                                       | –                                  | –                                   | (1,000)         |
| Other movements                                   | –  | –  | –                                     | –                                       | –  | –  | –                                 | (13) <sup>4</sup>             | (11) <sup>4</sup>           | (24)  | –                                  | 46 <sup>5</sup>                     | 22              |
| <b>As at 31 December 2023</b>                     | 5,321  | 1,494  | 17,453                                | 100                                     | (690)  | 330  | 91                                | (8,113)                       | 28,459                      | 44,445  | 5,512                              | 396                                 | 50,353          |
| Profit for the period                             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 2,378                       | 2,378   | –                                  | (9)                                 | 2,369           |
| Other comprehensive (loss)/income <sup>7</sup>    | –  | –  | –                                     | (360)                                   | 137  | (81) <sup>11</sup>   | (147)                             | (644)                         | 188 <sup>2,12</sup>         | (907)   | –                                  | (7)                                 | (914)           |
| Distributions                                     | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | –                           | –   | –                                  | (25)                                | (25)            |
| Other equity instruments issued, net of expenses  | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | –                           | –   | 992                                | –                                   | 992             |
| Treasury shares net movement                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 29                          | 29  | –                                  | –                                   | 29              |
| Share option expense, net of taxation             | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | 148                         | 148   | –                                  | –                                   | 148             |
| Dividends on ordinary shares                      | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (551)                       | (551)   | –                                  | –                                   | (551)           |
| Dividends on preference shares and AT1 securities | –  | –  | –                                     | –                                       | –  | –  | –                                 | –                             | (209)                       | (209)   | –                                  | –                                   | (209)           |
| Share buyback <sup>8</sup>                        | (57)   | –  | 57                                    | –                                       | –  | –  | –                                 | –                             | (1,000)                     | (1,000)                                       | –                                  | –                                   | (1,000)         |
| Other movements                                   | –  | –  | –                                     | –                                       | 7  | –  | –                                 | 134 <sup>4</sup>              | (61) <sup>9</sup>           | 80  | –                                  | 55 <sup>10</sup>                    | 135             |
| <b>As at 30 June 2024</b>                         | 5,264  | 1,494  | 17,510                                | (260)                                   | (546)  | 249  | (56)                              | (8,623)                       | 29,381                      | 44,413  | 6,504                              | 410                                 | 51,327          |

1 Includes capital reserve of \$5 million, capital redemption reserve of \$394 million and merger reserve of \$17,111 million

2 Comprises actuarial gain, net of taxation on Group defined benefit schemes

3 On 16 February 2023, the Group announced an additional buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$58 million (June 2023: \$47 million) of which \$11m were purchased following 30 June 2023 in the period to 29 September 2023 when the programme was completed. Total consideration paid was \$1,000 million (June 2023: \$732 million). The total number of shares purchased was 116,710,492 (June 2023: 93,894,706) representing 4.03 per cent (June 2023: 3.24 per cent) of the ordinary shares in issue. The nominal value of the shares were transferred from the share capital to the capital redemption reserve account

4 Movement related to Translation adjustment and AT1 Securities charges (June 2023). June 2024 balance includes \$190 million translation adjustment loss from sale of SCB Zimbabwe Limited transferred to other operating income

5 Movements primarily related to non-controlling interest from Zodia Custody Limited (\$27 million), Mox Bank Limited (\$17 million) and Trust Bank Singapore Ltd (\$17 million) pertaining to half year ending June 2023. Further movement in NCI from Mox Bank Limited (\$31 million), Trust Bank Singapore Ltd (\$17 million) and Zodia Custody Limited (\$1 million)

6 On 28 July 2023, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$57 million, and the total consideration paid was \$1,000 million and the buyback completed on 6 November 2023. The total number of shares purchased was 112,982,802, representing 3.90 per cent of the ordinary shares in issue as at the commencement of the buyback. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

7 All the amounts are net of tax

8 On 23 February 2024, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$57 million, the total consideration paid was \$1,000 million, and the buyback completed on 25 June 2024. The total number of shares purchased was 113,266,516, representing 4.25 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

9 Includes \$77 million loss to retained earnings related to Ghana hyperinflation

10 Movements primarily related to non-controlling interest from Mox Bank Limited (\$8 million) and Trust Bank Singapore Ltd (\$47 million)

11 Includes \$147 million gain on sale of equity investment transferred to retained earnings partly offset by \$76 million reversal of deferred tax liability

12 Includes \$147 million gain on sale of equity investment in other comprehensive income reserve transferred to retained earnings partly offset by \$13 million capital gain tax

Note 25 includes a description of each reserve.

The notes on pages 107 to 155 form an integral part of these financial statements.

# Condensed consolidated interim cash flow statement

For the six months ended 30 June 2024

|   | Notes | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>(Restated)<br>\$million |
|---|-------|---|---|
| <b>Cash flows from operating activities:</b>  |       |   |   |
| Profit before taxation  |       | 3,492                                   | 3,323   |
| Adjustments for non-cash items and other adjustments included within income statement                     | 31    | 1,730                                   | 1,518   |
| Change in operating assets  | 31    | (41,582)                                | (8,306)   |
| Change in operating liabilities   | 31    | 20,466                                  | 26,466  |
| Contributions to defined benefit schemes  |       | (19)                                    | (19)  |
| UK and overseas taxes paid  |       | (793)                                   | (633)   |
| <b>Net cash (used in)/from operating activities</b>   |       | <b>(16,706)</b>                         | <b>22,349</b>   |
| <b>Cash flows from investing activities:</b>  |       |   |   |
| Internally generated Capitalised Software   | 16    | (474)                                   | (513)   |
| Disposal of Internally generated Capitalised Software   | 16    | 5                                       | –   |
| Purchase of property, plant and equipment   | 17    | (76)                                    | (205)   |
| Disposal of property, plant and equipment   | 17    | 31                                      | 68  |
| Disposal of held for sale property, plant and equipment   | 20    | –                                       | 136   |
| Acquisition of investment associates, and joint ventures, net of cash acquired                            | 19    | (4)                                     | (23)  |
| Disposal of investment in subsidiaries, associates and joint ventures, net of cash acquired               |       | 41                                      | 26  |
| Purchase of investment securities   |       | (120,307)                               | (140,689)   |
| Disposal and maturity of investment securities  |       | 125,925                                 | 150,779   |
| <b>Net cash from investing activities</b>   |       | <b>5,141</b>                            | <b>9,579</b>  |
| <b>Cash flows from financing activities:</b>  |       |   |   |
| Treasury share sale   |       | 29                                      | 23  |
| Cancellation of shares through share buyback  |       | (1,000)                                 | (736)   |
| Premises and equipment lease liability principal payment  |       | (105)                                   | (120)   |
| Issue of Additional Tier 1 capital, net of expenses   |       | 992                                     | –   |
| Redemption of Tier 1 Capital  | 25    | –                                       | (1,000)   |
| Interest paid on subordinated liabilities   | 31    | (252)                                   | (300)   |
| Repayment of subordinated liabilities   | 31    | (1,000)                                 | (2,000)   |
| Proceeds from issue of senior debts   | 31    | 7,698                                   | 7,072   |
| Repayment of senior debts   | 31    | (7,191)                                 | (2,715)   |
| Interest paid on senior debts   | 31    | (548)                                   | (561)   |
| Net cash inflow from Non-controlling interest   |       | 47                                      | 70  |
| Distributions and dividends paid to non-controlling interests, preference shareholders and AT1 securities |       | (234)                                   | (260)   |
| Dividends paid to ordinary shareholders   |       | (551)                                   | (401)   |
| <b>Net cash used in financing activities</b>  |       | <b>(2,115)</b>                          | <b>(928)</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       | <b>(13,680)</b>                         | <b>31,000</b>   |
| Cash and cash equivalents at beginning of the period  |       | 107,635                                 | 97,595  |
| Effect of exchange rate movements on cash and cash equivalents  |       | (1,740)                                 | (1,452)   |
| <b>Cash and cash equivalents at end of the period<sup>1,2</sup></b>                                       |       | <b>92,215</b>                           | <b>127,143</b>  |

1 Comprises cash and balances at central banks \$64,086 million (30 June 2023: \$86,339 million), treasury bills and other eligible bills \$3,873 million (30 June 2023: \$6,063 million), loans and advances to banks \$12,691 million (30 June 2023: \$13,650 million), loans and advances to customers \$20,611 million (30 June 2023: \$27,680 million) investments \$824 million (30 June 2023: \$1,307 million) less restricted balances \$9870 million (30 June 2023: \$7,896 million)

2 Refer to note 31 for details on restatement

Interest received was \$14,575 million (30.06.23: \$13,068 million), interest paid was \$10,948 million (30.06.23: \$7,898 million).

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# Notes to the financial statements

## 1. Accounting policies

### Statement of compliance

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

These interim financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority (FCA) and with UK-adopted IAS 34 Interim Financial Reporting and IAS 34 as adopted by the European Union (EU). They should be read in conjunction with the 2023 Annual Report, which was prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) as adopted by the EU (EU IFRS).

The following parts of the Risk review and Capital review form part of these financial statements:

- a) Risk review: Disclosures marked as 'reviewed' from the start of the Credit Risk section to the end of Other principal risks in the same section.
- b) Capital review: Tables marked as 'reviewed' from the start of 'CRD Capital base' to the end of 'Movement in total capital', excluding 'Total risk-weighted assets'.

There were no new accounting standards or interpretations that had a material effect on these condensed consolidated interim financial statements

### Basis of preparation

The condensed consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of cash-settled share-based payments, fair value through other comprehensive income, and financial assets and liabilities (including derivatives) at fair value through profit or loss.

The condensed consolidated financial statements are presented in United States dollars (\$), being the presentation and functional currency of the Group, and all values are rounded to the nearest million dollars, except when otherwise indicated. The accounting policies that we applied for these interim condensed consolidated financial statements are consistent with those described on pages 367 to 460 of the Annual Report and Accounts 2023, as are the methods of computation.

### Significant accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at, and for, the year ended 31 December 2023.

### IFRS and Hong Kong accounting requirements

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

Standard Chartered PLC has fully complied with the new treasury share regime introduced under the revised Hong Kong Listing Rules from 11 June 2024 onwards and will continue to comply with the new regime.

### Comparatives

Certain comparatives have been restated in line with current year disclosures. Details of these changes are set out in the relevant sections and notes below:

- Condensed consolidated interim Cash flow statement
- Note 4 Net fees and commissions
- Note 31 Cash flow statement

### Going concern

These financial statements were approved by the Board of directors on 30 July 2024. The directors have made an assessment of the Group's ability to continue as a going concern. This assessment has been made having considered the current macroeconomic and geopolitical headwinds, including:

- Review of the Group Strategy and Corporate Plan
- An assessment of the actual performance to date, loan book quality, credit impairment, legal, regulatory and compliance matters, and the updated annual budget
- Consideration of stress testing performed, including the Group Recovery Plan (RP) which include the application of stressed scenarios. Under the tests and through the range of scenarios, the results of these exercises and the RP demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet minimum regulatory capital and liquidity requirements

## 1. Accounting policies continued

- Analysis of the capital, funding and liquidity position of the Group, including the capital and leverage ratios, and ICAAP which summarises the Group's capital and risk assessment processes, assesses its capital requirements and the adequacy of resources to meet them. Further, funding and liquidity was considered in the context of the risk appetite metrics, including the LCR ratio and survival horizon and wholesale borrowing (external).
- The Group's Internal Liquidity Adequacy Assessment Process (ILAAP), which considers the Group's liquidity position, its framework and whether sufficient liquidity resources are being maintained to meet liabilities as they fall due, was also reviewed
- The level of debt in issue, including redemptions and issuances during the year, debt falling due for repayment in the next 12 months and further planned debt issuances, including the appetite in the market for the Group's debt
- A detailed review of all principal and topical/emerging risks

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of at least 12 months from 30 July 2024. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

## 2. Segmental information

### Basis of preparation

The analysis reflects how the client segments and geographic regions are managed internally. This is described as the Management View (on an underlying basis) and is principally the location from which a client relationship is managed, which may differ from where it is financially booked and may be shared between businesses and/or regions. In certain instances this approach is not appropriate and a Financial View is disclosed, that is, the location in which the transaction or balance was booked. Typically, the Financial View is used in areas such as the Market and Liquidity Risk reviews where actual booking location is more important for an assessment. Segmental information is therefore on a Management View unless otherwise stated.

### Client segments

The Group's segmental reporting is in accordance with IFRS 8 Operating Segments and is reported consistently with the internal performance framework and as presented to the Group's Management Team.

### Restructuring and other items excluded from underlying results

The Group's reported IFRS performance is adjusted for certain items to arrive at alternative performance measures. These items include profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing consistent performance period by period. The alternative performance measures are not within the scope of IFRS and not a substitute for IFRS measures. These adjustments are set out below.

Net loss on businesses disposed of/ held for sale \$189 million include \$174 million, the sale of Zimbabwe primarily from the recycling of FX translation losses and \$15 million loss in relation to a sale of a portfolio of Aviation loans. The Group is also reclassifying the movements in the Debit Valuation Adjustment (DVA) into restructuring and other items.

Reconciliations between underlying and reported results are set out in the tables below:

|   | 6 months ended 30.06.24 |                            |  |                          |                  |                       |
|---|-------------------------|----------------------------|--|--------------------------|------------------|-----------------------|
|   | Underlying<br>\$million | Restructuring<br>\$million | Net loss on<br>businesses<br>disposed of/<br>held for sale <sup>1</sup><br>\$million | Other items<br>\$million | DVA<br>\$million | Reported<br>\$million |
| Operating income  | 9,958                   | 48                         | (189)  | –                        | (26)             | 9,791                 |
| Operating expenses  | (5,673)                 | (283)                      | –  | (100)                    | –                | (6,056)               |
| Operating profit/(loss) before impairment losses and taxation | 4,285                   | (235)                      | (189)  | (100)                    | (26)             | 3,735                 |
| Credit impairment   | (249)                   | 9                          | –  | –                        | –                | (240)                 |
| Other impairment  | (143)                   | (4)                        | –  | –                        | –                | (147)                 |
| Profit from associates and joint ventures                     | 64                      | 80                         | –  | –                        | –                | 144                   |
| <b>Profit/(loss) before taxation</b>                          | <b>3,957</b>            | <b>(150)</b>               | <b>(189)</b>   | <b>(100)</b>             | <b>(26)</b>      | <b>3,492</b>          |

1 Net loss on businesses disposal includes loss of \$174million relating to Zimbabwe exit

## 2. Segmental information continued

|  | 6 months ended 30.06.23 |                            |   |                          |                  |                       |
|--|-------------------------|----------------------------|---|--------------------------|------------------|-----------------------|
|  | Underlying<br>\$million | Restructuring<br>\$million | Net gain on<br>business<br>disposed of/<br>held for sale<br>\$million | Other items<br>\$million | DVA<br>\$million | Reported<br>\$million |
| Operating income   | 8,951                   | 215                        | –   | –                        | (39)             | 9,127                 |
| Operating expenses   | (5,504)                 | (164)                      | –   | –                        | –                | (5,668)               |
| Operating profit/(loss) before impairment<br>losses and taxation | 3,447                   | 51                         | –   | –                        | (39)             | 3,459                 |
| Credit impairment  | (172)                   | 11                         | –   | –                        | –                | (161)                 |
| Other impairment   | (63)                    | (14)                       | –   | –                        | –                | (77)                  |
| Profit from associates and joint ventures                        | 94                      | 8                          | –   | –                        | –                | 102                   |
| <b>Profit/(loss) before taxation</b>                             | <b>3,306</b>            | <b>56</b>                  | <b>–</b>  | <b>–</b>                 | <b>(39)</b>      | <b>3,323</b>          |

### Underlying performance by client segment

|  | 6 months ended 30.06.24                           |   |                       |                                       |                    |
|--|---|---|-----------------------|---------------------------------------|--------------------|
|  | Corporate &<br>Investment<br>Banking<br>\$million | Wealth &<br>Retail Banking<br>\$million | Ventures<br>\$million | Central &<br>other items<br>\$million | Total<br>\$million |
| <b>Operating income</b>  | <b>5,991</b>                                      | <b>3,872</b>                            | <b>80</b>             | <b>15</b>                             | <b>9,958</b>       |
| External   | 5,018   | 1,749                                   | 80                    | 3,111                                 | 9,958              |
| Inter-segment  | 973   | 2,123                                   | –                     | (3,096)                               | –                  |
| <b>Operating expenses</b>  | <b>(2,921)</b>                                    | <b>(2,156)</b>                          | <b>(230)</b>          | <b>(366)</b>                          | <b>(5,673)</b>     |
| <b>Operating profit/(loss) before impairment losses and<br/>taxation</b> | <b>3,070</b>                                      | <b>1,716</b>                            | <b>(150)</b>          | <b>(351)</b>                          | <b>4,285</b>       |
| Credit impairment  | 35  | (282)                                   | (43)                  | 41                                    | (249)              |
| Other impairment   | (104)   | (27)                                    | –                     | (12)                                  | (143)              |
| Profit from associates and joint ventures                                | –   | –                                       | (6)                   | 70                                    | 64                 |
| <b>Underlying profit/(loss) before taxation</b>                          | <b>3,001</b>                                      | <b>1,407</b>                            | <b>(199)</b>          | <b>(252)</b>                          | <b>3,957</b>       |
| Restructuring  | (59)  | (51)                                    | (1)                   | (39)                                  | (150)              |
| DVA  | (26)  | –                                       | –                     | –                                     | (26)               |
| Other items  | –   | (100)                                   | –                     | (189)                                 | (289)              |
| <b>Reported profit/(loss) before taxation</b>                            | <b>2,916</b>                                      | <b>1,256</b>                            | <b>(200)</b>          | <b>(480)</b>                          | <b>3,492</b>       |
| <b>Total assets</b>  | <b>443,442</b>                                    | <b>122,846</b>                          | <b>5,280</b>          | <b>263,859</b>                        | <b>835,427</b>     |
| Of which: loans and advances to customers                                | 190,298   | 120,277                                 | 1,110                 | 24,022                                | 335,707            |
| loans and advances to customers  | 130,496   | 120,268                                 | 1,110                 | 24,022                                | 275,896            |
| loans held at fair value through profit or loss (FVTPL) <sup>1</sup>     | 59,802  | 9                                       | –                     | –                                     | 59,811             |
| <b>Total liabilities</b>   | <b>467,875</b>                                    | <b>208,565</b>                          | <b>4,347</b>          | <b>103,313</b>                        | <b>784,100</b>     |
| Of which: customer accounts <sup>1</sup>                                 | 315,767   | 204,154                                 | 4,046                 | 8,295                                 | 532,262            |

1 Loans and advances to customers includes FVTPL and customer accounts includes FVTPL and repurchase agreements

## 2. Segmental information continued

|  | 6 months ended 30.06.23                  |                                   |                    |                                 |                 |
|--|--|-----------------------------------|--------------------|---------------------------------|-----------------|
|  | Corporate & Investment Banking \$million | Wealth & Retail Banking \$million | Ventures \$million | Central & other items \$million | Total \$million |
| <b>Operating income</b>  | 5,823                                    | 3,556                             | 89                 | (517)                           | 8,951           |
| External   | 4,569                                    | 2,154                             | 89                 | 2,139                           | 8,951           |
| Inter-segment  | 1,254                                    | 1,402                             | –                  | (2,656)                         | –               |
| <b>Operating expenses</b>  | (2,818)                                  | (2,075)                           | (211)              | (400)                           | (5,504)         |
| <b>Operating profit/(loss) before impairment losses and taxation</b> | 3,005                                    | 1,481                             | (122)              | (917)                           | 3,447           |
| Credit impairment  | (69)                                     | (108)                             | (23)               | 28                              | (172)           |
| Other impairment   | (21)                                     | –                                 | –                  | (42)                            | (63)            |
| Profit from associates and joint ventures                            | –  | –                                 | (13)               | 107                             | 94              |
| <b>Underlying profit/(loss) before taxation</b>                      | 2,915                                    | 1,373                             | (158)              | (824)                           | 3,306           |
| Restructuring  | 73                                       | (16)                              | (1)                | –                               | 56              |
| DVA  | (39)                                     | –                                 | –                  | –                               | (39)            |
| <b>Reported profit/(loss) before taxation</b>                        | 2,949                                    | 1,357                             | (159)              | (824)                           | 3,323           |
| Total assets   | 401,001                                  | 129,660                           | 3,076              | 304,974                         | 838,711         |
| Of which: loans and advances to customers                            | 174,214                                  | 127,039                           | 947                | 33,623                          | 335,823         |
| loans and advances to customers                                      | 128,548                                  | 127,020                           | 947                | 33,622                          | 290,137         |
| loans held at fair value through profit or loss (FVTPL) <sup>1</sup> | 45,666                                   | 19                                | –                  | 1                               | 45,686          |
| Total liabilities  | 490,697                                  | 190,690                           | 2,317              | 105,326                         | 789,030         |
| Of which: customer accounts <sup>1</sup>                             | 333,584                                  | 185,741                           | 2,072              | 8,394                           | 529,791         |

1 Loans and advances to customers includes FVTPL and customer accounts includes FVTPL and repurchase agreements

## Operating income by client segment

|   | 6 months ended 30.06.24                  |                                   |                    |                                 |                 |
|---|--|-----------------------------------|--------------------|---------------------------------|-----------------|
|   | Corporate & Investment Banking \$million | Wealth & Retail Banking \$million | Ventures \$million | Central & other items \$million | Total \$million |
| <b>Underlying versus reported:</b>        |  |                                   |                    |                                 |                 |
| <b>Underlying operating income</b>        | 5,991                                    | 3,872                             | 80                 | 15                              | 9,958           |
| Restructuring                             | 28                                       | 14                                | –                  | 6                               | 48              |
| DVA                                       | (26)                                     | –                                 | –                  | –                               | (26)            |
| Other items <sup>1</sup>                  | –  | –                                 | –                  | (189)                           | (189)           |
| <b>Reported operating income</b>          | 5,993                                    | 3,886                             | 80                 | (168)                           | 9,791           |
| <b>Additional segmental income:</b>       |  |                                   |                    |                                 |                 |
| Net interest income                       | 1,272                                    | 2,539                             | 45                 | (681)                           | 3,175           |
| Net fees and commission income            | 993                                      | 955                               | 19                 | (46)                            | 1,921           |
| Net trading and other income <sup>1</sup> | 3,728                                    | 392                               | 16                 | 559 <sup>1</sup>                | 4,695           |
| <b>Reported operating income</b>          | 5,993                                    | 3,886                             | 80                 | (168)                           | 9,791           |

1 Other items includes loss of \$174million relating to Zimbabwe exit



## 2. Segmental information continued

6 months ended 30.06.23

|                                     | Corporate & Investment Banking<br>\$million | Wealth & Retail Banking<br>\$million | Ventures<br>\$million | Central & other items<br>\$million | Total<br>\$million |
|-------------------------------------|---|--------------------------------------|-----------------------|------------------------------------|--------------------|
| <b>Underlying versus reported:</b>  |   |                                      |                       |                                    |                    |
| <b>Underlying operating income</b>  | 5,823                                       | 3,556                                | 89                    | (517)                              | 8,951              |
| Restructuring                       | 187   | 23                                   | –                     | 5                                  | 215                |
| DVA                                 | (39)  | –                                    | –                     | –                                  | (39)               |
| <b>Reported operating income</b>    | 5,971                                       | 3,579                                | 89                    | (512)                              | 9,127              |
| <b>Additional segmental income:</b> |   |                                      |                       |                                    |                    |
| Net interest income                 | 2,272                                       | 2,451                                | 31                    | (770)                              | 3,984              |
| Net fees and commission income      | 861   | 816                                  | 26                    | (58)                               | 1,645              |
| Net trading and other income        | 2,838                                       | 312                                  | 32                    | 316                                | 3,498              |
| <b>Reported operating income</b>    | 5,971                                       | 3,579                                | 89                    | (512)                              | 9,127              |

6 months ended 30.06.24

|                                | Hong Kong<br>\$million | Korea<br>\$million | China<br>\$million | Taiwan<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Group<br>\$million |
|--------------------------------|------------------------|--------------------|--------------------|---------------------|------------------------|--------------------|------------------|-----------------|-----------------|--------------------|--------------------|
| Net interest income            | 350                    | 342                | 201                | 81                  | 277                    | 309                | 187              | (503)           | 205             | 1,726              | 3,175              |
| Net fees and commission income | 364                    | 104                | 102                | 106                 | 347                    | 151                | 60               | 54              | 229             | 404                | 1,921              |
| Net trading and other income   | 1,589                  | 105                | 361                | 111                 | 678                    | 192                | 201              | 557             | 162             | 739                | 4,695              |
| <b>Operating income</b>        | <b>2,303</b>           | <b>551</b>         | <b>664</b>         | <b>298</b>          | <b>1,302</b>           | <b>652</b>         | <b>448</b>       | <b>108</b>      | <b>596</b>      | <b>2,869</b>       | <b>9,791</b>       |

6 months ended 30.06.23

|                                | Hong Kong<br>\$million | Korea<br>\$million | China<br>\$million | Taiwan<br>\$million | Singapore<br>\$million | India<br>\$million | UAE<br>\$million | UK<br>\$million | US<br>\$million | Other<br>\$million | Group<br>\$million |
|--------------------------------|------------------------|--------------------|--------------------|---------------------|------------------------|--------------------|------------------|-----------------|-----------------|--------------------|--------------------|
| Net interest income            | 1,103                  | 366                | 271                | 73                  | 547                    | 331                | 201              | (506)           | 100             | 1,498              | 3,984              |
| Net fees and commission income | 322                    | 88                 | 93                 | 94                  | 274                    | 116                | 37               | 15              | 213             | 393                | 1,645              |
| Net trading and other income   | 777                    | 123                | 228                | 122                 | 441                    | 174                | 181              | 664             | 138             | 650                | 3,498              |
| <b>Operating income</b>        | <b>2,202</b>           | <b>577</b>         | <b>592</b>         | <b>289</b>          | <b>1,262</b>           | <b>621</b>         | <b>419</b>       | <b>173</b>      | <b>451</b>      | <b>2,541</b>       | <b>9,127</b>       |

## 3. Net interest income

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| Balances at central banks   | 1,360                                   | 1,211                                   |
| Loans and advances to banks   | 1,052                                   | 958                                     |
| Loans and advances to customers   | 8,190                                   | 7,407                                   |
| Debt securities   | 2,716                                   | 2,344                                   |
| Other eligible bills  | 807                                     | 809                                     |
| Accrued on impaired assets (discount unwind)  | 69                                      | 97                                      |
| <b>Interest income</b>  | <b>14,194</b>                           | <b>12,826</b>                           |
| Of which: financial instruments held at fair value through other comprehensive income | 1,707                                   | 1,767                                   |
| Deposits by banks   | 441                                     | 374                                     |
| Customer accounts   | 8,361                                   | 6,489                                   |
| Debt securities in issue  | 1,794                                   | 1,538                                   |
| Subordinated liabilities and other borrowed funds                                     | 394                                     | 415                                     |
| Interest expense on IFRS 16 lease liabilities   | 29                                      | 26                                      |
| <b>Interest expense</b>   | <b>11,019</b>                           | <b>8,842</b>                            |
| <b>Net interest income</b>  | <b>3,175</b>                            | <b>3,984</b>                            |

## 4. Net fees and commission

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| <b>Fees and commissions income</b>                                    | <b>2,363</b>                            | <b>2,079</b>                            |
| Of which:   |   |   |
| Financial instruments that are not fair valued through profit or loss | 722                                     | 687                                     |
| Trust and other fiduciary activities                                  | 305                                     | 265                                     |
| <b>Fees and commissions expense</b>                                   | <b>(442)</b>                            | <b>(434)</b>                            |
| Of which:   |   |   |
| Financial instruments that are not fair valued through profit or loss | (125)                                   | (145)                                   |
| Trust and other fiduciary activities                                  | (25)                                    | (25)                                    |
| <b>Net fees and commission</b>  | <b>1,921</b>                            | <b>1,645</b>                            |

#### 4. Net fees and commission continued

6 months ended 30.06.24

|                                   | Corporate &<br>Investment<br>Banking<br>\$million | Wealth &<br>Retail Banking<br>\$million | Ventures<br>\$million | Central &<br>other Items<br>\$million | Total<br>\$million |
|-----------------------------------|---|---|-----------------------|---------------------------------------|--------------------|
| Transaction Services              | 704   | 13                                      | –                     | –                                     | 717                |
| Payments and Liquidity            | 290   | –                                       | –                     | –                                     | 290                |
| Securities & Prime Services       | 127   | –                                       | –                     | –                                     | 127                |
| Trade & Working Capital           | 287   | 13                                      | –                     | –                                     | 300                |
| Global Banking                    | 504   | –                                       | –                     | –                                     | 504                |
| Lending & Financial Solutions     | 336   | –                                       | –                     | –                                     | 336                |
| Capital Market & Advisory         | 168   | –                                       | –                     | –                                     | 168                |
| Global Markets                    | 24  | –                                       | –                     | –                                     | 24                 |
| Macro Trading                     | 7   | –                                       | –                     | –                                     | 7                  |
| Credit Trading                    | 17  | –                                       | –                     | –                                     | 17                 |
| Valuation & Other Adj             | –   | –                                       | –                     | –                                     | –                  |
| Wealth solutions                  | –   | 822                                     | –                     | –                                     | 822                |
| Investment products               | –   | 456                                     | –                     | –                                     | 456                |
| Bancassurance                     | –   | 366                                     | –                     | –                                     | 366                |
| CCPL & Other Unsecured Lending    | –   | 161                                     | 18                    | –                                     | 179                |
| Deposits                          | –   | 75                                      | –                     | –                                     | 75                 |
| Mortgages & Other Secured Lending | –   | 46                                      | –                     | –                                     | 46                 |
| Treasury                          | –   | –                                       | –                     | (12)                                  | (12)               |
| Other Products                    | –   | –                                       | 12                    | (4)                                   | 8                  |
| <b>Fees and commission income</b> | <b>1,232</b>                                      | <b>1,117</b>                            | <b>30</b>             | <b>(16)</b>                           | <b>2,363</b>       |
| Fees and commission expense       | (239)   | (162)                                   | (11)                  | (30)                                  | (442)              |
| <b>Net fees and commission</b>    | <b>993</b>  | <b>955</b>                              | <b>19</b>             | <b>(46)</b>                           | <b>1,921</b>       |

## 4. Net fees and commission continued

|                                   | 6 months ended 30.06.23 <sup>1</sup>        |                                      |                       |                                    |                    |
|-----------------------------------|---|--------------------------------------|-----------------------|------------------------------------|--------------------|
|                                   | Corporate & Investment Banking<br>\$million | Wealth & Retail Banking<br>\$million | Ventures<br>\$million | Central & other Items<br>\$million | Total<br>\$million |
| Transaction Services              | 722   | 12                                   | –                     | –                                  | 734                |
| Payments and Liquidity            | 278   | –                                    | –                     | –                                  | 278                |
| Securities & Prime Services       | 148   | –                                    | –                     | –                                  | 148                |
| Trade & Working Capital           | 296   | 12                                   | –                     | –                                  | 308                |
| Global Banking                    | 331   | (1)                                  | –                     | –                                  | 330                |
| Lending & Financial Solutions     | 243   | (1)                                  | –                     | –                                  | 242                |
| Capital Market & Advisory         | 88  | –                                    | –                     | –                                  | 88                 |
| Global Markets                    | 28  | –                                    | –                     | –                                  | 28                 |
| Macro Trading                     | (7)   | –                                    | –                     | –                                  | (7)                |
| Credit Trading                    | 34  | –                                    | –                     | –                                  | 34                 |
| Valuation & Other Adj             | 1   | –                                    | –                     | –                                  | 1                  |
| Wealth solutions                  | –   | 644                                  | –                     | –                                  | 644                |
| Investment products               | –   | 332                                  | –                     | –                                  | 332                |
| Bancassurance                     | –   | 312                                  | –                     | –                                  | 312                |
| CCPL & Other Unsecured Lending    | –   | 192                                  | 14                    | –                                  | 206                |
| Deposits                          | –   | 84                                   | –                     | –                                  | 84                 |
| Mortgages & Other Secured Lending | –   | 30                                   | –                     | –                                  | 30                 |
| Treasury                          | –   | –                                    | –                     | (6)                                | (6)                |
| Other Products                    | –   | 1                                    | 24                    | 4                                  | 29                 |
| <b>Fees and commission income</b> | <b>1,081</b>                                | <b>962</b>                           | <b>38</b>             | <b>(2)</b>                         | <b>2,079</b>       |
| Fees and commission expense       | (220)                                       | (146)                                | (12)                  | (56)                               | (434)              |
| <b>Net fees and commission</b>    | <b>861</b>                                  | <b>816</b>                           | <b>26</b>             | <b>(58)</b>                        | <b>1,645</b>       |

1 Products are now presented to reflect the RNS on Presentation of Financial Information issued on 2 April 2024. Prior periods have been restated and there is no change in total income

Upfront bancassurance consideration amounts are amortised on a straight-line basis over the contractual period to which the consideration relates. Deferred income on the balance sheet in respect of these activities is \$446 million (30 June 2023: \$507 million). Following renegotiation of the contract in 2023, the life of the contract was extended for a further 3 years. Accordingly, the income will be earned evenly over a longer period for the next 8 years (30 June 2023: 6 years). For the six months ended 30 June 2024, \$28 million of fee income was released from deferred income (30 June 2023: \$42 million).

For the bancassurance contract with the annual performance bonus, based on progress so far and expectation of meeting the performance targets by year-end with a high probability, a pro-rata portion of the total performance fee, equal to \$116 million of the fee has been recognised as fee income in the period.

## 5. Net trading income

|  | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|--|---|---|
| <b>Net trading income</b>  | <b>4,749</b>                            | <b>3,233</b>                            |
| Significant items within net trading income include:                               |   |   |
| Gains on instruments held for trading <sup>1</sup>                                 | 3,717                                   | 2,876                                   |
| Gains on financial assets mandatorily at fair value through profit or loss         | 2,499                                   | 1,914                                   |
| (Losses)/gains on financial assets designated at fair value through profit or loss | (1)                                     | 4                                       |
| Losses on financial liabilities designated at fair value through profit or loss    | (1,595)                                 | (1,642)                                 |

1 Includes \$110 million gain (30.06.23: \$29 million loss) from the translation of foreign currency monetary assets and liabilities

## 6. Other operating income

|  | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|--|---|---|
| <b>Other operating income includes:</b>  |   |   |
| Rental income from operating lease assets  | 20                                      | 246                                     |
| Net loss on disposal of fair value through other comprehensive income debt instruments | (90)                                    | (85)                                    |
| Net gain/(loss) on amortised cost financial assets                                     | 4                                       | (20)                                    |
| Net (loss)/gain on sale of businesses  | (169) <sup>1</sup>                      | 28                                      |
| Dividend income  | 4                                       | 10                                      |
| Other  | 177 <sup>2</sup>                        | 86                                      |
| <b>Other operating income</b>  | <b>(54)</b>                             | <b>265</b>                              |

1 Includes loss of \$174 million from sale of subsidiary (SCB Zimbabwe Limited) of which \$190 million relates to CTA loss, loss of \$15 million on disposal of aviation business, offset by gain of \$17 million on disposal of Shoal and Autumn life Pte (subsidiary)

2 Includes IAS 29 adjustment Ghana hyperinflationary impact (\$106 million)

## 7. Operating expenses

|                           | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---------------------------|---|---|
| <b>Staff costs:</b>       |   |   |
| Wages and salaries        | 3,288                                   | 3,204                                   |
| Social security costs     | 129                                     | 123                                     |
| Other pension costs       | 223                                     | 214                                     |
| Share-based payment costs | 172                                     | 112                                     |
| Other staff costs         | 524                                     | 505                                     |
|                           | <b>4,336</b>                            | <b>4,158</b>                            |

Other staff costs include redundancy expenses of \$115 million (30.06.23: \$25 million). Further costs in this category include training, travel costs and other staff-related costs.

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| <b>Premises and equipment expenses:</b> | <b>177</b>                              | <b>208</b>                              |
| <b>General administrative expenses:</b> | <b>1,027</b>                            | <b>741</b>                              |
| <b>Depreciation and amortisation:</b>   |   |   |
| <b>Property, plant and equipment:</b>   |   |   |
| Premises                                | 148                                     | 158                                     |
| Equipment                               | 39                                      | 54                                      |
| Operating lease assets                  | –                                       | 27                                      |
| <b>Intangibles:</b>                     |   |   |
| Software                                | 329                                     | 322                                     |
|   | <b>516</b>                              | <b>561</b>                              |
| <b>Total operating expenses</b>         | <b>6,056</b>                            | <b>5,668</b>                            |

Operating expenses include research expenditure of \$480 million (30.06.23: \$472 million), which was recognised as an expense in the year.

## 8. Credit impairment

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| Net credit impairment on loans and advances to banks and customers          | 256                                     | 225                                     |
| Net credit impairment on debt securities <sup>1</sup>                       | (41)                                    | (37)                                    |
| Net credit impairment relating to financial guarantees and loan commitments | 24                                      | (37)                                    |
| Net credit impairment relating to other financial assets                    | 1                                       | 10                                      |
| <b>Credit impairment charge/(release)<sup>1</sup></b>                       | <b>240</b>                              | <b>161</b>                              |

<sup>1</sup> Includes impairment release of \$14 million (30.06.23: \$1 million charge) on originated credit-impaired debt securities

## 9. Goodwill, property, plant and equipment and other impairment

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| Impairment of property, plant and equipment (Note 17)               | –                                       | 2                                       |
| Impairment of other intangible assets (Note 16)                     | 148                                     | 67                                      |
| Other   | (1)                                     | 8                                       |
| <b>Goodwill, property, plant and equipment and other impairment</b> | <b>147</b>                              | <b>77</b>                               |

## 10. Taxation

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

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|
| The charge for taxation based upon the profit for the period comprises: |   |   |
| <b>Current tax:</b>   |   |   |
| United Kingdom corporation tax at 25 per cent (2023: 23.5 per cent):    |   |   |
| Current tax charge on income for the period                             | 10                                      | 2                                       |
| Adjustments in respect of prior periods (including double tax relief)   | 2                                       | –                                       |
| <b>Foreign tax:</b>   |   |   |
| Current tax charge on income for the period                             | 993                                     | 892                                     |
| Adjustments in respect of prior periods (including double tax relief)   | 27                                      | (3)                                     |
|   | <b>1,032</b>                            | <b>891</b>                              |
| <b>Deferred tax:</b>  |   |   |
| Origination/reversal of temporary differences                           | 89                                      | 33                                      |
| Adjustments in respect of prior periods (including double tax relief)   | 2                                       | 14                                      |
|   | <b>91</b>                               | <b>47</b>                               |
| <b>Tax on profits on ordinary activities</b>                            | <b>1,123</b>                            | <b>938</b>                              |
| <b>Effective tax rate</b>   | <b>32.2%</b>                            | <b>28.2%</b>                            |

The tax charge for the period has been calculated by applying the effective rate of tax which is expected to apply for the year ending 31 December 2024 using rates substantively enacted at 30 June 2024. The rate has been calculated by estimating and applying an average annual effective income tax rate to each tax jurisdiction individually.

The tax charge for the period of \$1,123 million (30 June 2023: \$938 million) on a profit before tax of \$3,492 million (30 June 2023: \$3,323 million) reflects the impact of non-deductible expenses, tax losses for which no deferred tax assets are recognised, non-creditable withholding taxes offset by countries with tax rates lower than the UK, the most significant of which includes Hong Kong and Singapore.

Foreign tax includes current tax of \$131 million (30 June 2023: \$98 million) on the profits assessable in Hong Kong. Deferred tax includes origination or reversal of temporary differences of \$27 million (30 June 2023: \$29 million) provided at a rate of 16.5 per cent (30 June 2023: 16.5 per cent) on the profits assessable in Hong Kong.

The Group falls within the Pillar Two global minimum tax rules which apply in the UK from 1 January 2024. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied. The current tax charge for the period ended 30 June 2024 includes \$10m in respect of Pillar Two income taxes (30 June 2023: \$nil).

## 10. Taxation continued

Deferred tax comprised assets and liabilities as follows:

|  | 30.06.24        |                 |                     | 31.12.23        |                 |                     |
|--|-----------------|-----------------|---------------------|-----------------|-----------------|---------------------|
|  | Total \$million | Asset \$million | Liability \$million | Total \$million | Asset \$million | Liability \$million |
| <b>Deferred tax comprises:</b>   |                 |                 |                     |                 |                 |                     |
| Accelerated tax depreciation   | (395)           | 15              | (410)               | (424)           | 3               | (427)               |
| Impairment provisions on loans and advances                                | 282             | 239             | 43                  | 286             | 282             | 4                   |
| Tax losses carried forward   | 71              | 53              | 18                  | 97              | 49              | 48                  |
| Equity instruments at fair value through other comprehensive income assets | (49)            | (7)             | (42)                | (144)           | (1)             | (143)               |
| Debt instruments at fair value through other comprehensive income assets   | 15              | 19              | (4)                 | 27              | 29              | (2)                 |
| Cash flow hedges   | 3               | 7               | (4)                 | (25)            | 12              | (37)                |
| Own credit adjustment  | 6               | 6               | –                   | (71)            | (1)             | (70)                |
| Retirement benefit obligations   | 2               | 14              | (12)                | 4               | 13              | (9)                 |
| Share-based payments   | 39              | 11              | 28                  | 43              | 9               | 34                  |
| Other temporary differences  | 61              | 236             | (175)               | 139             | 307             | (168)               |
|  | 35              | 593             | (558)               | (68)            | 702             | (770)               |

## 11. Dividends

### Ordinary equity shares

|   | 6 months ended 30.06.24 |           | 6 months ended 31.12.23 |           | 6 months ended 30.06.23 |           |
|---|-------------------------|-----------|-------------------------|-----------|-------------------------|-----------|
|   | Cents per share         | \$million | Cents per share         | \$million | Cents per share         | \$million |
| 2022 final dividend declared and paid during the period | –                       | –         |                         |           | 14                      | 401       |
| 2023 interim dividend declared and paid during the year | –                       | –         | 6                       | 167       | –                       | –         |
| 2023 final dividend declared and paid during the period | 21                      | 551       | –                       | –         | –                       | –         |

The 2023 final dividend per share of 21 cents per ordinary share (\$551 million) was paid to eligible shareholders on 17 May 2024, and is recognised in these interim accounts.

Interim dividends on ordinary equity shares are recorded in the period in which they are declared and, in respect of the final dividend, have been approved by the shareholders

### 2024 recommended interim ordinary share dividend

The 2024 interim dividend of 9 cents per ordinary share will be paid in pounds sterling, Hong Kong dollars or US dollars on 10 October 2024 to shareholders on the UK register of members at the close of business in the UK on 9 August 2024.

### Preference shares and Additional Tier 1 securities

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

|   | 6 months ended 30.06.24 \$million | 6 months ended 31.12.23 \$million | 6 months ended 30.06.23 \$million |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-cumulative redeemable preference shares:  |                                   |                                   |                                   |
| 7.014 per cent preference shares of \$5 each  | 26                                | 27                                | 26                                |
| Floating rate preference shares of \$5 each <sup>1</sup>  | 27                                | 27                                | 23                                |
|   | 53                                | 54                                | 49                                |
| Additional Tier 1 securities: fixed rate resetting perpetual subordinated contingent convertible securities | 156                               | 155                               | 194                               |
|   | 209                               | 209                               | 243                               |

<sup>1</sup> Floating rate is based on Secured Overnight Financing Rate (SOFR), average rate paid for floating preference shares is 7.24% (2023: 6.62%)

## 12. Earnings per ordinary share

|  | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|--|---|---|
| <b>Profit for the period attributable to equity holders</b>        | <b>2,369</b>                            | <b>2,385</b>                            |
| Non-controlling interest   | 9                                       | 3                                       |
| Dividend payable on preference shares and AT1 classified as equity | (209)                                   | (243)                                   |
| <b>Profit for the period attributable to ordinary shareholders</b> | <b>2,169</b>                            | <b>2,145</b>                            |
| <b>Items normalised:</b>   |   |   |
| Restructuring  | 150                                     | (56)                                    |
| Net loss on sale of businesses (Note 6)                            | 189                                     | –                                       |
| DVA  | 26                                      | 39                                      |
| Other items <sup>1</sup>   | 100                                     | –                                       |
| Tax on normalised items  | (67)                                    | –                                       |
| <b>Underlying profit</b>   | <b>2,567</b>                            | <b>2,128</b>                            |
| Basic – Weighted average number of shares (millions)               | 2,605                                   | 2,839                                   |
| Diluted – Weighted average number of shares (millions)             | 2,669                                   | 2,902                                   |
| <b>Basic earnings per ordinary share (cents)</b>                   | <b>83.3</b>                             | <b>75.6</b>                             |
| <b>Diluted earnings per ordinary share (cents)</b>                 | <b>81.3</b>                             | <b>73.9</b>                             |
| <b>Underlying basic earnings per ordinary share (cents)</b>        | <b>98.5</b>                             | <b>75.0</b>                             |
| <b>Underlying diluted earnings per ordinary share (cents)</b>      | <b>96.2</b>                             | <b>73.3</b>                             |

1 Charge relating to Korea ELS

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the basic weighted average number of shares excluding treasury shares held in employees benefit trust. When calculating diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all expected dilutive potential ordinary shares held in respect of Standard Chartered PLC totalling 59 million (30.06.23: 56 million). The total number of share options outstanding, under schemes considered to be potentially dilutive, was 5 million (30.06.23: 7 million). These options have strike prices ranging from \$3.96 to \$7.43 of the total number of employee share options and share awards at 30 June 2024 there were nil share options and awards which were anti dilutive.

The 234 million decrease (30.06.23: 175 million decrease) in the basic weighted average number of shares is primarily due to the impact of the share buyback programmes completed in the year.



### 13. Financial instruments

#### Classification and measurement

|  |       | Assets at fair value |  |  |   |   |  |   |                 |  |
|--|-------|----------------------|--|--|---|---|--|---|-----------------|--|
|  |       |                      |  | Non-trading mandatorily at fair value through profit or loss \$million | Designated at fair value through profit or loss \$million | Fair value through other comprehensive income \$million | Total financial assets at fair value \$million | Assets held at amortised cost \$million | Total \$million |  |
| Assets   | Notes | Trading \$million    | Derivatives held for hedging \$million |  |   |   |  |   |                 |  |
| Cash and balances at central banks <sup>1</sup>                            |       | –                    | –                                      | –  | –   | –   | –  | 64,086                                  | 64,086          |  |
| <b>Financial assets held at fair value through profit or loss</b>          |       |                      |  |  |   |   |  |   |                 |  |
| Loans and advances to banks <sup>2</sup>                                   |       | 2,188                | –                                      | 5  | –   | –   | 2,193  | –                                       | 2,193           |  |
| Loans and advances to customers <sup>2</sup>                               |       | 6,657                | –                                      | 220  | –   | –   | 6,877  | –                                       | 6,877           |  |
| Reverse repurchase agreements and other similar secured lending            | 15    | 8,704                | –                                      | 84,498   | –   | –   | 93,202   | –                                       | 93,202          |  |
| Debt securities, additional tier one and other eligible bills              |       | 73,991               | –                                      | 123  | 74  | –   | 74,188   | –                                       | 74,188          |  |
| Equity shares  |       | 5,046                | –                                      | 218  | –   | –   | 5,264  | –                                       | 5,264           |  |
| Other assets   | 18    | –                    | –                                      | 1  | –   | –   | 1  | –                                       | 1               |  |
|  |       | 96,586               | –                                      | 85,065   | 74  | –   | 181,725  | –                                       | 181,725         |  |
| Derivative financial instruments   | 14    | 46,166               | 2,481                                  | –  | –   | –   | 48,647   | –                                       | 48,647          |  |
| Loans and advances to banks <sup>2,3</sup>                                 |       | –                    | –                                      | –  | –   | –   | –  | 45,231                                  | 45,231          |  |
| of which – reverse repurchase agreements and other similar secured lending | 15    | –                    | –                                      | –  | –   | –   | –  | 3,991                                   | 3,991           |  |
| Loans and advances to customers <sup>2</sup>                               |       | –                    | –                                      | –  | –   | –   | –  | 275,896                                 | 275,896         |  |
| of which – reverse repurchase agreements and other similar secured lending | 15    | –                    | –                                      | –  | –   | –   | –  | 7,788                                   | 7,788           |  |
| <b>Investment securities</b>   |       |                      |  |  |   |   |  |   |                 |  |
| Debt securities, additional tier one and other eligible bills              |       | –                    | –                                      | –  | –   | 95,177  | 95,177   | 56,403                                  | 151,580         |  |
| Equity shares  |       | –                    | –                                      | –  | –   | 823   | 823  | –                                       | 823             |  |
|  |       | –                    | –                                      | –  | –   | 96,000  | 96,000   | 56,403                                  | 152,403         |  |
| Other assets   | 18    | –                    | –                                      | –  | –   | –   | –  | 42,206                                  | 42,206          |  |
| Assets held for sale   | 20    | –                    | –                                      | –  | –   | –   | –  | 517                                     | 517             |  |
| <b>Total at 30 June 2024</b>   |       | <b>142,752</b>       | <b>2,481</b>                           | <b>85,065</b>  | <b>74</b>   | <b>96,000</b>   | <b>326,372</b>                                 | <b>484,339</b>                          | <b>810,711</b>  |  |

1 Comprises cash held at central banks in restricted accounts of \$9,870 million, or on demand, or placements which are contractually due to mature over-night only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 36 to 98)

3 Loans and advances to banks include amounts due on demand from banks other than central banks

## 13. Financial instruments continued

| Assets   | Notes | Assets at fair value |  |  |   |   |  | Assets held at amortised cost \$million | Total \$million |
|--|-------|----------------------|--|--|---|---|--|---|-----------------|
|  |       | Trading \$million    | Derivatives held for hedging \$million | Non-trading mandatorily at fair value through profit or loss \$million | Designated at fair value through profit or loss \$million | Fair value through other comprehensive income \$million | Total financial assets at fair value \$million |   |                 |
| Cash and balances at central banks <sup>1</sup>                            |       | –                    | –                                      | –  | –   | –   | –  | 69,905                                  | 69,905          |
| <b>Financial assets held at fair value through profit or loss</b>          |       |                      |  |  |   |   |  |   |                 |
| Loans and advances to banks <sup>2</sup>                                   |       | 2,265                | –                                      | –  | –   | –   | 2,265  | –                                       | 2,265           |
| Loans and advances to customers <sup>2</sup>                               |       | 6,930                | –                                      | 282  | –   | –   | 7,212  | –                                       | 7,212           |
| Reverse repurchase agreements and other similar secured lending            | 15    | 9,997                | –                                      | 71,850   | –   | –   | 81,847   | –                                       | 81,847          |
| Debt securities, additional tier one and other eligible bills              |       | 52,776               | –                                      | 98   | 78  | –   | 52,952   | –                                       | 52,952          |
| Equity shares  |       | 2,721                | –                                      | 219  | –   | –   | 2,940  | –                                       | 2,940           |
| Other assets   | 18    | –                    | –                                      | 6  | –   | –   | 6  | –                                       | 6               |
|  |       | 74,689               | –                                      | 72,455   | 78  | –   | 147,222  | –                                       | 147,222         |
| Derivative financial instruments   | 14    | 48,333               | 2,101                                  | –  | –   | –   | 50,434   | –                                       | 50,434          |
| Loans and advances to banks <sup>2,3</sup>                                 |       | –                    | –                                      | –  | –   | –   | –  | 44,977                                  | 44,977          |
| of which – reverse repurchase agreements and other similar secured lending | 15    | –                    | –                                      | –  | –   | –   | –  | 1,738                                   | 1,738           |
| Loans and advances to customers <sup>2</sup>                               |       | –                    | –                                      | –  | –   | –   | –  | 286,975                                 | 286,975         |
| of which – reverse repurchase agreements and other similar secured lending | 15    | –                    | –                                      | –  | –   | –   | –  | 13,996                                  | 13,996          |
| <b>Investment securities</b>   |       |                      |  |  |   |   |  |   |                 |
| Debt securities, additional tier one and other eligible bills              |       | –                    | –                                      | –  | –   | 103,328   | 103,328  | 56,935                                  | 160,263         |
| Equity shares  |       | –                    | –                                      | –  | –   | 992   | 992  | –                                       | 992             |
|  |       | –                    | –                                      | –  | –   | 104,320   | 104,320  | 56,935                                  | 161,255         |
| Other assets   | 18    | –                    | –                                      | –  | –   | –   | –  | 38,140                                  | 38,140          |
| Assets held for sale   | 20    | –                    | –                                      | –  | –   | –   | –  | 701                                     | 701             |
| <b>Total at 31 December 2023</b>   |       | <b>123,022</b>       | <b>2,101</b>                           | <b>72,455</b>  | <b>78</b>   | <b>104,320</b>  | <b>301,976</b>                                 | <b>497,633</b>                          | <b>799,609</b>  |

1 Comprises cash held at central banks in restricted accounts of \$6,153 million, or on demand, or placements which are contractually due to mature over-night only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 36 to 98)

3 Loans and advances to banks include amounts due on demand from banks other than central banks

### 13. Financial instruments continued

| Liabilities  | Notes | Liabilities at fair value |   |   |   | Amortised cost<br>\$million | Total<br>\$million |
|--|-------|---------------------------|---|---|---|-----------------------------|--------------------|
|  |       | Trading<br>\$million      | Derivatives<br>held for<br>hedging<br>\$million | Designated<br>at fair value<br>through<br>profit or loss<br>\$million | Total<br>financial<br>liabilities at<br>fair value<br>\$million |                             |                    |
| Deposits by banks  |       | –                         | –   | –   | –   | 28,087                      | 28,087             |
| Customer accounts  |       | –                         | –   | –   | –   | 468,157                     | 468,157            |
| <b>Financial liabilities held at fair value through profit or loss</b> |       |                           |   |   |   |                             |                    |
| Deposits by banks  |       | –                         | –   | 2,059   | 2,059   | –                           | 2,059              |
| Customer accounts  |       | 12                        | –   | 19,838  | 19,850  | –                           | 19,850             |
| Repurchase agreements and other similar<br>secured borrowing           | 15    | 551                       | –   | 46,497  | 47,048  | –                           | 47,048             |
| Debt securities in issue   |       | –                         | –   | 12,815  | 12,815  | –                           | 12,815             |
| Short positions  |       | 15,109                    | –   | –   | 15,109  | –                           | 15,109             |
| Other liabilities  |       | –                         | –   | 1   | 1   | –                           | 1                  |
|  |       | 15,672                    | –   | 81,210  | 96,882  | –                           | 96,882             |
| Derivative financial instruments                                       | 14    | 48,338                    | 2,246   | –   | 50,584  | –                           | 50,584             |
| Repurchase agreements and other similar<br>secured borrowing           | 15    | –                         | –   | –   | –   | 7,539                       | 7,539              |
| Debt securities in issue   |       | –                         | –   | –   | –   | 65,199                      | 65,199             |
| Other liabilities  | 21    | –                         | –   | –   | –   | 46,901                      | 46,901             |
| Subordinated liabilities and other borrowed funds                      | 24    | –                         | –   | –   | –   | 10,856                      | 10,856             |
| Liabilities included in disposal groups held for sale                  | 20    | –                         | –   | –   | –   | 535                         | 535                |
| <b>Total at 30 June 2024</b>   |       | <b>64,010</b>             | <b>2,246</b>                                    | <b>81,210</b>   | <b>147,466</b>  | <b>627,274</b>              | <b>774,740</b>     |

| Liabilities  | Notes | Liabilities at fair value |   |   |   | Amortised cost<br>\$million | Total<br>\$million |
|--|-------|---------------------------|---|---|---|-----------------------------|--------------------|
|  |       | Trading<br>\$million      | Derivatives<br>held for<br>hedging<br>\$million | Designated<br>at fair value<br>through<br>profit or loss<br>\$million | Total<br>financial<br>liabilities at<br>fair value<br>\$million |                             |                    |
| Deposits by banks  |       | –                         | –   | –   | –   | 28,030                      | 28,030             |
| Customer accounts  |       | –                         | –   | –   | –   | 469,418                     | 469,418            |
| <b>Financial liabilities held at fair value through profit or loss</b> |       |                           |   |   |   |                             |                    |
| Deposits by banks  |       | –                         | –   | 1,894   | 1,894   | –                           | 1,894              |
| Customer accounts  |       | 39                        | –   | 17,209  | 17,248  | –                           | 17,248             |
| Repurchase agreements and other similar<br>secured borrowing           | 15    | 1,660                     | –   | 39,623  | 41,283  | –                           | 41,283             |
| Debt securities in issue   |       | –                         | –   | 10,817  | 10,817  | –                           | 10,817             |
| Short positions  |       | 11,846                    | –   | –   | 11,846  | –                           | 11,846             |
| Other liabilities  |       | –                         | –   | 8   | 8   | –                           | 8                  |
|  |       | 13,545                    | –   | 69,551  | 83,096  | –                           | 83,096             |
| Derivative financial instruments                                       | 14    | 52,747                    | 3,314   | –   | 56,061  | –                           | 56,061             |
| Repurchase agreements and other similar<br>secured borrowing           | 15    | –                         | –   | –   | –   | 12,258                      | 12,258             |
| Debt securities in issue   |       | –                         | –   | –   | –   | 62,546                      | 62,546             |
| Other liabilities  | 21    | –                         | –   | –   | –   | 38,663                      | 38,663             |
| Subordinated liabilities and other borrowed funds                      | 24    | –                         | –   | –   | –   | 12,036                      | 12,036             |
| Liabilities included in disposal groups held for sale                  | 20    | –                         | –   | –   | –   | 726                         | 726                |
| <b>Total at 31 December 2023</b>                                       |       | <b>66,292</b>             | <b>3,314</b>                                    | <b>69,551</b>   | <b>139,157</b>  | <b>623,677</b>              | <b>762,834</b>     |

**13. Financial instruments continued****Financial liabilities designated at fair value through profit or loss**

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| Carrying balance aggregate fair value  | 81,211                | 69,551                |
| Amount contractually obliged to repay at maturity                                      | 82,278                | 71,240                |
| Difference between aggregate fair value and contractually obliged to repay at maturity | (1,067)               | (1,689)               |
| Cumulative change in fair value accredited to credit risk difference                   | (262)                 | 156                   |

The net fair value loss on financial liabilities designated at fair value through profit or loss was \$1,595 million for the year (31 December 2023: net loss of \$2,649 million).

Further details of the Group's own credit adjustment (OCA) valuation technique is described later in this Note.

**Valuation of financial instruments**

The Valuation Methodology function is responsible for independent price verification, oversight of fair value and appropriate value adjustments and escalation of valuation issues. Independent price verification is the process of determining that the valuations incorporated into the financial statements are validated independent of the business area responsible for the product. The Valuation Methodology function has oversight of the fair value adjustments to ensure the financial instruments are priced to exit. These are key controls in ensuring the material accuracy of the valuations incorporated in the financial statements. The market data used for independent price verification (IPV) may include data sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and consensus pricing providers. The Valuation Methodology function performs an ongoing review of the market data sources that are used as part of the IPV and fair value processes which are formally documented on a semi-annual basis detailing the suitability of the market data used for price testing. IPV uses independently sourced data that is deemed most representative of the market the instruments trade in. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing provider are taken into consideration.

The Valuation and Benchmarks Committee (VBC) is the valuation governance forum consisting of representatives from Group Market Risk, Product Control, Valuation Methodology and the business, which meets monthly to discuss and approve the independent valuations of the inventory. For Principal Finance, the Investment Committee meeting is held on a quarterly basis to review investments and valuations.

**Significant accounting estimates and judgements**

The Group evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date.

- Fair value of financial instruments is determined using valuation techniques and estimates (see below) which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments
- When establishing the exit price of a financial instrument using a valuation technique, the Group estimates valuation adjustments in determining the fair value (page 122)
- In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 assets, and the significant valuation judgements in respect of Level 3 instruments

Where the estimated measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

**Valuation techniques**

Refer to the fair value hierarchy explanation – Level 1, 2 and 3 (page 125)

**Financial instruments held at fair value**

- Debt securities – asset-backed securities: Asset-backed securities are valued based on external prices obtained from consensus pricing providers, broker quotes, recent trades, arrangers' quotes, etc. Where an observable price is available for a given security, it is classified as Level 2. In instances where third-party prices are not available or reliable, the security is classified as Level 3. The fair value of Level 3 securities is estimated using market standard cash flow models with input parameter assumptions which include prepayment speeds, default rates, discount margins derived from comparable securities with similar vintage, collateral type, and credit ratings.
- Debt securities in issue: These debt securities relate to structured notes issued by the Group. Where independent market data is available through pricing vendors and broker sources these positions are classified as Level 2. Where such liquid external prices are not available, valuations of these debt securities are implied using input parameters such as bond spreads and credit spreads, and are classified as Level 3. These input parameters are determined with reference to the same issuer (if available) or proxies from comparable issuers or assets.

### 13. Financial instruments continued

- Derivatives: Derivative products are classified as Level 2 if the valuation of the product is based on input parameters which are observable from independent and reliable market data sources. Derivative products are classified as Level 3 if there are significant valuation input parameters which are unobservable in the market, such as products where the performance is linked to more than one underlying variable. Examples are foreign exchange basket options, equity options based on the performance of two or more underlying indices and interest rate products with quanto payouts. In most cases these unobservable correlation parameters cannot be implied from the market, and methods such as historical analysis and comparison with historical levels or other benchmark data must be employed
- Equity shares – private equity: The majority of private equity unlisted investments are valued based on earning multiples – Price-to-Earnings (P/E) or enterprise value to earnings before income tax, depreciation and amortisation (EV/EBITDA) ratios – of comparable listed companies. The two primary inputs for the valuation of these investments are the actual or forecast earnings of the investee companies and earning multiples for the comparable listed companies. To ensure comparability between these unquoted investments and the comparable listed companies, appropriate adjustments are also applied (for example, liquidity and size) in the valuation. In circumstances where an investment does not have direct comparables or where the multiples for the comparable companies cannot be sourced from reliable external sources, alternative valuation techniques (for example, discounted cash flow model or net asset value (NAV) or option pricing model), which use predominantly unobservable inputs or Level 3 inputs, may be applied. Even though earning multiples for the comparable listed companies can be sourced from third-party sources (for example, Bloomberg), and those inputs can be deemed Level 2 inputs, all unlisted investments (excluding those where observable inputs are available, for example, over-the-counter (OTC) prices) are classified as Level 3 on the basis that the valuation methods involve judgements ranging from determining comparable companies to discount rates where the discounted cash flow method is applied
- Loans and advances: These primarily include loans in the Bond and Loan Syndication business which were not fully syndicated as of the balance sheet date and other financing transactions, and loans and advances including reverse repurchase agreements that do not have SPPI cashflows or are managed on a fair value basis. These loans are generally bilateral in nature and, where available, their valuation is based on observable clean sales transactions prices or market observable spreads. If observable credit spreads are not available, proxy spreads based on comparables with similar credit grade, sector and region, are used. Where observable transaction prices, credit spreads and market standard proxy methods are available, these loans are classified as Level 2. Where there are no recent transactions or comparables, these loans are classified as Level 3
- Other debt securities: These debt securities include convertible bonds, corporate bonds, credit and structured notes. Where quoted prices are available through pricing vendors, brokers or observable trading activities from liquid markets, these are classified as Level 2 and valued using such quotes. Where there are significant valuation inputs which are unobservable in the market, due to illiquid trading or the complexity of the product, these are classified as Level 3. The valuations of these debt securities are implied using input parameters such as bond spreads and credit spreads. These input parameters are determined with reference to the same issuer (if available) or proxied from comparable issuers or assets

#### • Financial instruments held at amortised cost

The following sets out the Group's basis for establishing fair values of amortised cost financial instruments and their classification between Levels 1, 2 and 3. As certain categories of financial instruments are not actively traded, there is a significant level of management judgement involved in calculating the fair values:

- Cash and balances at central banks: The fair value of cash and balances at central banks is their carrying amounts
- Debt securities in issue, subordinated liabilities and other borrowed funds: The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term to maturity
- Deposits and borrowings: The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar Credit Risk and remaining maturity
- Investment securities: For investment securities that do not have directly observable market values, the Group utilises a number of valuation techniques to determine fair value. Where available, securities are valued using input proxies from the same or closely related underlying (for example, bond spreads from the same or closely related issuer) or input proxies from a different underlying (for example, a similar bond but using spreads for a particular sector and rating). Certain instruments cannot be proxies as set out above, and in such cases the positions are valued using non-market observable inputs. This includes those instruments held at amortised cost and predominantly relates to asset-backed securities. The fair value for such instruments is usually proxies from internal assessments of the underlying cash flows

### 13. Financial instruments continued

- Loans and advances to banks and customers: For loans and advances to banks, the fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using the prevailing money market rates for debts with a similar Credit Risk and remaining maturity. The Group's loans and advances to customers' portfolio is well diversified by geography and industry. Approximately a quarter of the portfolio re-prices within one month, and approximately half re-prices within 12 months. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The estimated fair value of loans and advances with a residual maturity of more than one year represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates and Credit Risk. Expected cash flows are discounted at current market rates to determine fair value. The Group has a wide range of individual instruments within its loans and advances portfolio and as a result providing quantification of the key assumptions used to value such instruments is impractical
- Other assets: Other assets comprise primarily cash collateral and trades pending settlement. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short-term in nature or re-price to current market rates frequently

#### Fair value adjustments

When establishing the exit price of a financial instrument using a valuation technique, the Group considers adjustments to the modelled price which market participants would make when pricing that instrument. The main valuation adjustments (described further below) in determining fair value for financial assets and financial liabilities are as follows:

|                                | 01.01.24<br>\$million | Movement<br>during the year<br>\$million | 30.06.24<br>\$million | 01.01.23<br>\$million | Movement<br>during the year<br>\$million | 31.12.23<br>\$million |
|--------------------------------|-----------------------|--|-----------------------|-----------------------|--|-----------------------|
| Bid-offer valuation adjustment | 115                   | 3  | 118                   | 118                   | (3)                                      | 115                   |
| Credit valuation adjustment    | 119                   | 5  | 124                   | 171                   | (52)                                     | 119                   |
| Debit valuation adjustment     | (129)                 | 27                                       | (102)                 | (112)                 | (17)                                     | (129)                 |
| Model valuation adjustment     | 4                     | 1  | 5                     | 3                     | 1  | 4                     |
| Funding valuation adjustment   | 33                    | (8)                                      | 25                    | 46                    | (13)                                     | 33                    |
| Other fair value adjustments   | 25                    | 3  | 28                    | 23                    | 2  | 25                    |
| <b>Total</b>                   | <b>167</b>            | <b>31</b>                                | <b>198</b>            | <b>249</b>            | <b>(82)</b>                              | <b>167</b>            |
| Income deferrals               |                       |  |                       |                       |  |                       |
| Day 1 and other deferrals      | 109                   | 27                                       | 136                   | 186                   | (77)                                     | 109                   |
| <b>Total</b>                   | <b>109</b>            | <b>27</b>                                | <b>136</b>            | <b>186</b>            | <b>(77)</b>                              | <b>109</b>            |

Note: Brackets represent an asset and credit to the income statement

- Bid-offer valuation adjustment:** Generally, market parameters are marked on a mid-market basis in the revaluation systems, and a bid-offer valuation adjustment is required to quantify the expected cost of neutralising the business' positions through dealing away in the market, thereby bringing long positions to bid and short positions to offer. The methodology to calculate the bid-offer adjustment for a derivative portfolio involves netting between long and short positions and the grouping of risk by strike and tenor based on the hedging strategy where long positions are marked to bid and short positions marked to offer in the systems
- Credit valuation adjustment (CVA):** The Group accounts for CVA against the fair value of derivative products. CVA is an adjustment to the fair value of the transactions to reflect the possibility that our counterparties may default and we may not receive the full market value of the outstanding transactions. It represents an estimate of the adjustment a market participant would include when deriving a purchase price to acquire our exposures. CVA is calculated for each subsidiary, and within each entity for each counterparty to which the entity has exposure and takes account of any collateral we may hold. The Group calculates the CVA by using estimates of future positive exposure, market-implied probability of default (PD) and recovery rates. Where market-implied data is not readily available, we use market-based proxies to estimate the PD. Wrong-way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty, and the Group has implemented a model to capture this impact for key wrong-way exposures. The Group also captures the uncertainties associated with wrong-way risk in the Group's Prudential Valuation Adjustments framework

### 13. Financial instruments continued

- **Debit valuation adjustment (DVA):** The Group calculates DVA adjustments on its derivative liabilities to reflect changes in its own credit standing. The Group's DVA adjustments will increase if its credit standing worsens and conversely, decrease if its credit standing improves. For derivative liabilities, a DVA adjustment is determined by applying the Group's probability of default to the Group's negative expected exposure against the counterparty. The Group's probability of default and loss expected in the event of default is derived based on bond and CDS spreads associated with the Group's issuances and market standard recovery levels. The expected exposure is modelled based on the simulation of the underlying risk factors over the expected life of the deal. This simulation methodology incorporates the collateral posted by the Group and the effects of master netting agreements
- **Model valuation adjustment:** Valuation models may have pricing deficiencies or limitations that require a valuation adjustment. These pricing deficiencies or limitations arise due to the choice, implementation and calibration of the pricing model
- **Funding valuation adjustment (FVA):** The Group makes FVA adjustments against derivative products, including embedded derivatives. FVA reflects an estimate of the adjustment to its fair value that a market participant would make to incorporate funding costs or benefits that could arise in relation to the exposure. FVA is calculated by determining the net expected exposure at a counterparty level and then applying a funding rate to those exposures that reflect the market cost of funding. The FVA for uncollateralised (including partially collateralised) derivatives incorporates the estimated present value of the market funding cost or benefit associated with funding these transactions
- **Other fair value adjustments:** The Group calculates the fair value on the interest rate callable products by calibrating to a set of market prices with differing maturity, expiry and strike of the trades
- **Day one and other deferrals:** In certain circumstances the initial fair value is based on a valuation technique which differs to the transaction price at the time of initial recognition. However, these gains can only be recognised when the valuation technique used is based primarily on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses inputs which are not observable in the market, the difference between the transaction price and the valuation model is not recognised immediately in the income statement. The difference is amortised to the income statement until the inputs become observable, or the transaction matures or is terminated. Other deferrals primarily represent adjustments taken to reflect the specific terms and conditions of certain derivative contracts which affect the termination value at the measurement date

In addition, the Group calculates own credit adjustment (OCA) on its issued debt designated at fair value, including structured notes, in order to reflect changes in its own credit standing. Issued debt is discounted utilising the spread at which similar instruments would be issued or bought back at the measurement date as this reflects the value from the perspective of a market participant who holds the identical item as an asset. OCA measures the difference between the fair value of issued debt as of reporting date and theoretical fair values of issued debt adjusted up or down for changes in own credit spreads from inception date to the measurement date. Under IFRS 9 the change in the OCA component is reported under other comprehensive income. The Group's OCA reserve will increase if its credit standing worsens in comparison with the inception of the trade and, conversely, decrease if its credit standing improves. The Group's OCA reserve will reverse over time as its liabilities mature.

#### Fair value hierarchy – financial instruments held at fair value

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Group. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Valuation techniques used include discounted cash flow analysis and pricing models and, where appropriate, comparison with instruments that have characteristics similar to those of the instruments held by the Group.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

- **Level 1:** Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities
- **Level 2:** Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- **Level 3:** Fair value measurements are those where inputs which could have a significant effect on the instrument's valuation are not based on observable market data



**13. Financial instruments continued**

The following tables show the classification of financial instruments held at fair value into the valuation hierarchy:

| Assets   | Level 1<br>\$million | Level 2<br>\$million | Level 3<br>\$million | Total<br>\$million |
|--|----------------------|----------------------|----------------------|--------------------|
| <b>Financial instruments held at fair value through profit or loss</b> |                      |                      |                      |                    |
| Loans and advances to banks  | –                    | 2,157                | 36                   | 2,193              |
| Loans and advances to customers  | –                    | 4,942                | 1,935                | 6,877              |
| Reverse repurchase agreements and other similar secured lending        | –                    | 90,592               | 2,610                | 93,202             |
| Debt securities, additional tier one and other eligible bills          | 33,883               | 39,218               | 1,087                | 74,188             |
| Of which:  |                      |                      |                      |                    |
| Issued by central banks & governments                                  | 28,083               | 12,425               | –                    | 40,508             |
| Issued by corporates other than financial institutions <sup>1</sup>    | 12                   | 4,146                | 260                  | 4,418              |
| Issued by financial institutions <sup>1</sup>                          | 5,788                | 22,647               | 827                  | 29,262             |
| Equity shares  | 4,927                | 148                  | 189                  | 5,264              |
| Derivative financial instruments                                       | 325                  | 48,205               | 117                  | 48,647             |
| Of which:  |                      |                      |                      |                    |
| Foreign exchange   | 124                  | 40,915               | 25                   | 41,064             |
| Interest rate  | 53                   | 6,028                | 80                   | 6,161              |
| Credit   | –                    | 386                  | 9                    | 395                |
| Equity and stock index options   | –                    | 180                  | 3                    | 183                |
| Commodity  | 148                  | 696                  | –                    | 844                |
| <b>Investment securities</b>   |                      |                      |                      |                    |
| Debt securities, additional tier one and other eligible bills          | 51,197               | 43,980               | –                    | 95,177             |
| Of which:  |                      |                      |                      |                    |
| Issued by Central banks & Governments                                  | 41,648               | 19,484               | –                    | 61,132             |
| Issued by corporates other than financial institutions <sup>1</sup>    | –                    | 500                  | –                    | 500                |
| Issued by financial institutions <sup>1</sup>                          | 9,549                | 23,996               | –                    | 33,545             |
| Equity shares  | 47                   | 1                    | 775                  | 823                |
| Other Assets   | –                    | –                    | 1                    | 1                  |
| <b>Total financial assets at 30 June 2024</b>                          | <b>90,379</b>        | <b>229,243</b>       | <b>6,750</b>         | <b>326,372</b>     |
| <b>Liabilities</b>   |                      |                      |                      |                    |
| <b>Financial instruments held at fair value through profit or loss</b> |                      |                      |                      |                    |
| Deposits by banks  | –                    | 1,660                | 399                  | 2,059              |
| Customer accounts  | –                    | 18,121               | 1,729                | 19,850             |
| Repurchase agreements and other similar secured borrowing              | –                    | 47,048               | –                    | 47,048             |
| Debt securities in issue   | –                    | 10,676               | 2,139                | 12,815             |
| Short positions  | 5,089                | 10,020               | –                    | 15,109             |
| Derivative financial instruments                                       | 352                  | 50,023               | 209                  | 50,584             |
| Of which:  |                      |                      |                      |                    |
| Foreign exchange   | 161                  | 38,468               | 9                    | 38,638             |
| Interest rate  | 65                   | 8,538                | 2                    | 8,605              |
| Credit   | –                    | 1,660                | 178                  | 1,838              |
| Equity and stock index options   | –                    | 163                  | 20                   | 183                |
| Commodity  | 126                  | 1,194                | –                    | 1,320              |
| Other Liabilities  | –                    | –                    | 1                    | 1                  |
| <b>Total financial liabilities at 30 June 2024</b>                     | <b>5,441</b>         | <b>137,548</b>       | <b>4,477</b>         | <b>147,466</b>     |

<sup>1</sup> Includes covered bonds of \$5,062 million, securities issued by Multilateral Development Banks/International Organisations of \$11,339 million and State-owned agencies and development banks of \$16,878 million

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is \$802 million and \$405 million respectively.

There were no significant changes to valuation or levelling approaches during the period ended 30 June 2024.

There were no significant transfers of financial assets and liabilities measured at fair value between Level 1 and Level 2 during the period ended 30 June 2024.



### 13. Financial instruments continued

| Assets   | Level 1<br>\$million | Level 2<br>\$million | Level 3<br>\$million | Total<br>\$million |
|--|----------------------|----------------------|----------------------|--------------------|
| <b>Financial instruments held at fair value through profit or loss</b> |                      |                      |                      |                    |
| Loans and advances to banks  | –                    | 2,265                | –                    | 2,265              |
| Loans and advances to customers  | –                    | 5,252                | 1,960                | 7,212              |
| Reverse repurchase agreements and other similar secured lending        | –                    | 79,484               | 2,363                | 81,847             |
| Debt securities, additional tier one and other eligible bills          | 27,055               | 24,635               | 1,262                | 52,952             |
| Of which:  |                      |                      |                      |                    |
| Issued by central Banks & governments                                  | 23,465               | 6,557                | –                    | 30,022             |
| Issued by corporates other than financial institutions <sup>1</sup>    | 4                    | 4,062                | 346                  | 4,412              |
| Issued by financial institutions <sup>1</sup>                          | 3,586                | 14,016               | 916                  | 18,518             |
| Equity shares  | 2,386                | 370                  | 184                  | 2,940              |
| Derivative financial instruments                                       | 954                  | 49,400               | 80                   | 50,434             |
| Of which:  |                      |                      |                      |                    |
| Foreign exchange   | 129                  | 42,414               | 25                   | 42,568             |
| Interest rate  | 37                   | 6,293                | 6                    | 6,336              |
| Credit   | –                    | 438                  | 47                   | 485                |
| Equity and stock index options   | –                    | 73                   | 2                    | 75                 |
| Commodity  | 788                  | 182                  | –                    | 970                |
| <b>Investment securities</b>   |                      |                      |                      |                    |
| Debt securities, additional tier one and other eligible bills          | 55,060               | 48,196               | 72                   | 103,328            |
| Of which:  |                      |                      |                      |                    |
| Issued by Central Banks & Governments                                  | 47,225               | 18,983               | 51                   | 66,259             |
| Issued by corporates other than financial institutions <sup>1</sup>    | 820                  | 3,236                | –                    | 4,056              |
| Issued by financial institutions <sup>1</sup>                          | 7,015                | 25,977               | 21                   | 33,013             |
| Equity shares  | 199                  | 6                    | 787                  | 992                |
| Other Assets   | –                    | –                    | 6                    | 6                  |
| <b>Total financial assets at 31 December 2023</b>                      | <b>85,654</b>        | <b>209,608</b>       | <b>6,714</b>         | <b>301,976</b>     |
| <b>Liabilities</b>   |                      |                      |                      |                    |
| <b>Financial instruments held at fair value through profit or loss</b> |                      |                      |                      |                    |
| Deposits by banks  | –                    | 1,560                | 334                  | 1,894              |
| Customer accounts  | –                    | 15,970               | 1,278                | 17,248             |
| Repurchase agreements and other similar secured borrowing              | –                    | 41,283               | –                    | 41,283             |
| Debt securities in issue   | –                    | 9,776                | 1,041                | 10,817             |
| Short positions  | 7,152                | 4,591                | 103                  | 11,846             |
| Derivative financial instruments                                       | 749                  | 55,116               | 196                  | 56,061             |
| Of which:  |                      |                      |                      |                    |
| Foreign exchange   | 122                  | 45,314               | 10                   | 45,446             |
| Interest rate  | 46                   | 8,262                | 5                    | 8,313              |
| Credit   | –                    | 945                  | 162                  | 1,107              |
| Equity and stock index options   | –                    | 147                  | 19                   | 166                |
| Commodity  | 581                  | 448                  | –                    | 1,029              |
| Other Liabilities  | –                    | –                    | 8                    | 8                  |
| <b>Total financial liabilities at 31 December 2023</b>                 | <b>7,901</b>         | <b>128,296</b>       | <b>2,960</b>         | <b>139,157</b>     |

<sup>1</sup> Includes covered bonds of \$7,509 million, securities issued by Multilateral Development Banks/International Organisations of \$24,192 million, and State-owned agencies and development banks of \$7,564 million

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is \$940 million and \$288 million respectively.

### 13. Financial instruments continued

#### Fair value hierarchy – financial instruments measured at amortised cost

The following table shows the carrying amounts and incorporates the Group's estimate of fair values of those financial assets and liabilities not presented on the Group's balance sheet at fair value. These fair values may be different from the actual amount that will be received or paid on the settlement or maturity of the financial instrument. For certain instruments, the fair value may be determined using assumptions for which no observable prices are available.

|  | Carrying value<br>\$million | Fair value           |                      |                      | Total<br>\$million |
|--|-----------------------------|----------------------|----------------------|----------------------|--------------------|
|  |                             | Level 1<br>\$million | Level 2<br>\$million | Level 3<br>\$million |                    |
| <b>Assets</b>  |                             |                      |                      |                      |                    |
| Cash and balances at central banks <sup>1</sup>                            | 64,086                      | –                    | 64,086               | –                    | 64,086             |
| Loans and advances to banks  | 45,231                      | –                    | 45,176               | –                    | 45,176             |
| of which – reverse repurchase agreements and other similar secured lending | 3,991                       | –                    | 3,992                | –                    | 3,992              |
| Loans and advances to customers  | 275,896                     | –                    | 42,180               | 228,595              | 270,775            |
| of which – reverse repurchase agreements and other similar secured lending | 7,788                       | –                    | 7,665                | 122                  | 7,787              |
| Investment securities <sup>2</sup>   | 56,403                      | –                    | 53,422               | –                    | 53,422             |
| Other assets <sup>1</sup>  | 42,206                      | –                    | 42,206               | –                    | 42,206             |
| Assets held for sale   | 517                         | 3                    | 474                  | 40                   | 517                |
| <b>At 30 June 2024</b>   | <b>484,339</b>              | <b>3</b>             | <b>247,544</b>       | <b>228,635</b>       | <b>476,182</b>     |
| <b>Liabilities</b>   |                             |                      |                      |                      |                    |
| Deposits by banks  | 28,087                      | –                    | 28,140               | –                    | 28,140             |
| Customer accounts  | 468,157                     | –                    | 464,336              | –                    | 464,336            |
| Repurchase agreements and other similar secured borrowing                  | 7,539                       | –                    | 7,585                | –                    | 7,585              |
| Debt securities in issue   | 65,199                      | 32,960               | 31,839               | –                    | 64,799             |
| Subordinated liabilities and other borrowed funds                          | 10,856                      | 10,109               | 335                  | –                    | 10,444             |
| Other liabilities <sup>1</sup>   | 46,901                      | –                    | 46,901               | –                    | 46,901             |
| Liabilities held for sale  | 535                         | 51                   | 484                  | –                    | 535                |
| <b>At 30 June 2024</b>   | <b>627,274</b>              | <b>43,120</b>        | <b>579,620</b>       | <b>–</b>             | <b>622,740</b>     |

1 The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short-term in nature or reprice to current market rates frequently

2 Includes Government bonds and Treasury bills of \$21,475 million at 30 June 2024

### 13. Financial instruments continued

for financial instruments continued

|  |                             | Fair value           |                      |                      |                    |
|--|-----------------------------|----------------------|----------------------|----------------------|--------------------|
|  | Carrying value<br>\$million | Level 1<br>\$million | Level 2<br>\$million | Level 3<br>\$million | Total<br>\$million |
| <b>Assets</b>  |                             |                      |                      |                      |                    |
| Cash and balances at central banks <sup>1</sup>                            | 69,905                      | –                    | 69,905               | –                    | 69,905             |
| Loans and advances to banks  | 44,977                      | –                    | 44,921               | –                    | 44,921             |
| of which – reverse repurchase agreements and other similar secured lending | 1,738                       | –                    | 1,738                | –                    | 1,738              |
| Loans and advances to customers  | 286,975                     | –                    | 53,472               | 226,211              | 279,683            |
| of which – reverse repurchase agreements and other similar secured lending | 13,996                      | –                    | 13,827               | 169                  | 13,996             |
| Investment securities <sup>2</sup>   | 56,935                      | –                    | 54,419               | 33                   | 54,452             |
| Other assets <sup>1</sup>  | 38,140                      | –                    | 38,140               | –                    | 38,140             |
| Assets held for sale   | 701                         | 101                  | 541                  | 59                   | 701                |
| <b>At 31 December 2023</b>   | <b>497,633</b>              | <b>101</b>           | <b>261,398</b>       | <b>226,303</b>       | <b>487,802</b>     |
| <b>Liabilities</b>   |                             |                      |                      |                      |                    |
| Deposits by banks  | 28,030                      | –                    | 28,086               | –                    | 28,086             |
| Customer accounts  | 469,418                     | –                    | 460,224              | –                    | 460,224            |
| Repurchase agreements and other similar secured borrowing                  | 12,258                      | –                    | 12,258               | –                    | 12,258             |
| Debt securities in issue   | 62,546                      | 31,255               | 30,859               | –                    | 62,114             |
| Subordinated liabilities and other borrowed funds                          | 12,036                      | 11,119               | 336                  | –                    | 11,455             |
| Other liabilities <sup>1</sup>   | 38,663                      | –                    | 38,663               | –                    | 38,663             |
| Liabilities held for sale  | 726                         | 54                   | 672                  | –                    | 726                |
| <b>At 31 December 2023</b>   | <b>623,677</b>              | <b>42,428</b>        | <b>571,098</b>       | <b>–</b>             | <b>613,526</b>     |

1 The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short-term in nature or reprice to current market rates frequently

2 Includes Government bonds and Treasury bills \$19,422 million at 31 December 2023

### 13. Financial instruments continued

#### Fair value of financial instruments

##### Level 3 Summary and significant unobservable inputs

The following table presents the Group's primary Level 3 financial instruments which are held at fair value. The table also presents the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs, the range of values for those inputs and the weighted average of those inputs:

| Instrument  | Value as at<br>30 June 2024 |                          | Principal valuation<br>technique | Significant unobservable inputs               | Range <sup>1</sup> | Weighted<br>average <sup>2</sup> |
|---|-----------------------------|--------------------------|----------------------------------|---|--------------------|----------------------------------|
|   | Assets<br>\$million         | Liabilities<br>\$million |                                  |   |                    |                                  |
| Loans and advances to banks   | 36                          | -                        | Discounted cash flows            | Price/yield                                   | 33.6% – 100%       | 64.7%                            |
| Loans and advances to customers                                       | 1,935                       | -                        | Discounted cash flows            | Price/yield                                   | 0.1% – 100%        | 16.1%                            |
| Reverse repurchase agreements<br>and other similar secured lending    | 2,610                       | -                        | Discounted cash flows            | Repo curve                                    | 2.7% – 7.7%        | 6.5%                             |
| Debt securities, additional tier one<br>and other eligible securities | 1,087                       | -                        | Discounted cash flows            | Price/yield                                   | 1.7% – 99.2%       | 4.9%                             |
|   |                             |                          |                                  | Recovery rate                                 | 3.7% – 45.0%       | 10.4%                            |
| Government bonds and<br>treasury bills                                | -                           | -                        | Discounted cash flows            | Price/yield                                   | 0.01% – 16.8%      | 10.6%                            |
| Equity shares (includes private<br>equity investments)                | 964                         | -                        | Comparable<br>pricing/ yield     | EV/EBITDA multiples                           | 13.0x–15.9x        | 14.3x                            |
|   |                             |                          |                                  | EV/Revenue multiples                          | 7.5x–7.5x          | 7.5x                             |
|   |                             |                          |                                  | P/E multiples                                 | 13.3x– 44.6x       | 43.3x                            |
|   |                             |                          |                                  | P/B multiples                                 | 0.3x–2.6x          | 1.7x                             |
|   |                             |                          |                                  | P/S multiples                                 | 0.2x–1.3x          | 0.2x                             |
|   |                             |                          |                                  | Liquidity discount                            | 0.0%–29.9%         | 18.3%                            |
|   |                             |                          | Discounted cash flows            | Discount rates                                | 9.5%–20.5%         | 11.2%                            |
|   |                             |                          | Option pricing model             | Equity value based on<br>EV/Revenue multiples | 6.3x–38.6x         | 24.2x                            |
|   |                             |                          |                                  | Equity value based on<br>EV/EBITDA multiples  | 2.6x–2.6x          | 2.6x                             |
|   |                             |                          |                                  | Equity value based on<br>volatility           | 28.5%–50.0%        | 28.7%                            |
|   |                             |                          |                                  |   |                    |                                  |
|   |                             |                          |                                  |   |                    |                                  |
|   |                             |                          |                                  |   |                    |                                  |
| Other Assets  | 1                           | -                        | NAV                              | N/A   | N/A                | N/A                              |
| Derivative financial instruments<br>of which:                         |                             |                          |                                  |   |                    |                                  |
| Foreign exchange  | 25                          | 9                        | Option pricing model             | Foreign exchange option<br>implied volatility | 13.9% – 44.3%      | 33.3%                            |
|   |                             |                          | Discounted cash flows            | Interest rate curves                          | 3.3% – 34.8%       | 5.6%                             |
|   |                             |                          |                                  | Foreign exchange curves                       | 0.4% – 32.9%       | 6.3%                             |
| Interest rate   | 80                          | 2                        | Discounted cash flows            | Interest rate curves                          | 3.3% – 6.81%       | 5.4%                             |
|   |                             |                          | Option pricing model             | Bond option implied volatility                | 3.3% – 5.3%        | 4.6%                             |
| Credit  | 9                           | 178                      | Discounted cash flows            | Credit spreads                                | 1.0% – 7.4%        | 1.2%                             |
|   |                             |                          |                                  | Price/yield                                   | 2.0% – 11.2%       | 8.1%                             |
|   |                             |                          | Option pricing model             | Bond option implied volatility                | 3.3% – 5.3%        | 4.6%                             |
| Equity and stock index  | 3                           | 20                       | Internal pricing model           | Equity-Equity correlation                     | 46.4% – 100%       | 82.2%                            |
|   |                             |                          |                                  | Equity-FX correlation                         | (37.3)% – 55.3%    | 12.1%                            |
| Deposits by banks   | -                           | 399                      | Discounted cash flows            | Credit spreads                                | 0.05% – 3.9%       | 1.4%                             |
| Customer accounts   | -                           | 1,729                    | Discounted cash flows            | Credit spreads                                | 0.05% – 1.8%       | 0.9%                             |
|   |                             |                          |                                  | Interest rate curves                          | 2.2% – 5.3%        | 4.6%                             |
|   |                             |                          |                                  | Price/yield                                   | 4.2% – 13.0%       | 6.8%                             |
|   |                             |                          | Internal pricing model           | Equity-Equity correlation                     | 46.4% – 100%       | 82.2%                            |
|   |                             |                          |                                  | Equity-FX correlation                         | (37.3)% – 55.3%    | 12.1%                            |
|   |                             |                          | Option pricing model             | Bond option implied volatility                | 3.3% – 5.3%        | 4.6%                             |
| Debt securities in issue  | -                           | 2,139                    | Discounted cash flows            | Credit spreads                                | 0.4% – 1.8%        | 1.4%                             |
|   |                             |                          |                                  | Price/yield                                   | 0.2% – 18.8%       | 6.2%                             |
|   |                             |                          |                                  | Interest rate curves                          | 3.3% – 5.3%        | 4.6%                             |
|   |                             |                          | Internal pricing model           | Equity-Equity correlation                     | 46.4% – 100%       | 82.2%                            |
|   |                             |                          |                                  | Equity-FX correlation                         | (37.3)% – 55.3%    | 12.1%                            |
|   |                             |                          |                                  | Bond option implied volatility                | 3.3% – 23.0%       | 4.7%                             |
| Short positions   | -                           | -                        | Discounted cash flows            | N/A   | N/A                | N/A                              |
| Other Liabilities   | -                           | 1                        | Comparable<br>pricing/yield      | EV/EBITDA multiples                           | 5.5x – 6.2x        | 5.8x                             |
| <b>Total</b>  | <b>6,750</b>                | <b>4,477</b>             |                                  |   |                    |                                  |

1 The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as at 30 June 2024. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

2 Weighted average for non-derivative financial instruments has been calculated by weighting inputs by the relative fair value. Weighted average for derivatives has been provided by weighting inputs by the risk relevant to that variable. N/A has been entered for the cases where weighted average is not a meaningful indicator

### 13. Financial instruments continued

| Instrument   | Value as at<br>31 December 2023 |                          | Principal valuation<br>technique | Significant unobservable inputs            | Range <sup>1</sup> | Weighted<br>average <sup>2</sup> |
|--|---------------------------------|--------------------------|----------------------------------|--|--------------------|----------------------------------|
|  | Assets<br>\$million             | Liabilities<br>\$million |                                  |  |                    |                                  |
| Loans and advances to customers                                    | 1,960                           | –                        | Discounted cash flows            | Price/yield                                | 1.7% – 100%        | 12.0%                            |
|  |                                 |                          |                                  | Credit spreads                             | 0.1% – 1.0%        | 0.6%                             |
| Reverse repurchase agreements and other similar secured lending    | 2,363                           | –                        | Discounted cash flows            | Repo curve                                 | 5.1% – 7.6%        | 6.3%                             |
|  |                                 |                          |                                  | Price/yield                                | (2.7)% – 10.3%     | 6.0%                             |
| Debt securities, additional tier one and other eligible securities | 1,283                           | –                        | Discounted cash flows            | Price/yield                                | (14.0)% – 25.8%    | 10.1%                            |
|  |                                 |                          |                                  | Recovery rates                             | 0.1% – 1.0%        | 0.2%                             |
|  |                                 |                          | Internal pricing model           | Equity-Equity correlation                  | 44.1% – 100%       | 80.7%                            |
|  |                                 |                          |                                  | Equity-FX correlation                      | (35.9)% – 45.5%    | 14.2%                            |
| Government bonds and treasury bills                                | 51                              | –                        | Discounted cash flows            | Price/yield                                | 17.7% – 21.8%      | 20.6%                            |
| Equity shares (includes private equity investments)                | 971                             | –                        | Comparable pricing/yield         | EV/EBITDA multiples                        | 13.8x – 15.6x      | 14.9x                            |
|  |                                 |                          |                                  | EV/Revenue multiples                       | 9.3x – 30.9x       | 15.8x                            |
|  |                                 |                          |                                  | P/E multiples                              | 10.6x – 51.8x      | 45.7x                            |
|  |                                 |                          |                                  | P/B multiples                              | 0.3x – 2.7x        | 1.6x                             |
|  |                                 |                          |                                  | P/S multiples                              | 0.2x – 1.6x        | 0.3x                             |
|  |                                 |                          |                                  | Liquidity discount                         | 7.5% – 20.0%       | 15.1%                            |
|  |                                 |                          | Discounted cash flows            | Discount rates                             | 9.2% – 35.6%       | 17.0%                            |
|  |                                 |                          | Option pricing model             | Equity value based on EV/Revenue multiples | 8.4x – 42.5x       | 27.5x                            |
|  |                                 |                          |                                  | Equity value based on EV/EBITDA multiples  | 3.1x – 3.1x        | 3.1x                             |
|  |                                 |                          |                                  | Equity value based on volatility           | 21.0% – 65.0%      | 30.1%                            |
| Other Assets   | 6                               | –                        | NAV                              | N/A  | N/A                | N/A                              |
| Derivative financial instruments of which:                         |                                 |                          |                                  |  |                    |                                  |
| Foreign exchange   | 25                              | 10                       | Option pricing model             | Foreign exchange option implied volatility | 0.5% – 51%         | 31.8%                            |
|  |                                 |                          | Discounted cash flows            | Interest rate curves                       | 3.6% – 5.8%        | 3.8%                             |
|  |                                 |                          |                                  | Foreign exchange curves                    | 0.6% – 64.2%       | 12.8%                            |
| Interest rate  | 6                               | 5                        | Discounted cash flows            | Interest rate curves                       | 3.6% – 8.6%        | 5.0%                             |
| Credit   | 47                              | 162                      | Discounted cash flows            | Credit spreads                             | 1.0% – 1.0%        | 1.0%                             |
|  |                                 |                          |                                  | Price/yield                                | 1.7% – 16.3%       | 8.6%                             |
| Equity and stock index   | 2                               | 19                       | Internal pricing model           | Equity-Equity correlation                  | 44.1% – 100%       | 80.7%                            |
|  |                                 |                          |                                  | Equity-FX correlation                      | (35.9)% – 45.5%    | 14.2%                            |
| Deposits by banks  | –                               | 334                      | Discounted cash flows            | Credit spreads                             | 0.1% – 3.4%        | 1.9%                             |
| Customer accounts  | –                               | 1,278                    | Discounted cash flows            | Credit spreads                             | 1.0% – 2.0%        | 1.2%                             |
|  |                                 |                          |                                  | Interest rate curves                       | 2.9% – 8.6%        | 6.1%                             |
|  |                                 |                          |                                  | Price/yield                                | 4.8% – 15.2%       | 9.9%                             |
|  |                                 |                          | Internal pricing model           | Equity-Equity correlation                  | 44.1% – 100%       | 80.7%                            |
|  |                                 |                          |                                  | Equity-FX correlation                      | (35.9)% – 45.5%    | 14.2%                            |
| Debt securities in issue   | –                               | 1,041                    | Discounted cash flows            | Credit spreads                             | 0.3% – 1.6%        | 1.1%                             |
|  |                                 |                          |                                  | Price/yield                                | 6.6% – 20.9%       | 17.9%                            |
|  |                                 |                          |                                  | Interest rate curves                       | 2.9% – 5.3%        | 4.4%                             |
|  |                                 |                          | Internal pricing model           | Equity-Equity correlation                  | 44.1% – 100%       | 80.7%                            |
|  |                                 |                          |                                  | Equity-FX correlation                      | (35.9)% – 45.5%    | 14.2%                            |
|  |                                 |                          |                                  | Bond option implied volatility             | 2.9% – 5.3%        | 4.4%                             |
| Short position   | –                               | 103                      | Discounted cash flows            | Price/yield                                | 7.1% – 7.1%        | 7.1%                             |
| Other Liabilities  | –                               | 8                        | Comparable pricing/yield         | EV/EBITDA multiples                        | 5.8x – 11.2x       | 8.5x                             |
| Total  | 6,714                           | 2,960                    |                                  |  |                    |                                  |

1 The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as at 31 December 2023. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

2 Weighted average for non-derivative financial instruments has been calculated by weighting inputs by the relative fair value. Weighted average for derivatives has been provided by weighting inputs by the risk relevant to that variable. N/A has been entered for the cases where weighted average is not a meaningful indicator

### 13. Financial instruments continued

The following section describes the significant unobservable inputs identified in the valuation technique table:

- **Comparable price/yield** is a valuation methodology in which the price of a comparable instrument is used to estimate the fair value where there are no direct observable prices. Yield is the interest rate that is used to discount the future cash flows in a discounted cash flow model. Valuation using comparable instruments can be done by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable instrument, then adjusting that yield (or spread) to derive a value for the instrument. The adjustment should account for relevant differences in the financial instruments such as maturity and/or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable instrument and the instrument being valued in order to establish the value of the instrument (for example, deriving a fair value for a junior unsecured bond from the price of a senior secured bond). An increase in price, in isolation, would result in a favourable movement in the fair value of the asset. An increase in yield, in isolation, would result in an unfavourable movement in the fair value of the asset
- **Correlation** is the measure of how movement in one variable influences the movement in another variable. An equity correlation is the correlation between two equity instruments while an interest rate correlation refers to the correlation between two swap rates
- **Credit spread** represents the additional yield that a market participant would demand for taking exposure to the Credit Risk of an instrument
- **Discount rate** refers to the rate of return used to convert expected cash flows into present value
- **Equity-FX correlation** is the correlation between equity instrument and foreign exchange instrument
- **EV/EBITDA multiple** is the ratio of Enterprise Value (EV) to Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). EV is the aggregate market capitalisation and debt minus the cash and cash equivalents. An increase in EV/EBITDA multiple will result in a favourable movement in the fair value of the unlisted firm
- **EV/Revenue multiple** is the ratio of Enterprise Value (EV) to Revenue. An increase in EV/Revenue multiple will result in a favourable movement in the fair value of the unlisted firm
- **Foreign exchange curves** is the term structure for forward rates and swap rates between currency pairs over a specified period
- **Net asset value (NAV)** is the value of an entity's assets after deducting any liabilities
- **Interest rate curves** is the term structure of interest rates and measures of future interest rates at a particular point in time
- **Liquidity discounts in the valuation of unlisted investments** are primarily applied to the valuation of unlisted firms' investments to reflect the fact that these stocks are not actively traded. An increase in liquidity discount will result in an unfavourable movement in the fair value of the unlisted firm
- **Price-Earnings (P/E) multiple** is the ratio of the market value of the equity to the net income after tax. An increase in P/E multiple will result in a favourable movement in the fair value of the unlisted firm
- **Price-Book (P/B) multiple** is the ratio of the market value of equity to the book value of equity. An increase in P/B multiple will result in a favourable movement in the fair value of the unlisted firm
- **Price-Sales (P/S) multiple** is the ratio of the market value of equity to sales. An increase in P/S multiple will result in a favourable movement in the fair value of the unlisted firm
- **Recovery rates** is the expectation of the rate of return resulting from the liquidation of a particular loan. As the probability of default increases for a given instrument, the valuation of that instrument will increasingly reflect its expected recovery level assuming default. An increase in the recovery rate, in isolation, would result in a favourable movement in the fair value of the loan
- **Repo curve** is the term structure of repo rates on repos and reverse repos at a particular point in time
- **Volatility** represents an estimate of how much a particular instrument, parameter or index will change in value over time. Generally, the higher the volatility, the more expensive the option will be

### 13. Financial instruments continued

#### Level 3 movement tables – financial assets

The table below analyses movements in Level 3 financial assets carried at fair value.

| Assets   | 6 months ended 30.06.24                   |   |   |   |                         |                        |  |   |                         |                 |
|--|---|---|---|---|-------------------------|------------------------|--|---|-------------------------|-----------------|
|  | Held at fair value through profit or loss |   |   |   |                         |                        | Investment securities                      |   |                         |                 |
|  | Loans and advances to banks \$million     | Loans and advances to customers \$million | Reverse repurchase agreements and other similar secured lending \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Other Assets \$million | Derivative financial instruments \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Total \$million |
| At 01 January 2024   | –   | 1,960                                     | 2,363   | 1,262   | 184                     | 6                      | 80   | 72  | 787                     | 6,714           |
| Total (losses)/gains recognised in income statement  | –   | (18)                                      | (85)  | 25  | (1)                     | (1)                    | (36)                                       | –   | –                       | (116)           |
| Net trading income   | –   | (18)                                      | (85)  | (6)   | 2                       | –                      | (36)                                       | –   | –                       | (143)           |
| Other operating income   | –   | –   | –   | 31  | (3)                     | (1)                    | –  | –   | –                       | 27              |
| Total losses recognised in other comprehensive income (OCI)  | –   | –   | –   | –   | –                       | –                      | –  | (13)  | (31)                    | (44)            |
| Fair value through OCI reserve   | –   | –   | –   | –   | –                       | –                      | –  | –   | (18)                    | (18)            |
| Exchange difference  | –   | –   | –   | –   | –                       | –                      | –  | (13)  | (13)                    | (26)            |
| Purchases  | 18  | 2,538                                     | 2,725   | 468   | 3                       | –                      | 166  | 13  | 37                      | 5,968           |
| Sales  | (2)                                       | (2,631)                                   | (2,199)   | (668)   | (3)                     | (4)                    | (114)                                      | –   | (18)                    | (5,639)         |
| Settlements  | (7)                                       | (14)                                      | (329)   | –   | –                       | –                      | (15)                                       | –   | –                       | (365)           |
| Transfers out <sup>1</sup>   | (13)                                      | (155)                                     | (5)   | –   | –                       | –                      | (2)  | (72)  | (1)                     | (248)           |
| Transfers in <sup>2</sup>  | 40  | 255                                       | 140   | –   | 6                       | –                      | 38   | –   | 1                       | 480             |
| At 30 June 2024  | 36  | 1,935                                     | 2,610   | 1,087   | 189                     | 1                      | 117  | –   | 775                     | 6,750           |
| Total unrealised gains/(losses) recognised in the income statement, within net trading income, relating to change in fair value of assets held at 30 June 2024 | –   | 1   | 1   | 11  | 12                      | –                      | (10)                                       | –   | –                       | 15              |

1 Transfers out include loans and advances, reverse repurchase agreements, derivative financial instruments, debt securities, additional tier one and other eligible bills and equity shares where the valuation parameters became observable during the period and were transferred to Level 1 and Level 2

2 Transfers in primarily relate to loans and advances, reverse repurchase agreements, equity shares and derivative financial instruments where the valuation parameters became unobservable during the period

## 13. Financial instruments continued

| 6 months ended 30.06.23  |   |   |   |   |                         |                        |  |   |                         |                 |
|--|---|---|---|---|-------------------------|------------------------|--|---|-------------------------|-----------------|
| Assets   | Held at fair value through profit or loss |   |   |   |                         |                        | Investment securities                      |   |                         |                 |
|  | Loans and advances to banks \$million     | Loans and advances to customers \$million | Reverse repurchase agreements and other similar secured lending \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Other Assets \$million | Derivative financial instruments \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Total \$million |
| At 01 January 2023   | 21  | 1,805                                     | 1,998   | 1,153   | 182                     | 7                      | 44   | –   | 655                     | 5,865           |
| Total (losses)/gains recognised in income statement  | –   | (62)                                      | (12)  | (217)   | 1                       | –                      | 13   | –   | –                       | (277)           |
| Net trading income   | –   | (62)                                      | (12)  | (217)   | –                       | –                      | 13   | –   | –                       | (278)           |
| Other operating income   | –   | –   | –   | –   | 1                       | –                      | –  | –   | –                       | 1               |
| Total gains recognised in other comprehensive income (OCI)   | –   | –   | –   | –   | –                       | –                      | –  | 1   | 69                      | 70              |
| Fair value through OCI reserve   | –   | –   | –   | –   | –                       | –                      | –  | –   | 77                      | 77              |
| Exchange difference  | –   | –   | –   | –   | –                       | –                      | –  | 1   | (8)                     | (7)             |
| Purchases  | –   | 313                                       | 3,020   | 565   | 1                       | –                      | 124  | 5   | 4                       | 4,032           |
| Sales  | –   | (481)                                     | (3,156)   | (282)   | (9)                     | –                      | (56)                                       | (10)  | –                       | (3,994)         |
| Settlements  | –   | (221)                                     | (335)   | (310)   | –                       | –                      | (9)  | –   | –                       | (875)           |
| Transfers out <sup>1</sup>   | (21)                                      | (206)                                     | –   | (6)   | –                       | –                      | (3)  | (4)   | (39)                    | (279)           |
| Transfers in <sup>2</sup>  | –   | 75  | –   | –   | –                       | –                      | –  | 59  | 1                       | 135             |
| <b>At 30 June 2023</b>   | <b>–</b>                                  | <b>1,223</b>                              | <b>1,515</b>  | <b>903</b>  | <b>175</b>              | <b>7</b>               | <b>113</b>                                 | <b>51</b>   | <b>690</b>              | <b>4,677</b>    |
| Total unrealised (losses)/gains recognised in the income statement, within net trading income, relating to change in fair value of assets held at 30 June 2023 | –   | (10)                                      | –   | 14  | (1)                     | –                      | (10)                                       | –   | –                       | (7)             |

1 Transfers out include loans and advances, debt securities, additional tier one and other eligible bills, derivative financial instruments and equity shares where the valuation parameters became observable during the period and were transferred to Level 1 and Level 2

2 Transfers in primarily relate to loans and advances, debt securities, additional tier one and other eligible bills, and equity shares where the valuation parameters became unobservable during the period



### 13. Financial instruments continued

6 months ended 31.12.23

|  | Held at fair value through profit or loss |   |   |   |                         |                        | Investment securities                      |   |                         |                 |
|--|---|---|---|---|-------------------------|------------------------|--|---|-------------------------|-----------------|
|  | Loans and advances to banks \$million     | Loans and advances to customers \$million | Reverse repurchase agreements and other similar secured lending \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Other Assets \$million | Derivative financial instruments \$million | Debt securities, additional tier one and other eligible bills \$million | Equity shares \$million | Total \$million |
| <b>Assets</b>  |   |   |   |   |                         |                        |  |   |                         |                 |
| At 01 July 2023  | –   | 1,223                                     | 1,515   | 903   | 175                     | 7                      | 113  | 51  | 690                     | 4,677           |
| Total gains/(losses) recognised in income statement  | –   | 27  | (95)  | (75)  | 3                       | (1)                    | (1)  | –   | –                       | (142)           |
| Net trading income   | –   | 27  | (95)  | (87)  | 5                       | –                      | (1)  | –   | –                       | (151)           |
| Other operating income   | –   | –   | –   | 12  | (2)                     | (1)                    | –  | –   | –                       | 9               |
| Total (losses)/gains recognised in other comprehensive income (OCI)  | –   | –   | –   | –   | –                       | –                      | –  | (2)   | 32                      | 30              |
| Fair value through OCI reserve   | –   | –   | –   | –   | –                       | –                      | –  | –   | 31                      | 31              |
| Exchange difference  | –   | –   | –   | –   | –                       | –                      | –  | (2)   | 1                       | (1)             |
| Purchases  | 22  | 1,471                                     | 2,882   | 517   | 7                       | –                      | 65   | 16  | 57                      | 5,037           |
| Sales  | (22)                                      | (652)                                     | (786)   | (236)   | (1)                     | –                      | (59)                                       | (13)  | (5)                     | (1,774)         |
| Settlements  | –   | (221)                                     | (1,153)   | 5   | –                       | –                      | (16)                                       | –   | –                       | (1,385)         |
| Transfers out <sup>1</sup>   | –   | (19)                                      | –   | –   | –                       | –                      | (24)                                       | (12)  | 7                       | (48)            |
| Transfers in <sup>2</sup>  | –   | 131                                       | –   | 148   | –                       | –                      | 2  | 32  | 6                       | 319             |
| <b>At 31 December 2023</b>   | –   | 1,960                                     | 2,363   | 1,262   | 184                     | 6                      | 80   | 72  | 787                     | 6,714           |
| Total unrealised gains/(losses) recognised in the income statement, within net trading income, relating to change in fair value of assets held at 31 December 2023 | –   | 7   | 3   | (15)  | 5                       | –                      | (2)  | –   | –                       | (2)             |

1 Transfers out include loans and advances, debt securities, additional tier one and other eligible bills, derivative financial instruments and equity shares where the valuation parameters became observable during the period and were transferred to Level 1 and Level 2

2 Transfers in primarily relate to loans and advances, debt securities, additional tier one and other eligible bills, , derivative financial instruments and equity shares where the valuation parameters became unobservable during the period

## 13. Financial instruments continued

## Level 3 movement tables – financial liabilities

| 6 months ended 30.06.24   |                             |                             |                                    |  |                           |                             |                 |
|---|-----------------------------|-----------------------------|------------------------------------|--|---------------------------|-----------------------------|-----------------|
| Liabilities   | Deposits by banks \$million | Customer accounts \$million | Debt securities in issue \$million | Derivative financial instruments \$million | Short positions \$million | Other liabilities \$million | Total \$million |
| At 01 January 2024  | 334                         | 1,278                       | 1,041                              | 196  | 103                       | 8                           | 2,960           |
| Total losses/(gains) recognised in income statement – net trading income  | 37                          | (4)                         | 16                                 | (12)                                       | –                         | (7)                         | 30              |
| Issues  | 218                         | 1,427                       | 2,334                              | 240  | –                         | –                           | 4,219           |
| Settlements   | (190)                       | (990)                       | (1,127)                            | (217)                                      | –                         | –                           | (2,524)         |
| Transfers out <sup>1</sup>  | –                           | (20)                        | (162)                              | (7)  | (103)                     | –                           | (292)           |
| Transfers in <sup>2</sup>   | –                           | 38                          | 37                                 | 9  | –                         | –                           | 84              |
| <b>At 30 June 2024</b>  | <b>399</b>                  | <b>1,729</b>                | <b>2,139</b>                       | <b>209</b>                                 | <b>–</b>                  | <b>1</b>                    | <b>4,477</b>    |
| Total unrealised losses/(gains) recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 30 June 2024 | 24                          | 3                           | 5                                  | (4)  | –                         | –                           | 28              |

1 Transfers out primarily relate to bank deposits, debt securities in issue, short positions and derivative financial instruments where the valuation parameters became observable during the period and were transferred to Level 2 financial liabilities

2 Transfers in primarily relate to derivative financial instruments, customer accounts and debt securities in issue where the valuation parameters became unobservable during the period

| 6 months ended 30.06.23   |                             |                             |                                    |  |                           |                             |                 |
|---|-----------------------------|-----------------------------|------------------------------------|--|---------------------------|-----------------------------|-----------------|
| Liabilities   | Deposits by banks \$million | Customer accounts \$million | Debt securities in issue \$million | Derivative financial instruments \$million | Short positions \$million | Other liabilities \$million | Total \$million |
| At 01 January 2023  | 288                         | 972                         | 451                                | 121  | 40                        | 6                           | 1,878           |
| Total (gains)/losses recognised in income statement – net trading income  | (9)                         | 16                          | (5)                                | 3  | –                         | 2                           | 7               |
| Issues  | 271                         | 868                         | 654                                | 225  | –                         | –                           | 2,018           |
| Settlements   | (298)                       | (989)                       | (558)                              | (165)                                      | (40)                      | –                           | (2,050)         |
| Transfers out <sup>1</sup>  | –                           | (5)                         | (21)                               | (13)                                       | –                         | –                           | (39)            |
| Transfers in <sup>2</sup>   | –                           | 18                          | –                                  | 2  | –                         | –                           | 20              |
| <b>At 30 June 2023</b>  | <b>252</b>                  | <b>880</b>                  | <b>521</b>                         | <b>173</b>                                 | <b>–</b>                  | <b>8</b>                    | <b>1,834</b>    |
| Total unrealised (gains)/losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 30 June 2023 | –                           | (6)                         | 3                                  | (12)                                       | –                         | –                           | (15)            |

1 Transfers out primarily relate to customer accounts, debt securities in issue and derivative financial instruments where the valuation parameters became observable during the period and were transferred to Level 2 financial liabilities

2 Transfers in primarily relate to customer accounts and derivative financial instruments where the valuation parameters became unobservable during the period

| 6 months ended 31.12.23   |                             |                             |                                    |  |                           |                             |                 |
|---|-----------------------------|-----------------------------|------------------------------------|--|---------------------------|-----------------------------|-----------------|
| Liabilities   | Deposits by banks \$million | Customer Accounts \$million | Debt securities in issue \$million | Derivative financial instruments \$million | Short positions \$million | Other Liabilities \$million | Total \$million |
| At 01 July 2023   | 252                         | 880                         | 521                                | 173  | –                         | 8                           | 1,834           |
| Total losses/(gains) recognised in income statement – net trading income  | 16                          | (22)                        | 44                                 | (55)                                       | 3                         | 1                           | (13)            |
| Issues  | 357                         | 921                         | 835                                | 222  | 100                       | –                           | 2,435           |
| Settlements   | (287)                       | (502)                       | (660)                              | (147)                                      | –                         | –                           | (1,596)         |
| Transfers out <sup>1</sup>  | (4)                         | (4)                         | (64)                               | 2  | –                         | (1)                         | (71)            |
| Transfers in <sup>2</sup>   | –                           | 5                           | 365                                | 1  | –                         | –                           | 371             |
| <b>At 31 December 2023</b>  | <b>334</b>                  | <b>1,278</b>                | <b>1,041</b>                       | <b>196</b>                                 | <b>103</b>                | <b>8</b>                    | <b>2,960</b>    |
| Total unrealised (gains)/losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 31 December 2023 | –                           | (15)                        | 3                                  | (35)                                       | –                         | –                           | (47)            |

1 Transfers out primarily relate to bank deposits, customer accounts, debt securities in issue, derivative financial instruments and other liabilities where the valuation parameters became observable during the period and were transferred to Level 2 financial liabilities

2 Transfers in primarily relate to customer accounts, debt securities in issue and derivative financial instruments where the valuation parameters became unobservable during the period

### 13. Financial instruments continued

#### Sensitivities in respect of the fair values of Level 3 assets and liabilities

Sensitivity analysis is performed on products with significant unobservable inputs. The Group applies a 10 per cent increase or decrease on the values of these unobservable inputs, to generate a range of reasonably possible alternative valuations. The percentage shift is determined by statistical analysis performed on a set of reference prices based on the composition of the Group's Level 3 inventory at the measurement date. Favourable and unfavourable changes (which show the balance adjusted for input change) are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameters. The Level 3 sensitivity analysis assumes a one-way market move and does not consider offsets for hedges.

|   | Fair value through profit or loss |                                    |                                      | Fair value through other comprehensive income |                                    |                                      |
|---|-----------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|--------------------------------------|
|   | Net exposure<br>\$million         | Favourable<br>changes<br>\$million | Unfavourable<br>changes<br>\$million | Net exposure<br>\$million                     | Favourable<br>changes<br>\$million | Unfavourable<br>changes<br>\$million |
| <b>Financial instruments held at fair value</b>                 |                                   |                                    |                                      |   |                                    |                                      |
| Loans and advances  | 1,971                             | 2,008                              | 1,915                                | –   | –                                  | –                                    |
| Reverse repurchase agreements and other similar secured lending | 2,610                             | 2,663                              | 2,557                                | –   | –                                  | –                                    |
| Debt securities, additional tier one and other eligible bills   | 1,087                             | 1,138                              | 1,035                                | –   | –                                  | –                                    |
| Equity shares   | 189                               | 208                                | 170                                  | 775   | 874                                | 708                                  |
| Other Assets  | 1                                 | 1                                  | 1                                    | –   | –                                  | –                                    |
| Derivative financial instruments                                | (92)                              | (72)                               | (113)                                | –   | –                                  | –                                    |
| Customer accounts   | (1,729)                           | (1,606)                            | (1,852)                              | –   | –                                  | –                                    |
| Deposits by banks   | (399)                             | (399)                              | (399)                                | –   | –                                  | –                                    |
| Short positions   | –                                 | –                                  | –                                    | –   | –                                  | –                                    |
| Debt securities in issue  | (2,139)                           | (2,082)                            | (2,196)                              | –   | –                                  | –                                    |
| Other Liabilities   | (1)                               | (1)                                | (1)                                  | –   | –                                  | –                                    |
| <b>At 30 June 2024</b>  | <b>1,498</b>                      | <b>1,858</b>                       | <b>1,117</b>                         | <b>775</b>                                    | <b>874</b>                         | <b>708</b>                           |
| <b>Financial instruments held at fair value</b>                 |                                   |                                    |                                      |   |                                    |                                      |
| Loans and advances  | 1,960                             | 1,985                              | 1,918                                | –   | –                                  | –                                    |
| Reverse repurchase agreements and other similar secured lending | 2,363                             | 2,390                              | 2,336                                | –   | –                                  | –                                    |
| Debt securities, additional tier one and other eligible bills   | 1,262                             | 1,309                              | 1,193                                | 72  | 78                                 | 66                                   |
| Equity shares   | 184                               | 202                                | 166                                  | 787   | 866                                | 708                                  |
| Other Assets  | 6                                 | 7                                  | 5                                    | –   | –                                  | –                                    |
| Derivative financial instruments                                | (116)                             | (75)                               | (157)                                | –   | –                                  | –                                    |
| Customer accounts   | (1,278)                           | (1,191)                            | (1,365)                              | –   | –                                  | –                                    |
| Deposits by banks   | (334)                             | (334)                              | (334)                                | –   | –                                  | –                                    |
| Short positions   | (103)                             | (101)                              | (105)                                | –   | –                                  | –                                    |
| Debt securities in issue  | (1,041)                           | (966)                              | (1,115)                              | –   | –                                  | –                                    |
| Other Liabilities   | (8)                               | (7)                                | (9)                                  | –   | –                                  | –                                    |
| <b>At 31 December 2023</b>                                      | <b>2,895</b>                      | <b>3,219</b>                       | <b>2,533</b>                         | <b>859</b>                                    | <b>944</b>                         | <b>774</b>                           |

### 13. Financial instruments continued

The reasonably possible alternatives could have increased or decreased the fair values of financial instruments held at fair value through profit or loss and those classified as fair value through other comprehensive income by the amounts disclosed below.

| Financial instruments                         | Fair value changes | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|--------------------|-----------------------|-----------------------|
| Fair value through profit or loss             | Possible increase  | 360                   | 324                   |
|   | Possible decrease  | (381)                 | (362)                 |
| Fair value through other comprehensive income | Possible increase  | 99                    | 85                    |
|   | Possible decrease  | (67)                  | (85)                  |

### 14. Derivative financial instruments

The tables below analyse the notional principal amounts and the positive and negative fair values of derivative financial instruments. Notional principal amounts are the amounts of principal underlying the contract at the reporting date.

| Derivatives                                   | 30.06.24                                |                     |                          | 31.12.23                                |                     |                          |
|---|---|---------------------|--------------------------|---|---------------------|--------------------------|
|   | Notional principal amounts<br>\$million | Assets<br>\$million | Liabilities<br>\$million | Notional principal amounts<br>\$million | Assets<br>\$million | Liabilities<br>\$million |
| <b>Foreign exchange derivative contracts:</b> |   |                     |                          |   |                     |                          |
| Forward foreign exchange contracts            | 4,438,922                               | 28,145              | 25,301                   | 3,628,067                               | 30,897              | 32,601                   |
| Currency swaps and options                    | 1,286,136                               | 12,919              | 13,337                   | 1,145,702                               | 11,671              | 12,845                   |
|   | 5,725,058                               | 41,064              | 38,638                   | 4,773,769                               | 42,568              | 45,446                   |
| <b>Interest rate derivative contracts:</b>    |   |                     |                          |   |                     |                          |
| Swaps   | 5,445,462                               | 21,371              | 23,368                   | 4,841,616                               | 53,735              | 55,241                   |
| Forward rate agreements and options           | 319,883                                 | 2,216               | 2,650                    | 313,253                                 | 2,057               | 2,520                    |
|   | 5,765,345                               | 23,587              | 26,018                   | 5,154,869                               | 55,792              | 57,761                   |
| Exchange traded futures and options           | 512,905                                 | 55                  | 68                       | 325,051                                 | 39                  | 47                       |
| Credit derivative contracts                   | 264,892                                 | 395                 | 1,838                    | 281,130                                 | 485                 | 1,107                    |
| Equity and stock index options                | 11,889                                  | 183                 | 183                      | 8,671                                   | 75                  | 166                      |
| Commodity derivative contracts                | 174,007                                 | 844                 | 1,320                    | 117,436                                 | 970                 | 1,029                    |
| <b>Gross total derivatives</b>                | <b>12,454,096</b>                       | <b>66,128</b>       | <b>68,065</b>            | <b>10,660,926</b>                       | <b>99,929</b>       | <b>105,556</b>           |
| Offset <sup>1</sup>                           | –                                       | (17,481)            | (17,481)                 | –                                       | (49,495)            | (49,495)                 |
| <b>Net total derivatives</b>                  | <b>12,454,096</b>                       | <b>48,647</b>       | <b>50,584</b>            | <b>10,660,926</b>                       | <b>50,434</b>       | <b>56,061</b>            |

<sup>1</sup> In 2024, the Group migrated contracts from Collateralized to Market (CTM) to Settled to Market (STM) for house cleared contracts with London Clearing House

The Group limits exposure to credit losses in the event of default by entering into master netting agreements with certain market counterparties. As required by IAS 32, exposures are only presented net in these accounts where they are subject to legal right of offset and intended to be settled net in the ordinary course of business.

The Group applies balance sheet offsetting only in the instance where we are able to demonstrate legal enforceability of the right to offset (e.g. via legal opinion) and the ability and intention to settle on a net basis (e.g. via operational practice).

The Group may enter into economic hedges that do not qualify for IAS 39 hedge accounting treatment, including derivatives such as interest rate swaps, interest rate futures and cross currency swaps to manage interest rate and currency risks of the Group. These derivatives are measured at fair value, with fair value changes recognised in net trading income: refer to Market Risk (page 83).

## 14. Derivative financial instruments continued

### Derivatives held for hedging

The Group enters into derivative contracts for the purpose of hedging interest rate, currency and structural foreign exchange risks inherent in assets, liabilities and forecast transactions. The table below summarises the notional principal amounts and carrying values of derivatives designated in hedge accounting relationships at the reporting date.

Included in the table above are derivatives held for hedging purposes as follows:

|   | 30.06.24                             |                  |                       | 31.12.23                             |                  |                       |
|---|--------------------------------------|------------------|-----------------------|--------------------------------------|------------------|-----------------------|
|   | Notional principal amounts \$million | Assets \$million | Liabilities \$million | Notional principal amounts \$million | Assets \$million | Liabilities \$million |
| <b>Derivatives designated as fair value hedges:</b>     |                                      |                  |                       |                                      |                  |                       |
| Interest rate swaps                                     | 68,043                               | 890              | 1,997                 | 69,347                               | 1,264            | 2,397                 |
| Currency swaps  | 580                                  | 9                | 7                     | 115                                  | 10               | 6                     |
|   | <b>68,623</b>                        | <b>899</b>       | <b>2,004</b>          | <b>69,462</b>                        | <b>1,274</b>     | <b>2,403</b>          |
| <b>Derivatives designated as cash flow hedges:</b>      |                                      |                  |                       |                                      |                  |                       |
| Interest rate swaps                                     | 33,962                               | 66               | 212                   | 41,834                               | 184              | 537                   |
| Forward foreign exchange contracts                      | 6,315                                | 666              | –                     | 12,071                               | 420              | 183                   |
| Currency swaps  | 13,365                               | 591              | 22                    | 14,321                               | 191              | 150                   |
|   | <b>53,642</b>                        | <b>1,323</b>     | <b>234</b>            | <b>68,226</b>                        | <b>795</b>       | <b>870</b>            |
| <b>Derivatives designated as net investment hedges:</b> |                                      |                  |                       |                                      |                  |                       |
| Forward foreign exchange contracts                      | 15,061                               | 259              | 8                     | 15,436                               | 32               | 41                    |
| <b>Total derivatives held for hedging</b>               | <b>137,326</b>                       | <b>2,481</b>     | <b>2,246</b>          | <b>153,124</b>                       | <b>2,101</b>     | <b>3,314</b>          |

## 15. Reverse repurchase and repurchase agreements including other similar lending and borrowing

### Reverse repurchase agreements and other similar secured lending

|                                   | 30.06.24 \$million | 31.12.23 \$million |
|-----------------------------------|--------------------|--------------------|
| Banks                             | 44,259             | 32,286             |
| Customers                         | 60,722             | 65,295             |
|                                   | <b>104,981</b>     | <b>97,581</b>      |
| Of which:                         |                    |                    |
| Fair value through profit or loss | 93,202             | 81,847             |
| Banks                             | 40,268             | 30,548             |
| Customers                         | 52,934             | 51,299             |
| Held at amortised cost            | 11,779             | 15,734             |
| Banks                             | 3,991              | 1,738              |
| Customers                         | 7,788              | 13,996             |

Under reverse repurchase and securities borrowing arrangements, the Group obtains securities on terms which permit it to repledge or resell the securities to others. Amounts on such terms are:

|   | 30.06.24 \$million | 31.12.23 \$million |
|---|--------------------|--------------------|
| Securities and collateral received (at fair value)  | 108,948            | 101,935            |
| Securities and collateral which can be repledged or sold (at fair value)  | 107,853            | 101,845            |
| Amounts repledged/transferred to others for financing activities, to satisfy liabilities under sale and repurchase agreements (at fair value) | 36,509             | 34,154             |

**15. Reverse repurchase and repurchase agreements including other similar lending and borrowing continued****Repurchase agreements and other similar secured borrowing**

|                                   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|-----------------------------------|-----------------------|-----------------------|
| Banks                             | 10,332                | 5,585                 |
| Customers                         | 44,255                | 47,956                |
|                                   | 54,587                | 53,541                |
| Of which:                         |                       |                       |
| Fair value through profit or loss | 47,048                | 41,283                |
| Banks                             | 9,430                 | 4,658                 |
| Customers                         | 37,618                | 36,625                |
| Held at amortised cost            | 7,539                 | 12,258                |
| Banks                             | 902                   | 927                   |
| Customers                         | 6,637                 | 11,331                |

The tables below set out the financial assets provided as collateral for repurchase and other secured borrowing transactions:

| 30.06.24   |   |   |                          |                             |                 |
|--|---|---|--------------------------|-----------------------------|-----------------|
| Collateral pledged against repurchase agreements | Fair value through profit or loss \$million | Fair value through other comprehensive income \$million | Amortised cost \$million | Off-balance sheet \$million | Total \$million |
| <b>On-balance sheet</b>                          |   |   |                          |                             |                 |
| Debt securities and other eligible bills         | 3,822                                       | 3,216   | 12,179                   | –                           | 19,217          |
| <b>Off-balance sheet</b>                         |   |   |                          |                             |                 |
| Repledged collateral received                    | –   | –   | –                        | 36,509                      | 36,509          |
| <b>At 30 June 2024</b>                           | <b>3,822</b>                                | <b>3,216</b>  | <b>12,179</b>            | <b>36,509</b>               | <b>55,726</b>   |

| 31.12.23   |   |   |                          |                             |                 |
|--|---|---|--------------------------|-----------------------------|-----------------|
| Collateral pledged against repurchase agreements | Fair value through profit or loss \$million | Fair value through other comprehensive income \$million | Amortised cost \$million | Off-balance sheet \$million | Total \$million |
| <b>On-balance sheet</b>                          |   |   |                          |                             |                 |
| Debt securities and other eligible bills         | 4,993                                       | 8,157   | 10,181                   | –                           | 23,331          |
| <b>Off-balance sheet</b>                         |   |   |                          |                             |                 |
| Repledged collateral received                    | –   | –   | –                        | 34,154                      | 34,154          |
| <b>At 31 December 2023</b>                       | <b>4,993</b>                                | <b>8,157</b>  | <b>10,181</b>            | <b>34,154</b>               | <b>57,485</b>   |

## 16. Goodwill and intangible assets

|                                   | 30.06.24              |                                      |                                   |                    | 31.12.23              |                                      |                                   |                    |
|-----------------------------------|-----------------------|--------------------------------------|-----------------------------------|--------------------|-----------------------|--------------------------------------|-----------------------------------|--------------------|
|                                   | Goodwill<br>\$million | Acquired<br>intangibles<br>\$million | Computer<br>software<br>\$million | Total<br>\$million | Goodwill<br>\$million | Acquired<br>intangibles<br>\$million | Computer<br>software<br>\$million | Total<br>\$million |
| <b>Cost</b>                       |                       |                                      |                                   |                    |                       |                                      |                                   |                    |
| At 1 January                      | 2,429                 | 278                                  | 6,168                             | 8,875              | 2,471                 | 295                                  | 5,178                             | 7,944              |
| Exchange translation differences  | (35)                  | (4)                                  | (95)                              | (134)              | (24)                  | (12)                                 | 21                                | (15)               |
| Additions                         | –                     | 1                                    | 473                               | 474                | –                     | –                                    | 1,124                             | 1,124              |
| Disposals                         | –                     | –                                    | (5)                               | (5)                | –                     | –                                    | –                                 | –                  |
| Impairment                        | –                     | –                                    | (149) <sup>2</sup>                | (149)              | –                     | –                                    | (151)                             | (151)              |
| Amounts written off               | –                     | (9)                                  | (15)                              | (24)               | (18) <sup>1</sup>     | (5) <sup>1</sup>                     | (4)                               | (27)               |
| <b>At 30 June/31 December</b>     | <b>2,394</b>          | <b>266</b>                           | <b>6,377</b>                      | <b>9,037</b>       | <b>2,429</b>          | <b>278</b>                           | <b>6,168</b>                      | <b>8,875</b>       |
| <b>Provision for amortisation</b> |                       |                                      |                                   |                    |                       |                                      |                                   |                    |
| At 1 January                      | –                     | 265                                  | 2,396                             | 2,661              | –                     | 276                                  | 1,799                             | 2,075              |
| Exchange translation differences  | –                     | (5)                                  | (35)                              | (40)               | –                     | (12)                                 | 11                                | (1)                |
| Amortisation                      | –                     | –                                    | 329                               | 329                | –                     | 1                                    | 625                               | 626                |
| Impairment charge                 | –                     | –                                    | (1) <sup>2</sup>                  | (1)                | –                     | –                                    | (39)                              | (39)               |
| Amounts written off               | –                     | –                                    | (15)                              | (15)               | –                     | –                                    | –                                 | –                  |
| <b>At 30 June/31 December</b>     | <b>–</b>              | <b>260</b>                           | <b>2,674</b>                      | <b>2,934</b>       | <b>–</b>              | <b>265</b>                           | <b>2,396</b>                      | <b>2,661</b>       |
| <b>Net book value</b>             | <b>2,394</b>          | <b>6</b>                             | <b>3,703</b>                      | <b>6,103</b>       | <b>2,429</b>          | <b>13</b>                            | <b>3,772</b>                      | <b>6,214</b>       |

1 Includes disposal of goodwill and other intangibles relating to aviation finance leasing business. These were classified as held for sale during 2023 and sold during the year

2 Includes \$148 million impairment relating to software capitalised in previous years

At 30 June 2024, accumulated goodwill impairment losses incurred from 1 January 2005 amounted to \$3,331 million (31 December 2023: \$3,331 million), of which nil was recognised in 2024 (31 December 2023: nil).

The Group assessed the goodwill assigned to each of the Group's CGUs and determined that there are no indicators of impairment; therefore, estimates of the recoverable amounts for the CGUs were not calculated at 30 June 2024.

## 17. Property, plant and equipment

30.06.24

|   | Premises<br>\$million | Equipment<br>\$million | Operating<br>lease assets<br>\$million | Leased<br>premises<br>assets<br>\$million | Leased<br>equipment<br>assets<br>\$million | Total<br>\$million |
|---|-----------------------|------------------------|--|---|--|--------------------|
| <b>Cost or valuation</b>  |                       |                        |  |   |  |                    |
| At 1 January  | 1,741                 | 810                    | –                                      | 1,864                                     | 18   | 4,433              |
| Exchange translation differences  | (37)                  | (25)                   | –                                      | (24)                                      | (1)  | (87)               |
| Additions <sup>1</sup>  | 31                    | 45                     | –                                      | 96  | –  | 172                |
| Disposals and fully depreciated assets<br>written off <sup>2</sup>      | (24)                  | (15)                   | –                                      | (8)                                       | (1)  | (48)               |
| Transfers to assets held for sale                                       | (2)                   | 3                      | –                                      | –   | –  | 1                  |
| <b>As at 30 June</b>  | <b>1,709</b>          | <b>818</b>             | <b>–</b>                               | <b>1,928</b>                              | <b>16</b>                                  | <b>4,471</b>       |
| <b>Depreciation</b>   |                       |                        |  |   |  |                    |
| Accumulated at 1 January  | 692                   | 535                    | –                                      | 914                                       | 18   | 2,159              |
| Exchange translation differences  | (19)                  | (6)                    | –                                      | (18)                                      | (7)  | (50)               |
| Charge for the year   | 39                    | 37                     | –                                      | 109                                       | 2  | 187                |
| Impairment charge   | (4)                   | –                      | –                                      | 4   | –  | –                  |
| Attributable to assets sold, transferred or<br>written off <sup>2</sup> | (7)                   | (15)                   | –                                      | (7)                                       | –  | (29)               |
| Transfers to assets held for sale                                       | (1)                   | 3                      | –                                      | –   | –  | 2                  |
| <b>Accumulated at 30 June</b>   | <b>700</b>            | <b>554</b>             | <b>–</b>                               | <b>1,002</b>                              | <b>13</b>                                  | <b>2,269</b>       |
| <b>Net book amount at 30 June</b>                                       | <b>1,009</b>          | <b>264</b>             | <b>–</b>                               | <b>926</b>                                | <b>3</b>                                   | <b>2,202</b>       |

1 Refer to the cash flow statement under cash flows from investing activities section for the purchase of property, plant and equipment during the year of \$76 million on page 105

2 Disposals for property, plant and equipment during the year of \$31 million in the cash flow statement would include the gains and losses incurred as part of other operating income (Note 6) on disposal of assets during the year and the net book value disposed.

31.12.23

|  | Premises<br>\$million | Equipment<br>\$million | Operating<br>lease assets<br>\$million | Leased<br>premises<br>assets<br>\$million | Leased<br>equipment<br>assets<br>\$million | Total<br>\$million |
|--|-----------------------|------------------------|--|---|--|--------------------|
| <b>Cost or valuation</b>                                   |                       |                        |  |   |  |                    |
| At 1 January   | 1,773                 | 840                    | 4,420                                  | 1,652                                     | 29   | 8,714              |
| Exchange translation differences                           | (27)                  | (22)                   | –                                      | (5)                                       | (3)  | (57)               |
| Additions  | 45                    | 114                    | –                                      | 286                                       | 1  | 446                |
| Disposals and fully depreciated assets<br>written off      | (68)                  | (122)                  | (4,420) <sup>1</sup>                   | (69)                                      | (9)  | (4,688)            |
| Transfers to assets held for sale                          | 18                    | –                      | –                                      | –   | –  | 18                 |
| <b>As at 31 December</b>                                   | <b>1,741</b>          | <b>810</b>             | <b>–</b>                               | <b>1,864</b>                              | <b>18</b>                                  | <b>4,433</b>       |
| <b>Depreciation</b>  |                       |                        |  |   |  |                    |
| Accumulated at 1 January                                   | 678                   | 575                    | 1,185                                  | 730                                       | 24   | 3,192              |
| Exchange translation differences                           | (21)                  | (17)                   | 1                                      | (25)                                      | (1)  | (63)               |
| Charge for the year  | 77                    | 99                     | 27                                     | 238                                       | 4  | 445                |
| Impairment charge  | 3                     | –                      | –                                      | 9   | –  | 12                 |
| Attributable to assets sold, transferred or<br>written off | (47)                  | (122)                  | (1,213) <sup>1</sup>                   | (38)                                      | (9)  | (1,429)            |
| Transfers to assets held for sale                          | 2                     | –                      | –                                      | –   | –  | 2                  |
| <b>Accumulated at 31 December</b>                          | <b>692</b>            | <b>535</b>             | <b>–</b>                               | <b>914</b>                                | <b>18</b>                                  | <b>2,159</b>       |
| <b>Net book amount at 31 December</b>                      | <b>1,049</b>          | <b>275</b>             | <b>–</b>                               | <b>950</b>                                | <b>–</b>                                   | <b>2,274</b>       |

1 Includes disposal of assets from aviation finance leasing business and sale of vessels.



## 18. Other assets

Other assets include:

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| Financial assets held at amortized cost (Note 13):                           |                       |                       |
| Hong Kong SAR Government certificates of indebtedness (Note 21) <sup>1</sup> | 6,529                 | 6,568                 |
| Cash collateral <sup>2</sup>   | 8,099                 | 10,337                |
| Acceptances and endorsements   | 5,781                 | 5,326                 |
| Unsettled trades and other financial assets                                  | 21,797                | 15,909                |
|  | 42,206                | 38,140                |
| Non-financial assets:  |                       |                       |
| Commodities and emissions certificates <sup>3</sup>                          | 10,498                | 8,889                 |
| Other assets   | 312                   | 565                   |
|  | 53,016                | 47,594                |

1 The Hong Kong SAR Government certificates of indebtedness are subordinated to the claims of other parties in respect of bank notes issued

2 Cash collateral are margins placed to collateralize net derivative mark-to-market (MTM) positions

3 Physically held commodities and emission certificates are inventory that is carried at fair value less costs to sell, \$5.7 billion (31 December 2023: \$5.1 billion) are classified as Level 1 and \$4.7 billion are classified as Level 2 (31 December 2023: \$3.7 billion). For commodities, the fair value is derived from observable spot or short-term futures prices from relevant exchanges.

## 19. Investments in associates and joint ventures

Share of profit from investment in associates and joint ventures comprises:

|  | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|--|---|---|
| Loss from Investment in Joint Ventures | (3)                                     | (7)                                     |
| Profit from Investment in Associates   | 147                                     | 109                                     |
| <b>Total</b>                           | <b>144</b>                              | <b>102</b>                              |

|   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| <b>Interests in associates and joint ventures</b> |                       |                       |
| As at 1 January                                   | 966                   | 1,631                 |
| Exchange translation difference                   | (17)                  | 16                    |
| Additions <sup>1</sup>                            | 14                    | 64                    |
| Share of profits                                  | 144                   | 141                   |
| Dividend received <sup>2</sup>                    | (30)                  | (11)                  |
| Impairment  | –                     | (872)                 |
| Share of FVOCI and Other reserves                 | 9                     | (7)                   |
| Other movements                                   | 2                     | 4                     |
| <b>As at 30 June/31 December</b>                  | <b>1,088</b>          | <b>966</b>            |

1 Includes non-cash consideration of \$6.4 million (disposal of Autumn Life) from Vault 22 Solutions Holdings Ltd and \$3.6 million (convertible notes) from Verified Impacts Holdings Pte Ltd

2 Include capital distribution from Ascenta IV

The Group's principal associate are:

| Associate                             | Nature of activities | Main areas of operation | Group interest in ordinary share capital % |
|---------------------------------------|----------------------|-------------------------|--|
| China Bohai Bank                      | Banking              | China                   | 16.26                                      |
| CurrencyFair Limited Exchange Ireland | Banking              | Ireland                 | 43.42                                      |

The Group's ownership percentage in China Bohai Bank is 16.26%.

Although the Group's investment in China Bohai Bank is less than 20 per cent, it is considered to be an associate because of the significant influence the Group is able to exercise over its management and financial and operating policies. This influence is exercised through Board representation and the provision of technical expertise to Bohai. The Group applies the equity method of accounting for investments in associates.

### 19. Investments in associates and joint ventures continued

Bohai publishes their results after the Group. As it is impracticable for Bohai to prepare financial statements sooner, the Group recognises its share of Bohai's earnings on a three-month lag basis. Therefore, the Group recognised its share of Bohai's profits and movements in other comprehensive from 1 October 2023 through 31 March 2024 (six months of earnings) in the Group's consolidated statement of income and consolidated statement of comprehensive income for the period ended 30 June 2024, respectively.

There have been no material events after 31 March 2024 which would require adjustments in respect of the share of Bohai's profits and movements in OCI recognised by the Group for the period ended on 30 June 2024.

If the Group did not have significant influence over Bohai, the investment would be measured at fair value rather than the current carrying value, which is based on the application of the equity method as described in the accounting policy note.

#### Impairment testing

On 30 June 2024, the listed equity value of Bohai is below the carrying amount of the Group's investment in associate. As a result, the Group assessed the carrying value of its investment in Bohai for impairment and concluded that no impairment was required for the period ended 30 June 2024 (\$nil for the period ended 30 June 2023; \$1,458million of accumulated impairment as at 31 December 2023). The carrying value of the Group's investment in Bohai of \$766 million (2023: \$700 million) represents the higher of the value in use and fair value less costs to dispose. The financial forecasts used in the VIU calculation reflect Group management's best estimate of Bohai's future earnings, in line with current economic conditions and latest Bohai's reported results.

| Bohai                              | 30.06.24<br>\$million | 31.12.23<br>\$million |
|------------------------------------|-----------------------|-----------------------|
| VIU                                | 766                   | 700                   |
| Carrying amount <sup>1</sup>       | 766                   | 700                   |
| Market capitalisation <sup>2</sup> | 351                   | 418                   |

1 The Group's 16.26% share in the net assets less other equity instruments which the Group does not hold

2 Number of shares held by the Group multiplied by the quoted share price at period end

#### Basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of Bohai, determined as the higher of VIU and fair value less costs to dispose, with its carrying amount.

The value in use ("VIU") is calculated using a dividend discount model ("DDM"), which estimates the distributable future cashflows to the equity holders, after adjusting for regulatory capital requirements, for a 5-year period, after which a terminal value ("TV") is calculated based on the 'Gordon Growth' model. The key assumptions in the VIU are as follows:

- Short to medium term projections are based on Group management's best estimates of future profits available to ordinary shareholders and have been determined with reference to the latest published financial results and historical performance of Bohai;
- The projections use available information and include normalised performance over the forecast period, inclusive of: (i) asset growth assumptions based on the long-term GDP growth rate for Mainland China; (ii) ECL assumptions using Bohai's historical reported ECL, based on the proportion of ECL from loans and advances to customers and financial investments measured at amortised cost and FVOCI. This was further adjusted for banking industry challenges and property market uncertainties; (iii) Net Interest Margin (NIM) increases from 2025 with reference to third party market interest rate forecasts in China; (iv) Non-interest income estimated according to the latest available performance of Bohai and contribution of the constituent parts; and (v) Statutory tax rate of 25% was applied to the taxable profit of Bohai, after consideration of taxable and non-taxable elements, consistent with historical reported results;
- The discount rate applied to these cash flows was estimated with reference to transaction and broker data in the local Chinese market, cross checked to the capital asset pricing model (CAPM), which includes a long-term risk-free rate, beta and company risk premium assumptions for Bohai;
- A long-term GDP growth rate for Mainland China is used to extrapolate the expected short to medium term earnings to perpetuity to derive a terminal value; and
- Capital maintenance ratio consists of a capital haircut taken to estimate Bohai's target regulatory capital requirements over the forecast period. This haircut considers movements in risk weighted assets (RWA) projected based on the historical proportion of RWA to total assets and the total capital required (Core CET 1 and Minimum Core CET 1 ratios), including required retained earnings over time to meet the target capital ratios. RWA projection is adjusted to reflect management's best estimates for the impact of implementing Basel 3.1, effective 1 January 2024 in China.

## 19. Investments in associates and joint ventures continued

The VIU model was refined during 2024 to include a more granular forecasting assumptions for each period. While it is impracticable for the Group to estimate the impact on future periods, the key changes to the 2024 model are summarised as follows:

- A statutory tax rate of 25% was applied to the taxable profit of Bohai, after consideration of taxable and non-taxable elements, consistent with historical reported results. In previous model, the calculation of the tax expenses was based on the reported effective tax rate as per published financial statements of Bohai;
- Non-interest income was calculated by applying the historical average return on the respective components of the non-interest income, grown at long-term GDP rate for Mainland China, over the forecasted period. In the previous model, the non-interest income was projected based on the latest actual results reported by Bohai and grown according to long-term GDP rate.

The key assumptions used in the VIU calculation:

|  | 30.06.24<br>per cent | 31.12.23<br>per cent |
|--|----------------------|----------------------|
| Pre-tax discount rate <sup>1</sup>   | 12.59                | 13.68                |
| Long term GDP growth rate  | 3.60                 | 4.00                 |
| Total assets growth rate   | 3.60                 | 4.00                 |
| RWA as percentage of total assets  | 64.28–65.85          | 63.87–67.06          |
| Net interest margin  | 1.14–1.41            | 1.21–1.48            |
| Net fee income growth rate   | 3.60                 | 4.00                 |
| Expected credit losses as a percentage of customer loans   | 0.78–1.22            | 0.80–1.24            |
| Expected credit losses as a percentage of financial investments measured at amortised cost and FVOCI | 0.35                 | 0.35–0.67            |
| Tax expense <sup>2</sup>   | 13.00–16.00          | N/A                  |
| Capital maintenance ratio <sup>3</sup>   | 8.34                 | 8.28                 |

1 Post-tax Discount rate of 11.0% was used in 2024 and 2023 models. The difference in pre-tax discount rates relates to changes in effective tax rate

2 The 30 June 2024 percentages represent the average of non-taxable income and non-deductible expenses, consistent with historical reported results. A statutory tax rate of 25% was applied to the taxable profit of Bohai, after consideration of taxable and non-taxable elements. For the 31 December 2023 VIU, the calculation of the tax expenses was based on the reported effective tax rate as per published financial statements of Bohai

3 Core CET 1 ratio reported by Bohai

The table below discloses sensitivities to the key assumptions of Bohai, according to management's judgement of reasonably possible changes. Changes were applied to every cash flow year on an individual basis. The percentage change to the assumptions reflects the level at which management assess the reasonableness of the assumptions used and their impact on the Value in Use.

| Sensitivities  | key assumption change |   |   |
|--|-----------------------|---|---|
|  | basis points          | Increase<br>Headroom/<br>(Impairment)<br>\$ million | Decrease<br>Headroom/<br>(Impairment)<br>\$ million |
| Discount Rate  | 100                   | (115)   | 160   |
| Long term GDP growth rate <sup>1</sup>   | 100                   | 125   | (89)  |
| Total assets growth rate   | 100                   | 30  | (22)  |
| RWA as percentage of total assets  | 100                   | (35)  | 42  |
| Net interest margin  | 10                    | 405   | (398)   |
| Net fee income   | 100                   | 70  | (61)  |
| Expected credit losses as a percentage of customer loans   | 10                    | (228)   | 235   |
| Expected credit losses as a percentage of financial investments measured at amortised cost and FVOCI | 10                    | (114)   | 121   |
| Tax expense <sup>2</sup>   | 300                   | 45  | (36)  |
| Capital maintenance ratio  | 50                    | (179)   | 187   |

1 Changes in long term GDP growth rate applied only to the calculation of the terminal value

2 Changes in tax expense applied only to both average percentages of non-taxable income and non-deductible expenses

### 19. Investments in associates and joint ventures continued

The following table sets out the summarised financial statements of China Bohai Bank prior to the Group's share of the associate's profit being applied:

|   | 31.03.24<br>\$million | 31.03.23<br>\$million |
|---|-----------------------|-----------------------|
| Total assets                            | 243,892               | 237,604               |
| Total liabilities                       | 227,393               | 221,897               |
| Operating income <sup>1</sup>           | 1,862                 | 1,942                 |
| Net profit <sup>1</sup>                 | 441                   | 638                   |
| Other comprehensive income <sup>1</sup> | 49                    | (68)                  |

1 This represents six months of earnings (1 October to 31 March)

### 20. Assets held for sale and associated liabilities

#### Assets held for sale

The financial assets reported below are classified under Level 1 \$3 million (31 December 2023: \$101 million), Level 2 \$474 million (31 December 2023: \$541 million) and Level 3 \$40 million (31 December 2023: \$59 million).

| Assets held for sale                           | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Financial assets held at amortised cost</b> | <b>517</b>            | <b>701</b>            |
| Cash and balances at central banks             | 159                   | 246                   |
| Loans and advances to banks                    | 3                     | 24                    |
| Loans and advances to customers                | 194                   | 251                   |
| Debt securities held at amortised cost         | 161                   | 180                   |
| <b>Property, plant and equipment</b>           | <b>61</b>             | <b>59</b>             |
| Vessels  | 43                    | 43                    |
| Others   | 18                    | 16                    |
| Others   | 33                    | 49                    |
|  | <b>611</b>            | <b>809</b>            |

#### Liabilities held for sale

The financial liabilities reported below are classified under Level 1 \$51 million (31 December 2023: \$54 million) and Level 2 \$484 million (31 December 2023: \$672 million).

| Liabilities held for sale                           | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| <b>Financial liabilities held at amortised cost</b> | <b>535</b>            | <b>726</b>            |
| Deposits by banks                                   | –                     | 3                     |
| Customer accounts                                   | 535                   | 723                   |
| Other liabilities                                   | 30                    | 51                    |
| Provisions for liabilities and charges              | 12                    | 10                    |
|   | <b>577</b>            | <b>787</b>            |

## 21. Other liabilities

|   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| <b>Financial liabilities held at amortised cost (Note 13)</b> |                       |                       |
| Notes in circulation <sup>1</sup>                             | 6,529                 | 6,568                 |
| Acceptances and endorsements                                  | 5,784                 | 5,386                 |
| Cash collateral <sup>2</sup>                                  | 11,285                | 8,440                 |
| Property leases   | 1,028                 | 1,054                 |
| Equipment leases  | 9                     | 4                     |
| Unsettled trades and other financial liabilities              | 22,266                | 17,211                |
|   | <b>46,901</b>         | <b>38,663</b>         |
| <b>Non-financial liabilities</b>                              |                       |                       |
| Cash-settled share-based payments                             | 94                    | 102                   |
| Other liabilities   | 445                   | 456                   |
|   | <b>47,440</b>         | <b>39,221</b>         |

1 Hong Kong currency notes in circulation of \$6,529 million (31 December 2023: \$6,568 million) that are secured by the Government of Hong Kong SAR certificates of indebtedness of the same amount included in other assets (Note 18)

2. Cash collateral are margins received against collateralize net derivative mark-to-market (MTM) positions

## 22. Contingent liabilities and commitments

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

|   | 30.06.24<br>\$million | 31.12.23<br>\$million |
|---|-----------------------|-----------------------|
| <b>Financial guarantees and other contingent liabilities</b>                                    |                       |                       |
| Financial guarantees, trade credits and irrevocable letters of credit                           | 86,094                | 74,414                |
|   | <b>86,094</b>         | <b>74,414</b>         |
| <b>Commitments</b>  |                       |                       |
| Undrawn formal standby facilities, credit lines and other commitments to lend                   |                       |                       |
| One year and over   | 75,382                | 78,356                |
| Less than one year  | 29,950                | 33,092                |
| Unconditionally cancellable   | 73,236                | 70,942                |
|   | <b>178,568</b>        | <b>182,390</b>        |
| <b>Capital Commitments</b>  |                       |                       |
| Contracted capital expenditure approved by the directors but not provided for in these accounts | 2                     | 217                   |

As set out in Note 23, the Group has contingent liabilities in respect of certain legal and regulatory matters.

### 23. Legal and regulatory matters

The Group receives legal claims against it in a number of jurisdictions and is subject to regulatory and enforcement investigations and proceedings from time to time. Apart from the matters described below, the Group currently considers none of the ongoing claims, investigations or proceedings to be individually material. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters currently not considered to be material may not ultimately be material to the Group's results in a particular reporting period depending on, among other things, the amount of the loss resulting from the matter(s) and the results otherwise reported for such period.

Since 2014, the Group has been named as a defendant in a series of lawsuits that have been filed in the United States District Courts for the Southern and Eastern Districts of New York against a number of banks on behalf of plaintiffs who are, or are relatives of, victims of attacks in Iraq, Afghanistan and Israel. The plaintiffs in each of these lawsuits have alleged that the defendant banks aided and abetted the unlawful conduct of parties with connections to terrorist organisations in breach of the United States Anti-Terrorism Act. None of these lawsuits specify the amount of damages claimed. The Group continues to defend these lawsuits.

In January 2020, a shareholder derivative complaint was filed by the City of Philadelphia in New York State Court against 45 current and former directors and senior officers of the Group. It is alleged that the individuals breached their duties to the Group and caused a waste of corporate assets by permitting the conduct that gave rise to the costs and losses to the Group related to legacy conduct and control issues. In March 2021, an amended complaint was served in which Standard Chartered Bank and seven individuals were removed from the case. Standard Chartered PLC and Standard Chartered Holdings Limited remained as named "nominal defendants" in the complaint. In May 2021, Standard Chartered PLC filed a motion to dismiss the complaint. In February 2022, the New York State Court ruled in favour of Standard Chartered PLC's motion to dismiss the complaint. The plaintiffs are pursuing an appeal against the February 2022 ruling. A hearing date for the plaintiffs' appeal is awaited.

Since October 2020, four lawsuits have been filed in the English High Court against Standard Chartered PLC on behalf of more than 200 shareholders in relation to alleged untrue and/or misleading statements and/or omissions in information published by Standard Chartered PLC in its rights issue prospectuses of 2008, 2010 and 2015 and/or public statements regarding the Group's historic sanctions, money laundering and financial crime compliance issues. These lawsuits have been brought under sections 90 and 90A of the Financial Services and Markets Act 2000. These lawsuits are at an early procedural stage and trial is due to start in late 2026. The claimants have alleged that their losses are in the region of £1.56 billion (excluding any pre-judgment interest that may be awarded). In addition to having denied any and all liability, Standard Chartered PLC will contest claimants' alleged losses.

Bernard Madoff's 2008 confession to running a Ponzi scheme through Bernard L. Madoff Investment Securities LLC (BMIS) gave rise to a number of lawsuits against the Group. BMIS and the Fairfield funds (which invested in BMIS) are in bankruptcy and liquidation, respectively. Between 2010 and 2012, five lawsuits were brought against the Group by the BMIS bankruptcy trustee and the Fairfield funds' liquidators, in each case seeking to recover funds paid to the Group's clients pursuant to redemption requests made prior to BMIS' bankruptcy filing. The total amount sought in these cases exceeds USD300 million, excluding any pre-judgment interest that may be awarded. The four lawsuits commenced by the Fairfield funds' liquidators have been dismissed and the appeals of those dismissals by the funds' liquidators are ongoing.

As has been reported in the press, a number of Korean banks, including Standard Chartered Bank Korea, have sold equity-linked securities ("ELS") to customers, the redemption values of which are determined by the performance of various stock indices. Standard Chartered Bank Korea sold relevant ELS to its customers with a notional value of approximately USD900 million. Due to the performance of the Hang Seng China Enterprise Index, it is anticipated that several thousand Standard Chartered Bank Korea customers may redeem their ELS at a loss. The value of Standard Chartered Bank Korea customers' anticipated losses is subject to fluctuation as the ELS mature on various dates through 2026. Standard Chartered Bank Korea may be faced with claims by customers and its regulator, the Financial Supervisory Service, to cover part or all of those anticipated losses and also may face regulatory penalties. A provision is recorded on the balance sheet in respect of this matter.

With the exception of the Korea ELS matter described above, the Group has concluded that the threshold for recording provisions pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not met with respect to the above matters; however, the outcomes of these matters are inherently uncertain and difficult to predict.

## 24. Subordinated liabilities and other borrowed funds

|                              | 30.06.24         |                  |                  |                  |                    | 31.12.23         |                  |                  |                  |                    |
|------------------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|--------------------|
|                              | USD<br>\$million | EUR<br>\$million | GBP<br>\$million | NPR<br>\$million | Total<br>\$million | USD<br>\$million | EUR<br>\$million | GBP<br>\$million | NPR<br>\$million | Total<br>\$million |
| Fixed rate subordinated debt | 7,431            | 2,546            | 861              | 18               | 10,856             | 8,524            | 2,602            | 892              | 18               | 12,036             |

### Redemptions and repurchases during the period 2024

Standard Chartered PLC exercised its right to redeem USD 1 billion 5.2 per cent subordinated notes 2024.

### Redemptions and repurchases during the year 2023

Standard Chartered PLC exercised its right to redeem USD 2 billion 3.95 per cent subordinated notes 2023. Further to that outstanding balances of floating rate undated subordinate notes were redeemed during the year.

### Issuance during the period 2024

There was no issuance during the period.

### Issuance during the year 2023

Standard Chartered Bank Nepal Limited issued NPR 2.4 billion 10.3 per cent fixed rate dated subordinated notes due 2028.

## 25. Share capital, other equity instruments and reserves

|  | Number of<br>ordinary shares<br>millions | Ordinary<br>share<br>capital <sup>1</sup><br>\$million | Ordinary<br>Share<br>premium<br>\$million | Preference<br>Share<br>premium <sup>2</sup><br>\$million | Total share<br>capital and<br>share premium<br>\$million | Other equity<br>instruments<br>\$million |
|--|--|--|---|--|--|--|
| <b>At 1 January 2023</b>                       | 2,895                                    | 1,447  | 3,989                                     | 1,494  | 6,930  | 6,504                                    |
| Cancellation of shares including share buyback | (94)                                     | (47)   | –   | –  | (47)   | –  |
| Additional Tier 1 equity redemption            | –  | –  | –   | –  | –  | (992)                                    |
| <b>At 30 June 2023</b>                         | 2,801                                    | 1,400  | 3,989                                     | 1,494  | 6,883  | 5,512                                    |
| Cancellation of shares including share buyback | (136)                                    | (68)   | –   | –  | (68)   | –  |
| <b>At 31 December 2023</b>                     | 2,665                                    | 1,332  | 3,989                                     | 1,494  | 6,815  | 5,512                                    |
| Cancellation of shares including share buyback | (113)                                    | (57)   | –   | –  | (57)   | –  |
| Additional Tier 1 equity issuance              | –  | –  | –   | –  | –  | 992                                      |
| <b>At 30 June 2024</b>                         | 2,552                                    | 1,275  | 3,989                                     | 1,494  | 6,758  | 6,504                                    |

1 Issued and fully paid ordinary shares of 50 cents each

2 Includes preference share capital of \$75,000

### Share buyback

On 23 February 2024, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$57 million, the total consideration paid was \$1,000 million, and the buyback completed on 25 June 2024. The total number of shares purchased was 113,266,516, representing 4.25 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account. The shares were purchased by Standard Chartered PLC on various exchanges not including the Hong Kong Stock Exchange, by private arrangement.

|               | Number of<br>ordinary shares | Highest<br>price Paid<br>£ | Lowest<br>price paid<br>£ | Average<br>price paid<br>per share<br>£ | Aggregate<br>price paid<br>£ | Aggregate<br>price paid<br>\$ |
|---------------|------------------------------|----------------------------|---------------------------|---|------------------------------|-------------------------------|
| February 2024 | 6,418,285                    | 6.6920                     | 6.3700                    | 6.5039                                  | 41,743,905                   | 52,831,654                    |
| March 2024    | 45,113,015                   | 7.0000                     | 6.4400                    | 6.6765                                  | 301,197,187                  | 383,771,653                   |
| April 2024    | 24,716,649                   | 7.1300                     | 6.3800                    | 6.7727                                  | 167,398,467                  | 209,475,694                   |
| May 2024      | 19,525,751                   | 7.9540                     | 6.9080                    | 7.6883                                  | 150,119,738                  | 189,885,098                   |
| June 2024     | 17,492,816                   | 7.8840                     | 7.1220                    | 7.3676                                  | 128,879,487                  | 164,035,854                   |

### Ordinary share capital

In accordance with the Companies Act 2006 the Company does not have authorised share capital. The nominal value of each ordinary share is 50 cents.

During the period nil shares were issued under employee share plans.

## 25. Share capital, other equity instruments and reserves continued

### Preference share capital

At 30 June 2024, the Company has 15,000 \$5 non-cumulative redeemable preference shares in issue, with a premium of \$99,995 making a paid up amount per preference share of \$100,000. The preference shares are redeemable at the option of the Company and are classified in equity.

The available profits of the Company are distributed to the holders of the issued preference shares in priority to payments made to holders of the ordinary shares and in priority to, or *pari passu* with, any payments to the holders of any other class of shares in issue. On a winding up, the assets of the Company are applied to the holders of the preference shares in priority to any payment to the ordinary shareholders and in priority to, or *pari passu* with, the holders of any other shares in issue, for an amount equal to any dividends payable (on approval of the Board) and the nominal value of the shares together with any premium as determined by the Board. The redeemable preference shares are redeemable at the paid up amount (which includes premium) at the option of the Company in accordance with the terms of the shares. The holders of the preference shares are not entitled to attend or vote at any general meeting except where any relevant dividend due is not paid in full or where a resolution is proposed varying the rights of the preference shares.

### Other equity instruments

The table provides details of outstanding Fixed Rate Resetting Perpetual Subordinated Contingent Convertible AT1 securities issued by Standard Chartered PLC. The net proceeds from the issue of the Securities will be used for the general business purposes of the Group and to strengthen further the regulatory capital base of the Group.

| Issuance date   | Nominal value     | Proceeds net of issue costs | Interest rate <sup>1</sup> | Coupon payment dates <sup>2</sup> | First reset dates <sup>3</sup> | Conversion price per ordinary share <sup>4</sup> |
|-----------------|-------------------|-----------------------------|----------------------------|-----------------------------------|--------------------------------|--|
| 3 July 2019     | SGD 750 million   | USD 552 million             | 5.375%                     | 3 April, 3 October each year      | 3 October 2024                 | SGD 10.909                                       |
| 26 June 2020    | USD 1,000 million | USD 992 million             | 6%                         | 26 January, 26 July each year     | 26 January 2026                | USD 5.331  |
| 14 January 2021 | USD 1,250 million | USD 1,239 million           | 4.75%                      | 14 January, 14 July each year     | 14 July 2031                   | USD 6.353  |
| 19 August 2021  | USD 1,500 million | USD 1,489 million           | 4.30%                      | 19 February, 19 August each year  | 19 August 2028                 | USD 6.382  |
| 15 August 2022  | USD 1,250 million | USD 1,239 million           | 7.75%                      | 15 February, 15 August each year  | 15 February 2028               | USD 7.333  |
| 8 March 2024    | USD 1,000 million | USD 992 million             | 7.875%                     | 8 March, 8 September each year    | 8 September 2030               | USD 8.216  |

1 Interest rates for the period from (and including) the issue date to (but excluding) the first reset date

2 Interest payable semi-annually in arrears

3 Securities are resettable each date falling five years, or an integral multiple of five years, after the first reset date

4 Conversion price set at the time of pricing with reference to closing share price and any applicable discount

The AT1 issuances above are primarily purchased by institutional investors.

The principal terms of the AT1 securities are described below:

- The securities are perpetual and redeemable, at the option of Standard Chartered PLC in whole but not in part, on the first interest reset date and each date falling five years after the first reset date
- The securities are also redeemable for certain regulatory or tax reasons on any date at 100 per cent of their principal amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption. Any redemption is subject to Standard Chartered PLC giving notice to the relevant regulator and the regulator granting permission to redeem
- Interest payments on these securities will be accounted for as a dividend.
- Interest on the securities is due and payable only at the sole and absolute discretion of Standard Chartered PLC, subject to certain additional restrictions set out in the terms and conditions. Accordingly, Standard Chartered PLC may at any time elect to cancel any interest payment (or part thereof) which would otherwise be payable on any interest payment date.
- The securities convert into ordinary shares of Standard Chartered PLC, at a pre-determined price detailed in the table above, should the fully loaded Common Equity Tier 1 ratio of the Group fall below 7.0 per cent. Approximately 859 million ordinary shares would be required to satisfy the conversion of all the securities mentioned above

The securities rank behind the claims against Standard Chartered PLC of (a) unsubordinated creditors, (b) which are expressed to be subordinated to the claims of unsubordinated creditors of Standard Chartered PLC but not further or otherwise; or (c) which are, or are expressed to be, junior to the claims of other creditors of Standard Chartered PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, *pari passu* with, or junior to, the claims of holders of the AT1 securities in a winding-up occurring prior to the conversion trigger. The net proceeds from the issue of the Securities will be used for the general business purposes of the Group and to strengthen further the regulatory capital base of the Group.

### Reserves

The constituents of the reserves are summarised as follows:

- The capital reserve represents the exchange difference on redenomination of share capital and share premium from sterling to US dollars in 2001. The capital redemption reserve represents the nominal value of preference shares redeemed



## 25. Share capital, other equity instruments and reserves continued

- The amounts in the “Capital and Merger Reserve” represents the premium arising on shares issued using a cash box financing structure, which required the Company to create a merger reserve under section 612 of the Companies Act 2006. Shares were issued using this structure in 2005 and 2006 to assist in the funding of Korea (\$1.9 billion) and Taiwan (\$1.2 billion) acquisitions, in 2008, 2010 and 2015 for the shares issued by way of a rights issue, primarily for capital maintenance requirements and for the shares issued in 2009 by way of an accelerated book build, the proceeds of which were used in the ordinary course of business of the Group. The funding raised by the 2008, 2010 and 2015 rights issues and 2009 share issue was fully retained within the Company. Of the 2015 funding, \$1.5 billion was used to subscribe to additional equity in Standard Chartered Bank, a wholly owned subsidiary of the Company. Apart from the Korea, Taiwan and Standard Chartered Bank funding, the merger reserve is considered realised and distributable
- Own credit adjustment reserve represents the cumulative gains and losses on financial liabilities designated at fair value through profit or loss relating to own credit. Gains and losses on financial liabilities designated at fair value through profit or loss relating to own credit in the year have been taken through other comprehensive income into this reserve. On derecognition of applicable instruments the balance of any OCA will not be recycled to the income statement, but will be transferred within equity to retained earnings
- Fair value through other comprehensive income (FVOCI) debt reserve represents the unrealised fair value gains and losses in respect of financial assets classified as FVOCI, net of expected credit losses and taxation. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying asset is sold, matures or becomes impaired
- FVOCI equity reserve represents unrealised fair value gains and losses in respect of financial assets classified as FVOCI, net of taxation. Gains and losses are recorded in this reserve and never recycled to the income statement
- Cash flow hedge reserve represents the effective portion of the gains and losses on derivatives that meet the criteria for these types of hedges. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying hedged item affects profit and loss or when a forecast transaction is no longer expected to occur
- Translation reserve represents the cumulative foreign exchange gains and losses on translation of the net investment of the Group in foreign operations. Since 1 January 2004, gains and losses are deferred to this reserve and are reclassified to the income statement when the underlying foreign operation is disposed. Gains and losses arising from derivatives used as hedges of net investments are netted against the foreign exchange gains and losses on translation of the net investment of the foreign operations
- Retained earnings represents profits and other comprehensive income earned by the Group and Company in the current and prior periods, together with the after tax increase relating to equity-settled share options, less dividend distributions, own shares held (treasury shares) and share buybacks

A substantial part of the Group's reserves is held in overseas subsidiary undertakings and branches, principally to support local operations or to comply with local regulations. The maintenance of local regulatory capital ratios could potentially restrict the amount of reserves which can be remitted. In addition, if these overseas reserves were to be remitted, further unprovided taxation liabilities might arise.

As at 30 June 2024, the distributable reserves of Standard Chartered PLC (the Company) were \$15.1 billion (31 December 2023: \$14.7 billion). Distributable reserves of SC PLC were \$15.1 billion, which are calculated from the Merger reserve and Retained Earnings with consideration for restricted items in line with sections 830 and 831 of the Companies Act 2006.

### Own shares

The 2004 Employee Benefit Trust (2004 Trust) is used in conjunction with the Group's employee share schemes and other employee share-based payments (such as upfront shares and salary shares). Computershare Trustees (Jersey) Limited is the trustee of the 2004 Trust. Group companies fund the 2004 Trust from time to time to enable the trustee to acquire ordinary shares in Standard Chartered PLC to satisfy these arrangements.

Details of the shares purchased and held by the 2004 Trust are set out below.

|   | 2004 Trust |            |            |
|---|------------|------------|------------|
|   | 30.06.24   | 31.12.23   | 30.06.23   |
| Shares purchased during the period              | 40,707     | 29,069,539 | -          |
| Market price of shares purchased (\$million)    | 0.35       | 237        | -          |
| Shares held at the end of the period            | 1,863,677  | 28,095,542 | 3,541,529  |
| Maximum number of shares held during the period | 28,085,688 | 28,893,930 | 27,525,624 |

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

## 25. Share capital, other equity instruments and reserves continued

### Dividend waivers

The trustees of the 2004 Trust, which holds ordinary shares in Standard Chartered PLC in connection with the operation of its employee share plans, waive any dividend on the balance of ordinary shares that have not been allocated to employees, except for 0.01p per share.

## 26. Retirement benefit obligations

Retirement benefit obligations comprise:

|                                       | 30.06.24<br>\$million    | 31.12.23<br>\$million | 30.06.23<br>\$million |
|---------------------------------------|--------------------------|-----------------------|-----------------------|
| Defined benefit plans obligation      | (138)                    | (166)                 | (110)                 |
| Defined contribution plans obligation | (19)                     | (17)                  | (16)                  |
| <b>Net obligation</b>                 | <b>(157)<sup>1</sup></b> | <b>(183)</b>          | <b>(126)</b>          |

1 Includes \$268 million retirement benefit schemes in deficit partly offset by \$111 million retirement benefit schemes in surplus

Retirement benefit charge comprises:

|  | 6 months ended<br>30.06.24 | 6 months ended<br>31.12.23 | 6 months ended<br>30.06.23 |
|--|----------------------------|----------------------------|----------------------------|
| The pension cost for defined benefit plans was:  |                            |                            |                            |
| Current service cost <sup>1</sup>  | 24                         | 27                         | 23                         |
| Past service cost and curtailments   | –                          | –                          | 9                          |
| Gain on settlements  | –                          | 2                          | –                          |
| Interest income on pension plan assets   | (49)                       | (49)                       | (51)                       |
| Interest on pension plan liabilities   | 51                         | 51                         | 54                         |
| <b>Total charge to profit before deduction of tax</b>                                    | <b>26</b>                  | <b>31</b>                  | <b>35</b>                  |
| Losses/(returns) on plan assets excluding interest income <sup>2</sup>                   | 32                         | (82)                       | 12                         |
| Losses/(gains) on liabilities  | (63)                       | 164                        | (47)                       |
| Total losses/(gains) recognised directly in statement of comprehensive income before tax | (31)                       | 82                         | (35)                       |
| Deferred taxation  | 6                          | (15)                       | 4                          |
| <b>Total losses/(gains) after tax</b>  | <b>(25)</b>                | <b>67</b>                  | <b>(31)</b>                |

1 Includes administrative expenses paid out of plan assets of \$1 million

2 The actual return on assets was a gain of \$17 million

The Group operates over 60 defined benefit plans across its geographies, many of which are closed to new entrants who now join defined contribution arrangements. The aim of all these plans is, as part of the Group's commitment to financial wellbeing for employees, to give employees the opportunity to save appropriately for retirement in a way that is consistent with local regulations, taxation requirements and market conditions. The defined benefit plans expose the Group to currency risk, interest rate risk, investment risk and actuarial risks such as longevity risk.

Material holdings of government and corporate bonds partially hedge movements in the liabilities resulting from interest rate and inflation changes. Setting aside movements from other drivers such as currency fluctuation, the increases in discount rates in most geographies over 2024 have led to lower liabilities. These have been partly offset by decreases in the value of bonds while H1 2024 has seen strong performance of growth assets such as equities and property, leading to a fall in the pension deficit reported. These movements are shown as actuarial gains and losses in the tables above.

The disclosures required under IAS 19 have been calculated by independent qualified actuaries based on the most recent full actuarial valuations updated, where necessary, to 30 June 2024.

## 27. Related party transactions

### Directors and officers

As at 30 June 2024, Standard Chartered Bank had in place a charge over \$67 million (31 December 2023: \$68 million) of cash assets in favour of the independent trustee of its employer financed retirement benefit scheme.

There were no changes in the related party transactions described in the Annual Report 2023 that could have or have had a material effect on the financial position or performance of the Group in the period ended 30 June 2024. All related party transactions that have taken place in the period were similar in nature to those disclosed in Annual Report 2023.

### Associate and joint ventures

The following transactions with related parties are on an arm's length basis:

|  | 30.06.24<br>\$million | 31.12.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Assets</b>                                      |                       |                       |
| Financial Assets held at FVTPL                     | –                     | 14                    |
| Derivative assets                                  | 9                     | 12                    |
| <b>Total assets</b>                                | <b>9</b>              | <b>26</b>             |
| <b>Liabilities</b>                                 |                       |                       |
| Deposits   | 547                   | 959                   |
| Other Liabilities                                  | –                     | 2                     |
| <b>Total liabilities</b>                           | <b>547</b>            | <b>961</b>            |
| Loan commitments and other guarantees <sup>1</sup> | 14                    | 113                   |

1 The maximum loan commitments and other guarantees during the period were \$14 million (31 December 2023: \$113 million)

## 28. Post balance sheet events

A share buyback for up to a maximum consideration of \$1.5 billion has been declared by the directors after 30 June 2024. This will reduce the number of ordinary shares in issue by cancelling the repurchased shares

The Board has recommended an interim ordinary dividend for the half year 2024 of 9 cents a share or \$230 million

## 29. Corporate governance

The directors confirm that, throughout the period, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules. The directors also confirm that the announcement of these results has been reviewed by the Company's Audit Committee. The Company confirms that it has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix C3 of the Hong Kong Listing Rules and that, having made specific enquiry of all directors, the directors of the Company have complied with the required standards of the adopted code of conduct throughout the period. Details of the Group's corporate governance arrangements are set out in the Directors' Report within the 2023 Annual Report.

As previously announced, the following changes to the composition of the Board have taken place since 31 December 2023. On 2 January 2024, Andy Halford retired from the Board and Diego De Giorgi was appointed as an Executive Director and Group Chief Financial Officer with effect from 3 January 2024. On 29 February 2024, Gay Huey Evans retired from the Board and as a member of the Board Risk Committee. Diane Jurgens was appointed to the Board as an Independent Non-Executive Director (INED) on 1 March 2024 and became a member of the Culture and Sustainability Committee. On 9 May 2024, Carlson Tong retired from the Board and as member of the Audit and Board Risk Committees. Biographies for each of the directors and a list of the committees' membership can be found at [www.sc.com/ourpeople](http://www.sc.com/ourpeople).

In compliance with Rule 13.51B(1) of the Hong Kong Listing Rules, the Company confirms that Maria Ramos, INED, retired from AngloGold Ashanti PLC as Chair of the board on 28 May 2024.

### 30. Statutory accounts

The information in this Half Year Report is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. This document was approved by the Board on 30 July 2024. The statutory accounts for the year ended 31 December 2023 have been audited and delivered to the Registrar of Companies in England and Wales. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498(2) and 498(3) of the Companies Act 2006.

### 31. Cash flow statement

#### Adjustment for non-cash items and other adjustments included within income statement

|  | 30.06.24<br>\$million | 30.06.23<br>\$million |
|--|-----------------------|-----------------------|
| Amortisation of discounts and premiums of investment securities          | 249                   | (219)                 |
| Interest expense on subordinated liabilities                             | 394                   | 415                   |
| Interest expense on senior debt securities in issue                      | 1,291                 | 959                   |
| Other non-cash items   | (91)                  | (168)                 |
| Pension costs for defined benefit schemes                                | 27                    | 35                    |
| Share-based payment costs  | 172                   | 112                   |
| Impairment losses on loans and advances and other credit risk provisions | 240                   | 161                   |
| Other impairment   | 147                   | 77                    |
| Gain on disposal of property, plant and equipment                        | (13)                  | (32)                  |
| Loss on disposal of FVOCI and AMCST financial assets                     | 86                    | 105                   |
| Depreciation and amortisation  | 516                   | 561                   |
| Fair value changes taken to income statement                             | (1,034)               | (357)                 |
| Foreign Currency revaluation   | (110)                 | (29)                  |
| Profit from associates and joint ventures                                | (144)                 | (102)                 |
| <b>Total</b>   | <b>1,730</b>          | <b>1,518</b>          |

#### Change in operating assets

|  | 30.06.24<br>\$million | 30.06.23<br>(Restated)<br>\$million |
|--|-----------------------|-------------------------------------|
| Net decrease in derivative financial instruments   | 1,370                 | 2,893                               |
| Net increase in debt securities, treasury bills and equity shares held at fair value through profit or loss <sup>1</sup> | (25,183)              | (11,254)                            |
| Net (increase)/decrease in loans and advances to banks and customers <sup>1</sup>  | (9,614)               | 7,043                               |
| Net increase in prepayments and accrued income   | (227)                 | (205)                               |
| Net increase in other assets   | (7,928)               | (6,783)                             |
| <b>Total</b>   | <b>(41,582)</b>       | <b>(8,306)</b>                      |

<sup>1</sup> Increase in debt securities, treasury bills and equity shares held at fair value through profit or loss for 30.06.2023 has been restated by \$28 million and the increase in loans and advances to banks and customers for 30.06.2023 has been restated by \$(6,273) million

#### Change in operating liabilities

|  | 30.06.24<br>\$million | 30.06.23<br>\$million |
|--|-----------------------|-----------------------|
| Net decrease in derivative financial instruments   | (5,059)               | (6,511)               |
| Net increase in deposits from banks, customer accounts, debt securities in issue, Hong Kong notes in circulation and short positions | 17,512                | 23,238                |
| (Decrease)/increase in accruals and deferred income  | (380)                 | 437                   |
| Net increase in other liabilities  | 8,393                 | 9,302                 |
| <b>Total</b>   | <b>20,466</b>         | <b>26,466</b>         |

### 31. Cash flow statement continued

#### Changes in financing activities – subordinated & senior debts

|  | 30.06.24<br>\$million | 30.06.23<br>\$million |
|--|-----------------------|-----------------------|
| <b>Subordinated debt (including accrued interest):</b> |                       |                       |
| Opening balance  | 12,216                | 13,929                |
| Interest paid  | (252)                 | (300)                 |
| Repayment  | (1,000)               | (2,000)               |
| Foreign exchange movements                             | (91)                  | 109                   |
| Fair value changes                                     | (92)                  | 38                    |
| Accrued Interest and Others                            | 244                   | 282                   |
| <b>Closing balance</b>                                 | <b>11,025</b>         | <b>12,058</b>         |
| <b>Senior debt (including accrued interest):</b>       |                       |                       |
| Opening balance  | 41,350                | 32,288                |
| Proceeds from the issue                                | 7,698                 | 7,072                 |
| Interest paid  | (548)                 | (561)                 |
| Repayment  | (7,191)               | (2,715)               |
| Foreign exchange movements                             | (292)                 | (158)                 |
| Fair value changes                                     | (92)                  | (98)                  |
| Accrued Interest and Others                            | 1,612                 | 390                   |
| <b>Closing balance</b>                                 | <b>42,537</b>         | <b>36,218</b>         |

#### Cash and cash equivalents

The Group's cash and cash equivalents balance for 30 June 2023 has been restated to increase the balance by \$2,631 million as balances with central banks that met the cash and cash equivalents definition were originally included in loans and advances to customers (\$27,680 million) but not included in cash and cash equivalents and there were balances included in cash and cash equivalents related to loans and advances to banks (\$19,781 million), treasury bills and other eligible bills (\$3,919 million) as well as Investments (\$1,349 million) that did not meet the cash and cash equivalents definition. On the 30 June 2023 cash flow statement for Group, the change in operating assets has also been restated by \$(6,245) million as a result of these changes.

## Other supplementary information

### Supplementary financial information

#### Insured and uninsured deposits

SCB operates and provides services to customers across many countries and insured deposit is determined on the basis of limits enacted within local regulations

|                           | 30.06.24                   |                                | 31.12.23                   |                                |
|---------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
|                           | Bank deposits<br>\$million | Customer accounts<br>\$million | Bank deposits<br>\$million | Customer accounts<br>\$million |
| <b>Insured deposits</b>   | <b>23</b>                  | <b>67,611</b>                  | <b>10</b>                  | <b>66,753</b>                  |
| Current accounts          | 9                          | 15,237                         | 9                          | 15,767                         |
| Savings deposits          | –                          | 27,472                         | –                          | 27,376                         |
| Time deposits             | 14                         | 24,799                         | 1                          | 23,517                         |
| Other deposits            | –                          | 103                            | –                          | 93                             |
| <b>Uninsured deposits</b> | <b>40,455</b>              | <b>464,651</b>                 | <b>35,500</b>              | <b>467,868</b>                 |
| Current accounts          | 21,613                     | 147,169                        | 20,969                     | 150,559                        |
| Savings deposits          | –                          | 88,097                         | –                          | 91,425                         |
| Time deposits             | 7,775                      | 184,152                        | 8,295                      | 176,977                        |
| Other deposits            | 11,067                     | 45,233                         | 6,236                      | 48,907                         |
| <b>Total</b>              | <b>40,478</b>              | <b>532,262</b>                 | <b>35,510</b>              | <b>534,621</b>                 |

#### UK and non-UK deposits

The following table summarises the split of Bank and Customer deposits into UK and Non-UK deposits for respective account lines based on the domicile or residence of the clients.

|                        | 30.06.24                   |                                | 31.12.23                   |                                |
|------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
|                        | Bank deposits<br>\$million | Customer accounts<br>\$million | Bank deposits<br>\$million | Customer accounts<br>\$million |
| <b>UK deposits</b>     | <b>4,688</b>               | <b>20,655</b>                  | <b>2,918</b>               | <b>29,318</b>                  |
| Current accounts       | 1,156                      | 8,619                          | 925                        | 7,062                          |
| Savings deposits       | –                          | 193                            | –                          | 330                            |
| Time deposits          | 427                        | 6,533                          | 310                        | 5,412                          |
| Other deposits         | 3,105                      | 5,310                          | 1,683                      | 16,514                         |
| <b>Non-UK deposits</b> | <b>35,790</b>              | <b>511,607</b>                 | <b>32,592</b>              | <b>505,303</b>                 |
| Current accounts       | 20,466                     | 153,787                        | 20,053                     | 159,264                        |
| Savings deposits       | –                          | 115,376                        | –                          | 118,471                        |
| Time deposits          | 7,362                      | 202,418                        | 7,986                      | 195,082                        |
| Other deposits         | 7,962                      | 40,026                         | 4,553                      | 32,486                         |
| <b>Total</b>           | <b>40,478</b>              | <b>532,262</b>                 | <b>35,510</b>              | <b>534,621</b>                 |

## Contractual maturity of Loans, Investment securities and Deposits

30.06.2024

|   | Loans and advances to banks<br>\$million | Loans and advances to customers<br>\$million | Investment securities - Treasury and other eligible Bills<br>\$million | Investment securities - Debt securities<br>\$million | Investment securities - Equity shares<br>\$million | Bank deposits<br>\$million | Customer accounts<br>\$million |
|---|--|--|--|--|--|----------------------------|--------------------------------|
| One year or less                                | 74,652                                   | 182,601                                      | 40,572   | 57,980   | -  | 34,033                     | 474,613                        |
| Between one and five years                      | 11,838                                   | 59,653                                       | 36   | 74,997   | -  | 6,441                      | 55,028                         |
| Between five and ten years                      | 891                                      | 19,825                                       | -  | 23,215   | -  | 4                          | 806                            |
| Between ten years and fifteen years             | 70                                       | 13,178                                       | -  | 7,514  | -  | -                          | 1,287                          |
| More than fifteen years and undated             | 241                                      | 60,450                                       | -  | 21,453   | 6,088  | -                          | 528                            |
| <b>Total</b>                                    | <b>87,692</b>                            | <b>335,707</b>                               | <b>40,608</b>  | <b>185,159</b>                                       | <b>6,088</b>                                       | <b>40,478</b>              | <b>532,262</b>                 |
| <b>Total Amortised cost and FVOCI exposures</b> | <b>45,231</b>                            | <b>275,896</b>                               |  |  |  |                            |                                |
| Of which: Fixed interest rate exposures         | 37,835                                   | 155,260                                      |  |  |  |                            |                                |
| Of which: Floating interest rate exposures      | 7,396                                    | 120,636                                      |  |  |  |                            |                                |

31.12.2023

|   | Loans and advances to banks<br>\$million | Loans and advances to customers<br>\$million | Investment securities - Treasury and other eligible Bills<br>\$million | Investment securities - Debt securities<br>\$million | Investment securities - Equity shares<br>\$million | Bank deposits<br>\$million | Customer accounts<br>\$million |
|---|--|--|--|--|--|----------------------------|--------------------------------|
| One year or less                                | 72,717                                   | 197,125                                      | 38,877   | 59,023   | -  | 31,333                     | 485,909                        |
| Between one and five years                      | 3,975                                    | 52,532                                       | 4  | 69,075   | -  | 4,174                      | 46,364                         |
| Between five and ten years                      | 837                                      | 19,184                                       | 1  | 18,804   | -  | 2                          | 567                            |
| Between ten years and fifteen years             | 35                                       | 14,084                                       | -  | 9,276  | -  | -                          | 1,341                          |
| More than fifteen years and undated             | 226                                      | 62,561                                       | -  | 18,155   | 3,932  | -                          | 441                            |
| <b>Total</b>                                    | <b>77,790</b>                            | <b>345,486</b>                               | <b>38,882</b>  | <b>174,333</b>                                       | <b>3,932</b>                                       | <b>35,509</b>              | <b>534,622</b>                 |
| <b>Total Amortised cost and FVOCI exposures</b> | <b>44,977</b>                            | <b>286,975</b>                               |  |  |  |                            |                                |
| Of which: Fixed interest rate exposures         | 38,505                                   | 168,697                                      |  |  |  |                            |                                |
| Of which: Floating interest rate exposures      | 6,472                                    | 118,278                                      |  |  |  |                            |                                |

### Maturity and yield of Debt securities, additional tier one and other eligible bills held at amortised

|                                       | One year or less |             | Between one and five years |             | Between five and ten years |             | More than ten years |             | Total         |             |
|---------------------------------------|------------------|-------------|----------------------------|-------------|----------------------------|-------------|---------------------|-------------|---------------|-------------|
|                                       | \$million        | Yield %     | \$million                  | Yield %     | \$million                  | Yield %     | \$million           | Yield %     | \$million     | Yield %     |
| Central and other government agencies |                  |             |                            |             |                            |             |                     |             |               |             |
| – US                                  | 2,441            | 1.75        | 9,519                      | 1.67        | 5,950                      | 1.77        | 4,430               | 3.87        | 22,340        | 2.14        |
| – UK                                  | 286              | 1.62        | 673                        | 1.91        | 55                         | 1.25        | –                   | –           | 1,014         | 1.79        |
| – Other                               | 4,244            | 2.69        | 10,575                     | 2.71        | 1,954                      | 3.33        | 24                  | 7.39        | 16,797        | 2.78        |
| Other debt securities                 | 1,534            | 6.06        | 2,320                      | 5.94        | 3,791                      | 5.05        | 8,607               | 5.12        | 16,252        | 5.31        |
| <b>As at 30 June 2024</b>             | <b>8,505</b>     | <b>2.99</b> | <b>23,087</b>              | <b>2.58</b> | <b>11,750</b>              | <b>3.08</b> | <b>13,061</b>       | <b>4.70</b> | <b>56,403</b> | <b>3.23</b> |

|                                       | One year or less |             | Between one and five years |             | Between five and ten years |             | More than ten years |             | Total         |             |
|---------------------------------------|------------------|-------------|----------------------------|-------------|----------------------------|-------------|---------------------|-------------|---------------|-------------|
|                                       | \$million        | Yield %     | \$million                  | Yield %     | \$million                  | Yield %     | \$million           | Yield %     | \$million     | Yield %     |
| Central and other government agencies |                  |             |                            |             |                            |             |                     |             |               |             |
| – US                                  | 1,861            | 1.39        | 9,171                      | 1.61        | 5,799                      | 1.67        | 4,524               | 3.89        | 21,355        | 2.09        |
| – UK                                  | 39               | 2.75        | 85                         | 1.06        | 101                        | 0.67        | –                   | –           | 225           | 1.18        |
| – Other                               | 5,045            | 2.72        | 9,560                      | 2.80        | 2,289                      | 3.12        | 81                  | 4.74        | 16,975        | 2.84        |
| Other debt securities                 | 2,487            | 6.45        | 2,658                      | 5.37        | 2,262                      | 5.44        | 10,973              | 5.13        | 18,380        | 5.38        |
| <b>As at 31 December 2023</b>         | <b>9,432</b>     | <b>3.44</b> | <b>21,474</b>              | <b>2.61</b> | <b>10,451</b>              | <b>2.79</b> | <b>15,578</b>       | <b>4.77</b> | <b>56,935</b> | <b>3.37</b> |

The maturity distributions are presented in the above table on the basis of contractual maturity dates. The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year by the book amount of debt securities at that date.

### Average balance sheets and yields

#### Average balance sheets and yields

For the purposes of calculating net interest margin the following adjustments are made:

- Statutory net interest income is adjusted to remove interest expense on amortised cost liabilities used to provide funding to the Global Markets business
- Financial instruments measured at fair value through profit or loss are classified as non-interest earning
- Premiums on financial guarantees purchased to manage interest earning assets are treated as interest expense In the Group's view this results in a net interest margin that is more reflective of banking book performance.

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 30 June 2024, 31 December 2023 and 30 June 2023 under the revised definition of net interest margin. For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.



## Average assets

|   | 6 months ended 30.06.24                        |  |                           |  |                             |
|---|--|--|---------------------------|--|-----------------------------|
|   | Average non-interest earning balance \$million | Average interest earning balance \$million | Interest income \$million | Gross yield interest earning balance % | Gross yield total balance % |
| Cash and balances at central banks                                      | 10,244   | 59,865                                     | 1,360                     | 4.57                                   | 3.90                        |
| Gross loans and advances to banks                                       | 39,425   | 41,801                                     | 1,052                     | 5.06                                   | 2.60                        |
| Gross loans and advances to customers                                   | 56,445   | 285,940                                    | 8,259                     | 5.81                                   | 4.85                        |
| Impairment provisions against loans and advances to banks and customers | –  | (5,501)                                    | –                         | –                                      | –                           |
| Investment securities – Treasury and Other Eligible Bills               | 13,364   | 28,990                                     | 807                       | 5.60                                   | 3.83                        |
| Investment securities – Debt Securities                                 | 53,058   | 132,693                                    | 2,716                     | 4.12                                   | 2.94                        |
| Investment securities – Equity Shares                                   | 4,545  | –  | –                         | –                                      | –                           |
| Property, plant and equipment and intangible assets                     | 6,263  | –  | –                         | –                                      | –                           |
| Prepayments, accrued income and other assets                            | 120,866  | –  | –                         | –                                      | –                           |
| Investment associates and joint ventures                                | 1,052  | –  | –                         | –                                      | –                           |
| <b>Total average assets</b>   | <b>305,262</b>                                 | <b>543,788</b>                             | <b>14,194</b>             | <b>5.25</b>                            | <b>3.36</b>                 |

|   | 6 months ended 31.12.23                        |  |                           |  |                             |
|---|--|--|---------------------------|--|-----------------------------|
|   | Average non-interest earning balance \$million | Average interest earning balance \$million | Interest income \$million | Gross yield interest earning balance % | Gross yield total balance % |
| Cash and balances at central banks                                      | 10,138   | 72,136                                     | 1,622                     | 4.46                                   | 3.96                        |
| Gross loans and advances to banks                                       | 36,110   | 45,606                                     | 1,136                     | 4.94                                   | 2.80                        |
| Gross loans and advances to customers                                   | 53,180   | 297,757                                    | 8,194                     | 5.46                                   | 4.70                        |
| Impairment provisions against loans and advances to banks and customers | –  | (5,793)                                    | –                         | –                                      | –                           |
| Investment securities – Treasury and Other Eligible Bills               | 9,041  | 28,621                                     | 787                       | 5.45                                   | 4.20                        |
| Investment securities – Debt Securities                                 | 33,551   | 130,622                                    | 2,661                     | 4.04                                   | 3.26                        |
| Investment securities – Equity Shares                                   | 3,151  | –  | –                         | –                                      | –                           |
| Property, plant and equipment and intangible assets                     | 6,142  | –  | –                         | –                                      | –                           |
| Prepayments, accrued income and other assets                            | 129,624  | –  | –                         | –                                      | –                           |
| Investment associates and joint ventures                                | 1,466  | –  | –                         | –                                      | –                           |
| <b>Total average assets</b>   | <b>282,403</b>                                 | <b>568,949</b>                             | <b>14,400</b>             | <b>5.02</b>                            | <b>3.40</b>                 |

|   | 6 months ended 30.06.23                        |  |                           |  |                             |
|---|--|--|---------------------------|--|-----------------------------|
|   | Average non-interest earning balance \$million | Average interest earning balance \$million | Interest income \$million | Gross yield interest earning balance % | Gross yield total balance % |
| Cash and balances at central banks                                      | 10,799   | 63,057                                     | 1,211                     | 3.87                                   | 3.31                        |
| Gross loans and advances to banks                                       | 33,352   | 42,692                                     | 958                       | 4.53                                   | 2.54                        |
| Gross loans and advances to customers                                   | 57,325   | 305,444                                    | 7,504                     | 4.95                                   | 4.17                        |
| Impairment provisions against loans and advances to banks and customers | –  | (5,996)                                    | –                         | –                                      | –                           |
| Investment securities – Treasury and Other Eligible Bills               | 6,851  | 35,488                                     | 809                       | 4.60                                   | 3.85                        |
| Investment securities – Debt Securities                                 | 26,211   | 135,464                                    | 2,344                     | 3.49                                   | 2.92                        |
| Investment securities – Equity Shares                                   | 3,230  | –  | –                         | –                                      | –                           |
| Property, plant and equipment and intangible assets                     | 9,278  | –  | –                         | –                                      | –                           |
| Prepayments, accrued income and other assets                            | 125,751  | –  | –                         | –                                      | –                           |
| Investment associates and joint ventures                                | 1,781  | –  | –                         | –                                      | –                           |
| <b>Total average assets</b>   | <b>274,578</b>                                 | <b>576,149</b>                             | <b>12,826</b>             | <b>4.49</b>                            | <b>3.04</b>                 |

Average liabilities

|  | 6 months ended 30.06.24                        |  |                            |                                      |                           |
|--|--|--|----------------------------|--------------------------------------|---------------------------|
|  | Average non-interest bearing balance \$million | Average interest bearing balance \$million | Interest expense \$million | Rate paid interest bearing balance % | Rate paid total balance % |
| Deposits by banks  | 15,374   | 21,300                                     | 441                        | 4.16                                 | 2.42                      |
| Customer accounts:                                       | –  | –  | –                          |                                      |                           |
| Current accounts   | 39,666   | 128,079                                    | 2,245                      | 3.52                                 | 2.69                      |
| Savings deposits   | –  | 113,627                                    | 1,204                      | 2.13                                 | 2.13                      |
| Time deposits  | 19,131   | 186,811                                    | 4,642                      | 5.00                                 | 4.53                      |
| Other deposits   | 36,403   | 11,734                                     | 299                        | 5.12                                 | 1.25                      |
| Debt securities in issue                                 | 11,642   | 64,678                                     | 1,794                      | 5.58                                 | 4.73                      |
| Accruals, deferred income and other liabilities          | 138,564  | –  | –                          | –                                    | –                         |
| Subordinated liabilities and other borrowed funds        | –  | 11,379                                     | 394                        | 6.96                                 | 6.96                      |
| Non-controlling interests                                | 389  | –  | –                          | –                                    | –                         |
| Shareholders' funds                                      | 50,272   | –  | –                          | –                                    | –                         |
|  | 311,442  | 537,608                                    | 11,019                     | 4.12                                 | 1.30                      |
| Adjustment for trading book funding cost and others      | –  | –  | (1,816)                    | –                                    | –                         |
| <b>Total average liabilities and shareholders' funds</b> | <b>311,442</b>                                 | <b>537,608</b>                             | <b>9,203</b>               | <b>3.44</b>                          | <b>1.08</b>               |

|  | 6 months ended 31.12.23                        |  |                            |                                      |                           |
|--|--|--|----------------------------|--------------------------------------|---------------------------|
|  | Average non-interest bearing balance \$million | Average interest bearing balance \$million | Interest expense \$million | Rate paid interest bearing balance % | Rate paid total balance % |
| Deposits by banks  | 14,075   | 22,975                                     | 420                        | 3.63                                 | 2.25                      |
| Customer accounts:                                       |  |  |                            |                                      |                           |
| Current accounts   | 39,993   | 123,011                                    | 2,044                      | 3.30                                 | 2.49                      |
| Savings deposits   | –  | 111,593                                    | 1,087                      | 1.93                                 | 1.93                      |
| Time deposits  | 16,188   | 185,482                                    | 4,276                      | 4.57                                 | 4.21                      |
| Other deposits   | 39,148   | 10,018                                     | 424                        | 8.40                                 | 1.71                      |
| Debt securities in issue                                 | 13,945   | 64,968                                     | 1,829                      | 5.58                                 | 4.60                      |
| Accruals, deferred income and other liabilities          | 135,882  | 12,612                                     | –                          | –                                    | –                         |
| Subordinated liabilities and other borrowed funds        | –  | 12,447                                     | 535                        | 8.53                                 | 8.53                      |
| Non-controlling interests                                | 370  | –  | –                          | –                                    | –                         |
| Shareholders' funds                                      | 48,644   | –  | –                          | –                                    | –                         |
|  | 308,246  | 543,106                                    | 10,615                     | 3.88                                 | 1.24                      |
| Adjustment for trading book funding cost and others      | –  | –  | (992)                      | –                                    | –                         |
| <b>Total average liabilities and shareholders' funds</b> | <b>308,246</b>                                 | <b>543,106</b>                             | <b>9,623</b>               | <b>3.51</b>                          | <b>1.12</b>               |

6 months ended 30.06.23

|  | Average<br>non-interest<br>bearing<br>balance<br>\$million | Average<br>interest<br>bearing<br>balance<br>\$million | Interest<br>expense<br>\$million | Rate paid<br>interest<br>bearing<br>balance<br>% | Rate paid<br>total balance<br>% |
|--|--|--|----------------------------------|--|---------------------------------|
| Deposits by banks  | 14,395   | 25,176   | 374                              | 3.00   | 1.91                            |
| Customer accounts:                                       |  |  |                                  |  |                                 |
| Current accounts   | 43,861   | 130,405  | 1,705                            | 2.64   | 1.97                            |
| Savings deposits   | –  | 112,506  | 892                              | 1.60   | 1.60                            |
| Time deposits  | 14,489   | 187,106  | 3,830                            | 4.13   | 3.83                            |
| Other deposits   | 49,348   | 2,978  | 62                               | 4.20   | 0.24                            |
| Debt securities in issue                                 | 10,546   | 66,201   | 1,538                            | 4.68   | 4.04                            |
| Accruals, deferred income and other liabilities          | 130,519  | 1,029  | 26                               | 5.10   | 0.04                            |
| Subordinated liabilities and other borrowed funds        | –  | 12,148   | 415                              | 6.89   | 6.89                            |
| Non-controlling interests                                | 320  | –  | –                                | –  | –                               |
| Shareholders' funds                                      | 49,700   | –  | –                                | –  | –                               |
|  | 313,178  | 537,549  | 8,842                            | 3.32   | 1.04                            |
| Adjustment for trading book funding cost and others      | –  | –  | (786)                            | –  | –                               |
| <b>Total average liabilities and shareholders' funds</b> | <b>313,178</b>   | <b>537,549</b>   | <b>8,056</b>                     | <b>3.02</b>                                      | <b>0.95</b>                     |

**Net interest margin**

|   | 6 months ended<br>30.06.24<br>\$million | 6 months ended<br>31.12.23<br>\$million | 6 months ended<br>30.06.23<br>\$million |
|---|---|---|---|
| Interest income (reported)  | 14,194                                  | 14,400                                  | 12,826                                  |
| Average interest earning assets                                       | 543,788                                 | 568,949                                 | 576,149                                 |
| Gross yield (%)   | 5.25                                    | 5.02                                    | 4.49                                    |
| Interest expense (reported)   | 11,019                                  | 10,615                                  | 8,842                                   |
| Adjustment for trading book funding cost and others                   | (1,816)                                 | (992)                                   | (786)                                   |
| Interest expense adjusted for trading book funding cost and others    | 9,203                                   | 9,623                                   | 8,056                                   |
| Average interest-bearing liabilities                                  | 537,608                                 | 543,106                                 | 537,549                                 |
| Rate paid (%)   | 3.44                                    | 3.51                                    | 3.02                                    |
| Net yield (%)   | 1.81                                    | 1.51                                    | 1.47                                    |
| Net interest income adjusted for trading book funding cost and others | 4,991                                   | 4,777                                   | 4,770                                   |
| Net interest margin (%)   | 1.85                                    | 1.67                                    | 1.67                                    |

## A. Our Fair Pay Charter

Our Fair Pay Charter, introduced in 2018, sets out the principles we use to make remuneration decisions across the Group that are fair, transparent and competitive to support us in embedding a performance-oriented, inclusive and innovative culture and in delivering a differentiated employee experience. In 2023, we reviewed and refined our Fair Pay Charter to a set of four principles set out in the Group's Diversity, Equality and Inclusion Impact Report 2023. This report, available on our Group website, explains each principle and summarises how we are implementing them across the Group.

## B. Group share plans

### Discretionary share plans

The 2021 Standard Chartered Share Plan (the '2021 Plan') was approved by shareholders in May 2021 and is the Group's main share plan, replacing the 2011 Standard Chartered Share Plan (the '2011 Plan') for new awards from June 2021. It is used to deliver various types of share awards to employees and former employees of the Group, including directors and former executive directors:

- Long-term incentive plan (LTIP) awards are granted with vesting subject to performance measures that have previously included: relative total shareholder return (TSR); Return on Tangible Equity (RoTE) (with a Common Equity Tier 1 (CET1) underpin); and strategic and sustainability measures. Each measure is assessed independently over a three-year period. LTIP awards have an individual conduct gateway requirement that results in the award lapsing if not met.
- Deferred shares are used to deliver:
  - the deferred portion of variable remuneration. These awards vest in instalments on anniversaries of the award date specified at the time of grant. This enables the Group to meet regulatory requirements relating to deferral levels, and is in line with market practice.
  - replacement buy-out awards to new joiners who forfeit awards on leaving their previous employers. These vest in the quarter following the date when the award would have vested at the previous employer. This enables the Group to meet regulatory requirements relating to buy-outs, and is in line with market practice.

Under the 2021 Plan and 2011 Plan, no grant price is payable to receive an award. The remaining life of the 2021 Plan during which new awards can be made is seven years. The 2011 Plan has expired and no further awards can be granted under this plan.

### All-employee share plans

The Standard Chartered 2023 Sharesave Plan was approved by shareholders in May 2023, replacing the Standard Chartered 2013 Sharesave Plan. Under the 2023 Sharesave Plan, employees may open a savings contract. Within a maturity period of six months after the third anniversary, employees may purchase ordinary shares in the Company at a discount of up to 20 per cent on the share price at the date of invitation. There are no performance measures attached to options granted under the 2023 Sharesave Plan and no grant price is payable to receive an option.

In some countries in which the Group operates, it is not possible to deliver shares under the 2023 Sharesave Plan, typically due to securities laws and regulatory restrictions. In these countries, where possible, the Group offers an equivalent cash-based plan to its employees.

### Valuation of share awards

Details of the valuation models used in determining the fair values of share awards granted under the Group's share plans are detailed in the Group's 2023 Annual Report.

## Reconciliation of share award movements for the year to 30 June 2024

|   | Discretionary <sup>1</sup> |                 |                        | Weighted average Sharesave exercise price (£) |
|---|----------------------------|-----------------|------------------------|---|
|   | LTIP                       | Deferred shares | Sharesave <sup>4</sup> |   |
| Outstanding on 1 January 2024   | 10,947,382                 | 47,068,204      | 16,902,217             | 4.49  |
| Granted <sup>2,3</sup>  | 2,320,481                  | 25,075,381      | –                      | –   |
| Lapsed  | (1,730,292)                | (471,265)       | (613,810)              | 4.68  |
| Vested/exercised  | (901,531)                  | (18,131,269)    | (2,441,150)            | 3.16  |
| Outstanding on 30 June 2024 <sup>5</sup>  | 10,636,040                 | 53,541,051      | 13,847,257             | 4.72  |
| Total number of securities available for issue under the plan                   | 10,636,040                 | 53,541,051      | 13,847,257             | 4.72  |
| Percentage of the issued shares this represents as of 30 June 2024 <sup>6</sup> | 0.42                       | 2.10            | 0.54                   |   |
| Exercisable as of 30 June 2024  | –                          | 361,802         | 91,880                 | 4.65  |
| Range of exercise prices (£)  | –                          | –               | 3.14 – 5.88            | –   |
| Intrinsic value of vested but not exercised options (\$ million)                | 0.00                       | 3.27            | 0.29                   | –   |
| Weighted average contractual remaining life (years)                             | 7.89                       | 8.64            | 2.11                   | –   |
| Weighted average share price for awards exercised during the period (£)         | 6.57                       | 6.57            | 6.76                   | –   |

- Employees do not contribute towards the cost of these awards, which are covered under the rules of the 2011 Standard Chartered Share Plan for grants prior to May 2021, and under the rules of the 2021 Standard Chartered Share Plan for grants from June 2021
- 2,315,422 (LTIP) granted on 12 March 2024; 5,059 (LTIP) granted as a notional dividend on 1 March 2024; 24,381,791 (deferred shares) granted on 11 March 2024; 229,896 (deferred shares) granted as a notional dividend on 1 March 2024; 463,694 (deferred shares) granted on 17 June 2024
- No discretionary awards (LTIP or deferred/buy-out awards) have been granted in the form of options since June 2015. For historic awards granted as options and exercised in the period to 30 June 2024, the exercise price of deferred shares options was nil
- All Sharesave awards are in the form of options. The exercise price of Sharesave options exercised was £5.88 for options granted in 2023, £4.23 for options granted in 2022, £3.67 for options granted in 2021 and £3.14 for options granted in 2020
- No options or awards were cancelled in the period
- The number of shares granted during this period, under all Standard Chartered PLC share plans, as a percentage of the average number of shares in issue during the period is 1.04 per cent

## C. Group Chairman and independent non-executive directors' interests in ordinary shares as at 30 June 2024<sup>1,2</sup>

|  | Shares beneficially held as of 31 December 2023 | Shares beneficially held as of 30 June 2024 |
|--|---|---|
| <b>Chairman</b>                            |   |   |
| J Viñals                                   | 45,000  | 45,000                                      |
| <b>Independent non-executive directors</b> |   |   |
| S M Apte                                   | 2,000   | 2,000                                       |
| D P Conner                                 | 10,000  | 10,000                                      |
| G Huey Evans, CBE <sup>3</sup>             | 2,615   | –   |
| J Hunt                                     | 2,000   | 2,000                                       |
| D E Jurgens <sup>4</sup>                   | –   | 8,888                                       |
| R A Lawther, CBE                           | 2,000   | 2,000                                       |
| M Ramos                                    | 2,000   | 2,000                                       |
| P G Rivett                                 | 2,128   | 2,128                                       |
| D Tang                                     | 2,000   | 2,000                                       |
| C Tong <sup>5</sup>                        | 2,000   | –   |
| L Y Yueh                                   | 2,000   | 2,000                                       |

- Independent non-executive directors are required to hold shares with a nominal value of \$1,000. All the directors have met this requirement
- The beneficial interests of directors and their related parties in the ordinary shares of the Company are set out above. The directors do not have any non-beneficial interests in the Company's shares. None of the directors used ordinary shares as collateral for any loans. No director had either i) an interest in the Company's preference shares or loan stocks of any subsidiary or associated undertaking of the Group or ii) any corporate interests in the Company's ordinary shares. All figures as of 30 June 2024
- Gay Huey Evans, CBE, retired from the Board on 29 February 2024
- Diane Jurgens was appointed to the Board on 1 March 2024
- Carlson Tong retired from the Board on 9 May 2024

#### D. Executive directors' interests in ordinary shares as at 30 June 2024

##### Scheme interests awarded, exercised and lapsed during the period

Employees, including executive directors, are not permitted to engage in any personal investment strategies with regards to their Company shares, including hedging against the share price of Company shares. The main features of the outstanding shares and awards are summarised below:

| Award <sup>1</sup> | Performance measures | Performance outcome               | Accrues notional dividends? <sup>2</sup> |
|--------------------|----------------------|-----------------------------------|--|
| 2017-19            | 33% RoE              | 38%                               | Yes                                      |
| 2018-20            | 33% TSR              | 26%                               | No                                       |
|                    | 33% Strategic        |                                   |  |
| 2019-21            | 33% RoTE             | 23%                               |  |
| 2020-22            | 33% TSR              | 36.8%                             |  |
|                    | 33% Strategic        |                                   |  |
| 2021-23            | 30% RoTE             | 57%                               |  |
| 2022-24            | 30% TSR              | To be assessed at the end of 2024 |  |
| 2023-25            | 15% Sustainability   | To be assessed at the end of 2025 |  |
|                    | 25% Strategic        |                                   |  |
| 2024-26            | 30% RoTE             | To be assessed at the end of 2026 |  |
|                    | 30% TSR              |                                   |  |
|                    | 25% ESG              |                                   |  |
|                    | 15% Other strategic  |                                   |  |

1 Awards are delivered in five equal tranches

2 2017-19 LTIP award may receive dividend equivalent shares based on dividends declared between grant and vest. From 1 January 2017 remuneration regulations for European banks prohibited the award of dividend equivalent shares. Therefore, the number of shares awarded in respect of the LTIP awards granted after this date took into account the lack of dividend equivalents (calculated by reference to market consensus dividend yield) such that the overall value of the award was maintained

The following table shows the changes in share interests.

| Changes in interests from 1 January to 30 June 2024 |               |                       |                 |                      |                                |                                  |        |               |                        |              |
|---|---------------|-----------------------|-----------------|----------------------|--------------------------------|----------------------------------|--------|---------------|------------------------|--------------|
|   | Date of grant | Share award price (£) | As at 1 January | Awarded <sup>1</sup> | Dividends awarded <sup>2</sup> | Vested/ exercised <sup>3,4</sup> | Lapsed | As at 30 June | Performance period end | Vesting date |
| <b>Bill Winters<sup>5</sup></b>                     |               |                       |                 |                      |                                |                                  |        |               |                        |              |
| 2017-19 LTIP  | 13 Mar 2017   | 7.450                 | 45,049          | –                    | 6,127                          | 51,176                           | –      | –             | 13 Mar 2020            | 13 Mar 2024  |
| 2018-20 LTIP  | 9 Mar 2018    | 7.782                 | 28,178          | –                    | –                              | 28,178                           | –      | –             | 9 Mar 2021             | 9 Mar 2024   |
|   |               |                       | 28,179          | –                    | –                              | –                                | –      | 28,179        |                        | 9 Mar 2025   |
| 2019-21 LTIP  | 11 Mar 2019   | 6.105                 | 30,604          | –                    | –                              | 30,604                           | –      | –             | 11 Mar 2022            | 11 Mar 2024  |
|   |               |                       | 30,604          | –                    | –                              | –                                | –      | 30,604        |                        | 11 Mar 2025  |
|   |               |                       | 30,605          | –                    | –                              | –                                | –      | 30,605        |                        | 11 Mar 2026  |
| 2020-22 LTIP  | 9 Mar 2020    | 5.196                 | 59,282          | –                    | –                              | 59,282                           | –      | –             | 9 Mar 2023             | 9 Mar 2024   |
|   |               |                       | 59,282          | –                    | –                              | –                                | –      | 59,282        |                        | 9 Mar 2025   |
|   |               |                       | 59,282          | –                    | –                              | –                                | –      | 59,282        |                        | 9 Mar 2026   |
|   |               |                       | 59,282          | –                    | –                              | –                                | –      | 59,282        |                        | 9 Mar 2027   |
| 2021-23 LTIP  | 15 Mar 2021   | 4.901                 | 150,621         | –                    | –                              | 85,853                           | 64,768 | –             | 15 Mar 2024            | 15 Mar 2024  |
|   |               |                       | 150,621         | –                    | –                              | –                                | 64,768 | 85,853        |                        | 15 Mar 2025  |
|   |               |                       | 150,621         | –                    | –                              | –                                | 64,768 | 85,853        |                        | 15 Mar 2026  |
|   |               |                       | 150,621         | –                    | –                              | –                                | 64,768 | 85,853        |                        | 15 Mar 2027  |
|   |               |                       | 150,621         | –                    | –                              | –                                | 64,768 | 85,853        |                        | 15 Mar 2028  |
| 2022-24 LTIP  | 14 Mar 2022   | 4.876                 | 151,386         | –                    | –                              | –                                | –      | 151,386       | 14 Mar 2025            | 14 Mar 2025  |
|   |               |                       | 151,386         | –                    | –                              | –                                | –      | 151,386       |                        | 14 Mar 2026  |
|   |               |                       | 151,386         | –                    | –                              | –                                | –      | 151,386       |                        | 14 Mar 2027  |
|   |               |                       | 151,386         | –                    | –                              | –                                | –      | 151,386       |                        | 14 Mar 2028  |
|   |               |                       | 151,388         | –                    | –                              | –                                | –      | 151,388       |                        | 14 Mar 2029  |
| 2023-25 LTIP  | 13 Mar 2023   | 7.398                 | 101,209         | –                    | –                              | –                                | –      | 101,209       | 13 Mar 2026            | 13 Mar 2026  |
|   |               |                       | 101,209         | –                    | –                              | –                                | –      | 101,209       |                        | 13 Mar 2027  |
|   |               |                       | 101,209         | –                    | –                              | –                                | –      | 101,209       |                        | 13 Mar 2028  |
|   |               |                       | 101,209         | –                    | –                              | –                                | –      | 101,209       |                        | 13 Mar 2029  |
|   |               |                       | 101,209         | –                    | –                              | –                                | –      | 101,209       |                        | 13 Mar 2030  |
| 2024-26 LTIP  | 12 Mar 2024   | 6.600                 | –               | 123,275              | –                              | –                                | –      | 123,275       | 12 Mar 2027            | 12 Mar 2027  |
|   |               |                       | –               | 123,275              | –                              | –                                | –      | 123,275       |                        | 12 Mar 2028  |
|   |               |                       | –               | 123,275              | –                              | –                                | –      | 123,275       |                        | 12 Mar 2029  |
|   |               |                       | –               | 123,275              | –                              | –                                | –      | 123,275       |                        | 12 Mar 2030  |
|   |               |                       | –               | 123,278              | –                              | –                                | –      | 123,278       |                        | 12 Mar 2031  |

Changes in interests from 1 January to 30 June 2024

|                                    | Date of grant | Share award price (£) | As at 1 January | Awarded <sup>1</sup> | Dividends awarded <sup>2</sup> | Vested/<br>exercised <sup>3,4</sup> | Lapsed | As at 30 June | Performance period end | Vesting date |
|------------------------------------|---------------|-----------------------|-----------------|----------------------|--------------------------------|-------------------------------------|--------|---------------|------------------------|--------------|
| <b>Andy Halford<sup>5</sup></b>    |               |                       |                 |                      |                                |                                     |        |               |                        |              |
| 2017-19 LTIP                       | 13 Mar 2017   | 7.450                 | 27,890          | –                    | 3,796                          | 31,686                              | –      | –             | 13 Mar 2020            | 13 Mar 2024  |
| 2018-20 LTIP                       | 9 Mar 2018    | 7.782                 | 17,448          | –                    | –                              | 17,448                              | –      | –             | 9 Mar 2021             | 9 Mar 2024   |
|                                    |               |                       | 17,448          | –                    | –                              | –                                   | –      | 17,448        |                        | 9 Mar 2025   |
| 2019-21 LTIP                       | 11 Mar 2019   | 6.105                 | 19,571          | –                    | –                              | 19,571                              | –      | –             | 11 Mar 2022            | 11 Mar 2024  |
|                                    |               |                       | 19,571          | –                    | –                              | –                                   | –      | 19,571        |                        | 11 Mar 2025  |
|                                    |               |                       | 19,572          | –                    | –                              | –                                   | –      | 19,572        |                        | 11 Mar 2026  |
| 2020-22 LTIP                       | 9 Mar 2020    | 5.196                 | 36,791          | –                    | –                              | 36,791                              | –      | –             | 9 Mar 2023             | 9 Mar 2024   |
|                                    |               |                       | 36,791          | –                    | –                              | –                                   | –      | 36,791        |                        | 9 Mar 2025   |
|                                    |               |                       | 36,791          | –                    | –                              | –                                   | –      | 36,791        |                        | 9 Mar 2026   |
|                                    |               |                       | 36,791          | –                    | –                              | –                                   | –      | 36,791        |                        | 9 Mar 2027   |
| 2021-23 LTIP                       | 15 Mar 2021   | 4.901                 | 96,283          | –                    | –                              | 54,881                              | 41,402 | –             | 15 Mar 2024            | 15 Mar 2024  |
|                                    |               |                       | 96,283          | –                    | –                              | –                                   | 41,402 | 54,881        |                        | 15 Mar 2025  |
|                                    |               |                       | 96,283          | –                    | –                              | –                                   | 41,402 | 54,881        |                        | 15 Mar 2026  |
|                                    |               |                       | 96,283          | –                    | –                              | –                                   | 41,402 | 54,881        |                        | 15 Mar 2027  |
|                                    |               |                       | 96,283          | –                    | –                              | –                                   | 41,402 | 54,881        |                        | 15 Mar 2028  |
| 2022-24 LTIP                       | 14 Mar 2022   | 4.876                 | 96,772          | –                    | –                              | –                                   | –      | 96,772        | 14 Mar 2025            | 14 Mar 2025  |
|                                    |               |                       | 96,772          | –                    | –                              | –                                   | –      | 96,772        |                        | 14 Mar 2026  |
|                                    |               |                       | 96,772          | –                    | –                              | –                                   | –      | 96,772        |                        | 14 Mar 2027  |
|                                    |               |                       | 96,772          | –                    | –                              | –                                   | –      | 96,772        |                        | 14 Mar 2028  |
|                                    |               |                       | 96,773          | –                    | –                              | –                                   | –      | 96,773        |                        | 14 Mar 2029  |
| 2023-25 LTIP                       | 13 Mar 2023   | 7.398                 | 64,700          | –                    | –                              | –                                   | –      | 64,700        | 13 Mar 2026            | 13 Mar 2026  |
|                                    |               |                       | 64,700          | –                    | –                              | –                                   | –      | 64,700        |                        | 13 Mar 2027  |
|                                    |               |                       | 64,700          | –                    | –                              | –                                   | –      | 64,700        |                        | 13 Mar 2028  |
|                                    |               |                       | 64,700          | –                    | –                              | –                                   | –      | 64,700        |                        | 13 Mar 2029  |
|                                    |               |                       | 64,702          | –                    | –                              | –                                   | –      | 64,702        |                        | 13 Mar 2030  |
| 2023 Deferred Shares <sup>6</sup>  | 11 Mar 2024   | 6.558                 | –               | 10,315               | –                              | –                                   | –      | 10,315        | N/A                    | 11 Mar 2027  |
|                                    |               |                       | –               | 10,315               | –                              | –                                   | –      | 10,315        |                        | 11 Mar 2028  |
|                                    |               |                       | –               | 10,315               | –                              | –                                   | –      | 10,315        |                        | 11 Mar 2029  |
|                                    |               |                       | –               | 10,315               | –                              | –                                   | –      | 10,315        |                        | 11 Mar 2030  |
|                                    |               |                       | –               | 10,319               | –                              | –                                   | –      | 10,319        |                        | 11 Mar 2031  |
| 2022 Sharesave <sup>7,8</sup>      |               | 4.230                 | 2,127           | –                    | –                              | –                                   | –      | 2,127         | N/A                    | 1 Feb 2026   |
| <b>Diego De Giorgi<sup>5</sup></b> |               |                       |                 |                      |                                |                                     |        |               |                        |              |
| 2024-26 LTIP                       | 12 Mar 2024   | 6.600                 | –               | 80,812               | –                              | –                                   | –      | 80,812        | 12 Mar 2027            | 12 Mar 2027  |
|                                    |               |                       | –               | 80,812               | –                              | –                                   | –      | 80,812        |                        | 12 Mar 2028  |
|                                    |               |                       | –               | 80,812               | –                              | –                                   | –      | 80,812        |                        | 12 Mar 2029  |
|                                    |               |                       | –               | 80,812               | –                              | –                                   | –      | 80,812        |                        | 12 Mar 2030  |
|                                    |               |                       | –               | 80,814               | –                              | –                                   | –      | 80,814        |                        | 12 Mar 2031  |

- For the 2024-26 LTIP awards granted to Bill and Diego on 12 March 2024, the values granted were: Bill: £3.3 million; Diego: £2.2 million. The number of shares awarded in respect of the LTIP took into account the lack of dividend equivalents (calculated by reference to market consensus dividend yield) such that the overall value of the award was maintained. Performance measures apply to 2024-26 LTIP awards. The closing price on the day before grant was £6.600.
- Dividend equivalent shares may be awarded on vesting for awards granted prior to 1 January 2018. On 31 March 2020, Standard Chartered announced that in response to the request from the PRA and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, the Board decided to withdraw the recommendation to pay a final dividend for 2019. Dividend equivalent shares allocated to the 2017-19 awards vesting in 2024 did not include any shares relating to the cancelled dividend.
- Shares (before tax) were delivered to Bill and Andy from the vesting element of LTIP awards. The closing share price on the day before the shares were delivered were as follows:
  - 13 March 2024: Shares in respect of the 2017-19 LTIP. Previous day closing share price: £6.698
  - 11 March 2024: Shares in respect of the 2018-20 LTIP, 2019-21 LTIP and 2020-22 LTIP. Previous day closing share price: £6.558
  - 19 March 2024: Shares in respect of the 2021-23 LTIP. Previous day closing share price: £6.502
- The weighted average closing price for awards exercised during the period were: Bill: £6.567; Andy: £6.566
- The unvested LTIP awards held by Bill, Andy and Diego are conditional rights. They do not have to pay towards these awards. Under these awards, shares are delivered on vesting or as soon as practicable thereafter.
- As detailed in our 2023 Annual Report and Accounts, due to Andy Halford's upcoming retirement he did not receive an LTIP award in 2024 and therefore, to meet regulatory deferral requirements in respect of 2023, part of his annual incentive was delivered in deferred shares.
- Andy chose to participate in the 2022 Sharesave invitation. This unvested option was granted on 28 November 2022 under the 2013 Plan – to exercise this option, Andy has to pay an exercise price of £4.23 per share, which has been discounted by 20 per cent.
- The vesting date relates to the end of the savings contract and the start of the six-month exercise window.

As at 30 June 2024, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## Other supplementary information continued

### Additional items continued

#### Shareholdings and share interests

The following table summarises the executive directors' shareholdings and share interests.

|                 | Shares held beneficially <sup>1,2,3</sup> | Unvested share awards not subject to performance measures (net of tax) <sup>4,5</sup> | Total shares counting towards shareholding requirement | Shareholding requirement | Salary <sup>3</sup> | Value of shares counting towards shareholding requirement as a percentage of salary <sup>1</sup> | Unvested share awards subject to performance measures (before tax) |
|-----------------|---|---|--|--------------------------|---------------------|--|--|
| Bill Winters    | 2,911,070                                 | 323,640   | 3,234,710  | 250% salary              | £2,517,000          | 920%   | 1,879,355  |
| Andy Halford    | 981,249                                   | 232,172   | 1,213,421  | 200% salary              | £1,609,000          | 540%   | 807,363  |
| Diego De Giorgi | 70,445                                    | –   | 70,445   | 200% salary              | £1,650,000          | 31%  | 404,062  |

- All figures are as of 30 June 2024 unless stated otherwise. The closing share price on 30 June 2024 was £716. No director had either: (i) an interest in Standard Chartered PLC's preference shares or loan stocks of any subsidiary or associated undertaking of the Group; or (ii) any corporate interest in Standard Chartered PLC's ordinary shares
- The beneficial interests of directors and connected persons in the ordinary shares of the Company are set out above. The executive directors do not have any non-beneficial interest in the Company's shares. Neither of the executive directors used ordinary shares as collateral for any loans
- The salary and shares held beneficially include shares awarded to deliver the executive directors' salary shares
- 57 per cent of the 2021-23 LTIP award is no longer subject to performance measures due to achievement against RoTE and strategic measures
- As Bill, Andy and Diego are UK taxpayers: zero per cent tax is assumed to apply to Sharesave (as Sharesave is a UK tax qualified share plan) and 47 per cent tax is assumed to apply to other unvested share awards (marginal combined PAYE rate of income tax at 45 per cent and employee National Insurance contributions at 2 per cent) – rates may change

#### E. Share price information

The middle market price of an ordinary share at the close of business on 30 June 2024 was 716.0 pence. The share price range during the first half of 2024 was 573.9 pence to 785.9 pence (based on the closing middle market prices).

#### F. Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, shareholders no longer have an obligation under Part XV of the SFO (other than Divisions 5, 11 and 12 thereof) to notify the Company of substantial shareholding interests, and the Company is no longer required to maintain a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with The Stock Exchange of Hong Kong Limited any disclosure of interests made in the UK.

#### G. Code for Financial Reporting Disclosures

The UK Finance Code for Financial Reporting Disclosure sets out five disclosure principles together with supporting guidance. The principles are that UK banks will: provide high-quality, meaningful and decision-useful disclosures; review and enhance their financial instrument disclosures for key areas of interest; keep under review and commit to ongoing re-evaluation and enhancement of financial instrument disclosures for key areas of interest, acknowledging the importance of good practice recommendations and similar guidance issued from time to time by relevant regulators and standard-setters and assessing the applicability and relevance of such guidance to disclosures; seek to enhance the comparability of financial statement disclosures across the UK banking sector; and clearly differentiate in their annual reports between information that is audited and information that is unaudited.

The Group's interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the code's principles.

#### H. Employees

The details regarding our remuneration policies, bonus schemes and training schemes have not materially changed from our 2023 Annual Report and Accounts and we will be updating on these in our 2024 Annual Report.

#### I. Employee headcount

The following table summarises the number of employees within the Group:

|                     | Business <sup>1</sup> | Support services <sup>2</sup> | Total <sup>3,4</sup> |
|---------------------|-----------------------|-------------------------------|----------------------|
| At 30 June 2024     | 29,811                | 53,635                        | 83,446               |
| At 31 December 2023 | 29,929                | 55,078                        | 85,007               |

- Business is defined as employees directly under the remit of the businesses
- Support services include employees who support businesses' operations or investments where costs are fully recharged to the businesses. Decrease in support services in H1 2024 is mainly due to decrease in technology and operations support resources, as tighter hiring controls are in place and we continue to review our workforce composition and skills.
- Excludes 811 employees (headcount) from Digital Ventures entities (TasConnect, Zodia Markets, Zodia Custody, Appro, Audax, Solv India, Solv Kenya, Solv Ghana, Solv Malaysia, Letsbloom, MyZoi and TAWIFresh)
- Includes employees operating in discontinued/restructured businesses



# Shareholder information

## Dividend and interest payment dates

| Ordinary shares  |  | 2024 interim dividend (cash only) |
|--|--|-----------------------------------|
| Results and dividend announced                                       |  | 30 July 2024                      |
| Ex-dividend date   |  | 8 (UK) 7 (HK) August 2024         |
| Record date  |  | 9 August 2024                     |
| Last date to amend currency election instructions for cash dividend* |  | 16 September 2024                 |
| Dividend payment date  |  | 10 October 2024                   |

\* in either US dollars, sterling or Hong Kong dollars

|  |  | 2024 final dividend (provisional only) |
|--|--|--|
| Results and dividend announcement date |  | 21 February 2025                       |

| Preference shares   |  | Second half-yearly dividend      |
|---|--|----------------------------------|
| 7 <sup>3</sup> / <sub>8</sub> per cent non-cumulative irredeemable preference shares of £1 each |  | 1 October 2024                   |
| 8 <sup>1</sup> / <sub>4</sub> per cent non-cumulative irredeemable preference shares of £1 each |  | 1 October 2024                   |
| 6.409 per cent non-cumulative preference shares of \$5 each                                     |  | 30 July 2024 and 30 October 2024 |
| 7.014 per cent non-cumulative preference shares of \$5 each                                     |  | 30 July 2024                     |

Previous dividend payments (unadjusted for the impact of the 2015/2010/2008 Rights Issues)

| Dividend and financial year | Payment date         | Dividend per ordinary share                                       | Cost of one new ordinary share under share dividend scheme |
|-----------------------------|----------------------|---|--|
| Interim 2008                | 9 October 2008       | 25.67c/13.96133p/HK\$1.995046                                     | £14.00/\$26.0148   |
| Final 2008                  | 15 May 2009          | 42.32c/28.4693p/HK\$3.279597                                      | £8.342/\$11.7405   |
| Interim 2009                | 8 October 2009       | 21.23c/13.25177p/HK\$1.645304                                     | £13.876/\$22.799   |
| Final 2009                  | 13 May 2010          | 44.80c/29.54233p/HK\$3.478306                                     | £17.351/\$26.252   |
| Interim 2010                | 5 October 2010       | 23.35c/14.71618p/HK\$1.811274/INR0.984124 <sup>1</sup>            | £17.394/\$27.190   |
| Final 2010                  | 11 May 2011          | 46.65c/28.272513p/HK\$3.623404/INR1.9975170 <sup>1</sup>          | £15.994/\$25.649   |
| Interim 2011                | 7 October 2011       | 24.75c/15.81958125p/HK\$1.928909813/INR1.13797125 <sup>1</sup>    | £14.127/\$23.140   |
| Final 2011                  | 15 May 2012          | 51.25c/31.63032125p/HK\$3.9776083375/INR2.6667015 <sup>1</sup>    | £15.723/\$24.634   |
| Interim 2012                | 11 October 2012      | 27.23c/16.799630190p/HK\$2.11362463/INR1.349803950 <sup>1</sup>   | £13.417/\$21.041   |
| Final 2012                  | 14 May 2013          | 56.77c/36.5649893p/HK\$4.4048756997/INR2.976283575 <sup>1</sup>   | £17.40/\$26.28792  |
| Interim 2013                | 17 October 2013      | 28.80c/17.8880256p/HK\$2.233204992/INR1.6813 <sup>1</sup>         | £15.362/\$24.07379   |
| Final 2013                  | 14 May 2014          | 57.20c/33.9211444p/HK\$4.43464736/INR3.354626 <sup>1</sup>        | £11.949/\$19.815   |
| Interim 2014                | 20 October 2014      | 28.80c/17.891107200p/HK\$2.2340016000/INR1.671842560 <sup>1</sup> | £12.151/\$20.207   |
| Final 2014                  | 14 May 2015          | 57.20c/37.16485p/HK\$4.43329/INR3.514059 <sup>1</sup>             | £9.797/\$14.374  |
| Interim 2015                | 19 October 2015      | 14.40c/9.3979152p/HK\$1.115985456/INR0.86139372 <sup>1</sup>      | £8.5226/\$13.34383   |
| Final 2015                  | No dividend declared | N/A   | N/A  |
| Interim 2016                | No dividend declared | N/A   | N/A  |
| Final 2016                  | No dividend declared | N/A   | N/A  |
| Interim 2017                | No dividend declared | N/A   | N/A  |
| Final 2017                  | 17 May 2018          | 11.00c/7.88046p/HK\$0.86293/INR0.653643340 <sup>1</sup>           | £7.7600/\$10.83451   |
| Interim 2018                | 22 October 2018      | 6.00c/4.59747p/HK\$0.46978/INR0.3696175 <sup>1</sup>              | £6.7104/\$8.51952  |
| Final 2018                  | 16 May 2019          | 15.00c/11.569905p/HK\$1.176260/INR0.957691650 <sup>1</sup>        | N/A  |
| Interim 2019                | 21 October 2019      | 7.00c/5.676776p/HK\$0.548723/INR0.425028600 <sup>1</sup>          | N/A  |
| Final 2019                  | Dividend withdrawn   | N/A   | N/A  |
| Interim 2020                | No dividend declared | N/A   | N/A  |
| Final 2020                  | 25 February 2021     | 9.00c/6.472413p/HK\$0.698501                                      | N/A  |
| Interim 2021                | 22 October 2021      | 3.00c/2.204877p/HK\$0.233592                                      | N/A  |
| Final 2021                  | 12 May 2022          | 9.00c/6.894144p/HK\$0.705772                                      | N/A  |
| Interim 2022                | 14 October 2022      | 4.00c/3.675912p/HK\$0.313887                                      | N/A  |
| Final 2022                  | 11 May 2023          | 14.00c/11.249168p/HK\$1.09803                                     | N/A  |
| Interim 2023                | 13 October 2023      | 6.00c/4.910412p/HK\$0.469085                                      | N/A  |
| Final 2023                  | 17 May 2024          | 21.00c/16.773519p/HK\$1.641434                                    | N/A  |

<sup>1</sup> The INR dividend was per Indian Depository Receipt. In March 2020, the Group announced the termination of the IDR programme. The IDR programme was formally delisted from the BSE Limited (formerly the Bombay Stock Exchange) and National Stock Exchange of India Limited with effect from 22 July 2020

Further details regarding dividends can be found on our website at [www.sc.com/shareholders](http://www.sc.com/shareholders)

## ShareCare

ShareCare is available to shareholders on the Company's UK register who have a UK address and bank account. It allows you to hold your Standard Chartered PLC shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare, you will still be invited to attend the Company's AGM and you will receive any dividend paid at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay. If you would like to receive more information, please visit our website at [www.sc.com/shareholders](http://www.sc.com/shareholders) or contact the shareholder helpline on 0370 702 0138.

## Donating shares to ShareGift

Shareholders who have a small number of shares often find it uneconomical to sell them. An alternative is to consider donating them to the charity ShareGift (registered charity 1052686), which collects donations of unwanted shares until there are enough to sell and uses the proceeds to support UK charities. There is no implication for capital gains tax (no gain or loss) when you donate shares to charity, and UK taxpayers may be able to claim income tax relief on the value of their donation. Further information can be obtained from the Company's registrars or from ShareGift on 020 7930 3737 or from [www.sharegift.org](http://www.sharegift.org).

## Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account. Please register online at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) or contact our registrar for a mandate form.

## Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and click on the 'ASK A QUESTION' link at the bottom of the page. Alternatively, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. You can check your shareholding at: [www.computershare.com/hk/investors](http://www.computershare.com/hk/investors).

## Chinese translation

If you would like a Chinese version of this Half Year Report, please contact: Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

本半年報告之中文譯本可向香港中央證券登記有限公司索取, 地址: 香港灣仔皇后大道東183號合和中心17M樓。

Shareholders on the Hong Kong branch register who have asked to receive corporate communications in either Chinese or English can change this election by contacting Computershare. If there is a dispute between any translation and the English version of this Half Year Report, the English text shall prevail.

## Electronic communications

If you hold your shares on the UK register and in future you would like to receive the Half Year Report electronically rather than by post, please register online at: [www.investorcentre.co.uk](http://www.investorcentre.co.uk). Then click on 'register now' and follow the instructions. You will need to have your shareholder or ShareCare reference number to hand. You can find this on your share certificate or ShareCare statement. Once you have registered and confirmed your email communication preference, you will receive future notifications via email enabling you to submit your proxy vote online. In addition, as a member of Investor Centre, you will be able to manage your shareholding online and change your bank mandate or address information.

## Important notices

### Forward-looking statements

This document may contain 'forward-looking statements' that are based upon current expectations or beliefs, as well as statements formulated with assumptions about future events. These forward-looking statements can be identified by the fact they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'aim', 'continue' or other words of similar meaning.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive or market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legislative, regulatory and policy developments; the development of standards and interpretations; the ability of the Group, together with governments and other stakeholders, to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively; risks arising out of health crises and pandemics; risks of cyberattacks, data, information or security breaches or technology failures involving the Group; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group, including those identified in the financial statements of the Group. Any forward-looking statements contained in this document are based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be, nor should be interpreted as, a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Please refer to the Annual Report, this document, and the financial statements of the Group for a discussion of certain of the risks and factors that could adversely impact the Group's actual results, and cause its plans and objectives, to differ materially from those expressed or implied in any forward-looking statements.

### Financial instruments

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

### Caution regarding climate and environment-related information

Some of the climate and environment-related information in this document is subject to certain limitations, and therefore the reader should treat the information provided, as well as conclusions, projections and assumptions drawn from such information, with caution. The information may be limited due to a number of factors, which include (but are not limited to): a lack of reliable data; a lack of standardisation of data; and future uncertainty. The information includes externally sourced data that may not have been verified. Furthermore, some of the data, models and methodologies used to create the information are subject to adjustment that is beyond our control, and the information is subject to change without notice. This disclaimer does not apply to the Group's condensed consolidated interim financial statements and notes as set out in Note 1 – Statement of compliance.

# Glossary

## Absolute financed emissions

A measurement of our attributed share of our clients greenhouse gas emissions.

## AT1 or Additional Tier 1 capital

Additional Tier 1 capital consists of instruments other than Common Equity Tier 1 that meet the Capital Requirements Regulation (as it forms part of UK domestic law) criteria for inclusion in Tier 1 capital.

## Additional value adjustment

See Prudent valuation adjustment.

## Advanced Internal Rating Based (AIRB) approach

The AIRB approach under the Basel framework is used to calculate credit risk capital based on the Group's own estimates of prudential parameters.

## Alternative performance measures

A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

## ASEAN

Association of South East Asian Nations (ASEAN) which includes the Group's operations in Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

## AUM or Assets under management

Total market value of assets such as deposits, securities and funds held by the Group on behalf of the clients.

## Basel II

The capital adequacy framework issued by the Basel Committee on Banking Supervision (BCBS) in June 2006 in the form of the International Convergence of Capital Measurement and Capital Standards.

## Basel III

The global regulatory standards on bank capital adequacy and liquidity, originally issued in December 2010 and updated in June 2011. In December 2017, the BCBS published a document setting out the finalisation of the Basel III framework. The latest requirements issued in December 2017 will be implemented from 2022.

## BCBS or Basel Committee on Banking Supervision

A forum on banking supervisory matters which develops global supervisory standards for the banking industry. Its members are officials from 45 central banks or prudential supervisors from 27 countries and territories.

## Basic earnings per share (EPS)

Represents earnings divided by the basic weighted average number of shares.

## Basis point (bps)

One hundredth of a per cent (0.01 per cent); 100 basis points is 1 per cent.

## CRD or Capital Requirements Directive

A capital adequacy legislative package adopted by the PRA. CRD comprises the Capital Requirements Directive and the UK onshored Capital Requirements Regulation (CRR). The package implements the Basel III framework together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014. The EU CRR II and CRD V amending the existing package came into force in June 2019 with most changes starting to apply from 28 June 2021. Only those parts of the EU CRR II that applied on or before 31 December 2020, when the UK was a member of the EU, have been implemented. The PRA recently finalised the UK's version of the CRR II for implementation on 1 January 2022.

## Capital-lite income

Income derived from products with low RWA consumption or products which are non-funding in nature.

## Capital resources

Sum of Tier 1 and Tier 2 capital after regulatory adjustments.

## CGU or Cash-generating unit

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### Cash shortfall

The difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

### Clawback

An amount an individual is required to pay back to the Group, which has to be returned to the Group under certain circumstances.

### Commercial real estate

Includes office buildings, industrial property, medical centres, hotels, malls, retail stores, shopping centres, farm land, multi-family housing buildings, warehouses, garages, and industrial properties. Commercial real estate loans are those backed by a package of commercial real estate assets.

### CET1 or Common Equity Tier 1 capital

Common Equity Tier 1 capital consists of the common shares issued by the Group and related share premium, retained earnings, accumulated other comprehensive income and other disclosed reserves, eligible non-controlling interests and regulatory adjustments required in the calculation of Common Equity Tier 1.

### CET1 ratio

A measure of the Group's CET1 capital as a percentage of risk-weighted assets.

### Contractual maturity

Contractual maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal and interest is due to be paid.

### Countercyclical capital buffer

The countercyclical capital buffer (CCyB) is part of a set of macroprudential instruments, designed to help counter procyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets in a given jurisdiction. The Bank of England's Financial Policy Committee has the power to set the CCyB rate for the United Kingdom. Each bank must calculate its 'institution-specific' CCyB rate, defined as the weighted average of the CCyB rates in effect across the jurisdictions in which it has credit exposures. The institution-specific CCyB rate is then applied to a bank's total risk-weighted assets.

### Counterparty credit risk

The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.

### CCF or Credit conversion factor

An estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default. This is either prescribed by CRR or modelled by the bank.

### CDS or Credit default swaps

A credit derivative is an arrangement whereby the credit risk of an asset (the reference asset) is transferred from the buyer to the seller of protection. A credit default swap is a contract where the protection seller receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event. Credit events normally include bankruptcy, payment default on a reference asset or assets, or downgrades by a rating agency.

### Credit institutions

An institution whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account.

### Credit risk mitigation

Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

### CVA or Credit valuation adjustments

An adjustment to the fair value of derivative contracts that reflects the possibility that the counterparty may default such that the Group would not receive the full market value of the contracts.

### Customer accounts

Money deposited by all individuals and companies which are not credit institutions including securities sold under repurchase agreement (see repo/reverse repo). Such funds are recorded as liabilities in the Group's balance sheet under customer accounts.

### Days past due

One or more days that interest and/or principal payments are overdue based on the contractual terms.

### DVA or Debit valuation adjustment

An adjustment to the fair value of derivative contracts that reflects the possibility that the Group may default and not pay the full market value of contracts.

### Debt securities

Debt securities are assets on the Group's balance sheet and represent certificates of indebtedness of credit institutions, public bodies or other undertakings excluding those issued by central banks.

### Debt securities in issue

Debt securities in issue are transferable certificates of indebtedness of the Group to the bearer of the certificate. These are liabilities of the Group and include certificates of deposits.

### Deferred tax asset

Income taxes recoverable in future periods in respect of deductible temporary differences between the accounting and tax base of an asset or liability that will result in tax deductible amounts in future periods, the carry-forward of tax losses or the carry-forward of unused tax credits.

### Deferred tax liability

Income taxes payable in future periods in respect of taxable temporary differences between the accounting and tax base of an asset or liability that will result in taxable amounts in future periods.

### Default

Financial assets in default represent those that are at least 90 days past due in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

### Defined benefit obligation

The present value of expected future payments required to settle the obligations of a defined benefit scheme resulting from employee service.

### Defined benefit scheme

Pension or other post-retirement benefit scheme other than a defined contribution scheme.

### Defined contribution scheme

A pension or other post-retirement benefit scheme where the employer's obligation is limited to its contributions to the fund.

### Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as arrears.

### Deposits by banks

Deposits by banks comprise amounts owed to other domestic or foreign credit institutions by the Group including securities sold under repo.

### Diluted earnings per share (EPS)

Represents earnings divided by the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### Dividend per share

Represents the entitlement of each shareholder in the share of the profits of the Company. Calculated in the lowest unit of currency in which the shares are quoted.

### Early alert, purely and non-purely precautionary

A borrower's account which exhibits risks or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded to credit grade 12 or worse. When an account is on early alert, it is classified as either purely precautionary or non-purely precautionary. A purely precautionary account is one that exhibits early alert characteristics, but these do not present any imminent credit concern. If the symptoms present an imminent credit concern, an account will be considered for classification as non-purely precautionary.

**Effective tax rate**

The tax on profit/ (losses) on ordinary activities as a percentage of profit/ (loss) on ordinary activities before taxation.

**Encumbered assets**

On-balance sheet assets pledged or used as collateral in respect of certain of the Group's liabilities.

**EU or European Union**

The European Union (EU) is a political and economic union of 27 member states that are located primarily in Europe.

**Eurozone**

Represents the 19 EU countries that have adopted the euro as their common currency.

**ECL or Expected credit loss**

Represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

**Expected loss**

The Group measure of anticipated loss for exposures captured under an internal ratings-based credit risk approach for capital adequacy calculations. It is measured as the Group-modelled view of anticipated loss based on probability of default, loss given default and exposure at default, with a one-year time horizon.

**Exposures**

Credit exposures represent the amount lent to a customer, together with any undrawn commitments.

**EAD or Exposure at default**

The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.

**ECAI or External Credit Assessment Institution**

External credit ratings are used to assign risk-weights under the standardised approach for sovereigns, corporates and institutions. The external ratings are from credit rating agencies that are registered or certified in accordance with the credit rating agencies regulation or from a central bank issuing credit ratings which is exempt from the application of this regulation.

**ESG**

Environmental, Social and Governance.

**FCA or Financial Conduct Authority**

The Financial Conduct Authority regulates the conduct of financial firms and, for certain firms, prudential standards in the UK. It has a strategic objective to ensure that the relevant markets function well.

**Forbearance**

Forbearance takes place when a concession is made to the contractual terms of a loan in response to an obligor's financial difficulties. The Group classifies such modified loans as either 'Forborne – not impaired loans' or 'Loans subject to forbearance – impaired'. Once a loan is categorised as either of these, it will remain in one of these two categories until the loan matures or satisfies the 'curing' conditions described in Note 8 to the financial statements.

**Forborne – not impaired loans**

Loans where the contractual terms have been modified due to financial difficulties of the borrower, but the loan is not considered to be impaired. See 'Forbearance'.

**Funded/unfunded exposures**

Exposures where the notional amount of the transaction is funded or unfunded. Represents exposures where a commitment to provide future funding is made but funds have been released/ not released.

**FVA or Funding valuation adjustments**

FVA reflects an adjustment to fair value in respect of derivative contracts that reflects the funding costs that the market participant would incorporate when determining an exit price.



### G-SIBs or Global Systemically Important Banks

Global banking financial institutions whose size, complexity and systemic interconnectedness mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The list of G-SIBs is assessed under a framework established by the FSB and the BCBS. In the UK, the G-SIB framework is implemented via the CRD and G-SIBs are referred to as Global Systemically Important Institutions (G-SIIs).

### G-SIB buffer

A CET1 capital buffer which results from designation as a G-SIB. The G-SIB buffer is between 1 per cent and 3.5 per cent, depending on the allocation to one of five buckets based on the annual scoring. In the UK, the G-SIB buffer is implemented via the CRD as Global Systemically Important Institutions (G-SII) buffer requirement.

### Green and Sustainable Product Framework

Sets out underlying eligible qualifying themes and activities that may be considered ESG. This has been developed with the support of external experts, has been informed by industry and supervisory principles and standards such as the Green Bond Principles and EU Taxonomy for sustainable activities.

### Hong Kong regional hub

Standard Chartered Bank (Hong Kong) Limited and its subsidiaries including the primary operating entities in China, Korea and Taiwan. Standard Chartered PLC is the ultimate parent company of Standard Chartered Bank (Hong Kong) Limited.

### Interest rate risk

The risk of an adverse impact on the Group's income statement due to changes in interest rates.

### IRB or internal ratings-based approach

Risk-weighting methodology in accordance with the Basel Capital Accord where capital requirements are based on a firm's own estimates of prudential parameters.

### Internal model approach

The approach used to calculate market risk capital and RWA with an internal market risk model approved by the PRA under the terms of CRD/CRR.

### IAS or International Accounting Standard

A standard that forms part of the International Financial Reporting Standards framework.

### IASB or International Accounting Standards Board

An independent standard-setting body responsible for the development and publication of IFRS, and approving interpretations of IFRS standards that are recommended by the IFRS Interpretations Committee (IFRIC).

### IFRS or International Financial Reporting Standards

A set of international accounting standards developed and issued by the International Accounting Standards Board, consisting of principles-based guidance contained within IFRSs and IASs. All companies that have issued publicly traded securities in the EU are required to prepare annual and interim reports under IFRS and IAS standards that have been endorsed by the EU.

### IFRIC

The IFRS Interpretations Committee supports the IASB in providing authoritative guidance on the accounting treatment of issues not specifically dealt with by existing IFRSs and IASs.

### Investment grade

A debt security, treasury bill or similar instrument with a credit rating measured by external agencies of AAA to BBB.

### Leverage ratio

A ratio introduced under CRD IV that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk-based backstop measure.

### Liquidation portfolio

A portfolio of assets which is beyond our current risk appetite metrics and is held for liquidation.

### LCR or Liquidity coverage ratio

The ratio of the stock of high-quality liquid assets to expected net cash outflows over the following 30 days. High-quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.



### Loan exposure

Loans and advances to customers reported on the balance sheet held at amortised cost or FVOCI, non-cancellable credit commitments and cancellable credit commitments for credit cards and overdraft facilities.

### Loans and advances to customers

This represents lending made under bilateral agreements with customers entered into in the normal course of business and is based on the legal form of the instrument.

### Loans and advances to banks

Amounts loaned to credit institutions including securities bought under Reverse repo.

### LTV or loan-to-value ratio

A calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The loan-to-value ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

### Loans past due

Loans on which payments have been due for up to a maximum of 90 days including those on which partial payments are being made.

### Loans subject to forbearance – impaired

Loans where the terms have been renegotiated on terms not consistent with current market levels due to financial difficulties of the borrower. Loans in this category are necessarily impaired. See 'Forbearance'.

### Loss rate

Uses an adjusted gross charge-off rate, developed using monthly write-off and recoveries over the preceding 12 months and total outstanding balances.

### LGD or Loss given default

The percentage of an exposure that a lender expects to lose in the event of obligor default.

### Low returning clients

See 'Perennial sub-optimal clients'.

### Malus

An arrangement that permits the Group to prevent vesting of all or part of the amount of an unvested variable remuneration award, due to a specific crystallised risk, behaviour, conduct or adverse performance outcome.

### Master netting agreement

An agreement between two counterparties that have multiple derivative contracts with each other that provides for the net settlement of all contracts through a single payment, in a single currency, in the event of default on, or termination of, any one contract.

### Mezzanine capital

Financing that combines debt and equity characteristics. For example, a loan that also confers some profit participation to the lender.

### MREL or minimum requirement for own funds and eligible liabilities

A requirement under the Bank Recovery and Resolution Directive for EU resolution authorities to set a minimum requirement for own funds and eligible liabilities for banks, implementing the FSB's Total Loss Absorbing Capacity (TLAC) standard.

MREL is intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss.

### Net asset value (NAV) per share

Ratio of net assets (total assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.

### Net nominal

The aggregate of loans and advances to customers/loans and advances to banks after impairment provisions, restricted balances with central banks, derivatives (net of master netting agreements), investment debt and equity securities, and letters of credit and guarantees.

### Net zero

The commitment to reaching net zero carbon emissions from our operations by 2025 and from our financing by 2050.

### NII or Net interest income

The difference between interest received on assets and interest paid on liabilities.

### NSFR or Net stable funding ratio

The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one-year time horizon.

### NPLs or non-performing loans

An NPL is any loan that is more than 90 days past due or is otherwise individually impaired. This excludes Retail loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected.

### Non-linearity

Non-linearity of expected credit loss occurs when the average of expected credit loss for a portfolio is higher than the base case (median) due to the fact that bad economic environment could have a larger impact on ECL calculation than good economic environment.

### Normalised items

See 'Underlying/Normalised' on page 27.

### Operating expenses

Staff and premises costs, general and administrative expenses, depreciation and amortisation. Underlying operating expenses exclude expenses as described in 'Underlying earnings'. A reconciliation between underlying and statutory earnings is contained in Note 2 to the financial statements.

### Operating income or operating profit

Net interest, net fee and net trading income, as well as other operating income. Underlying operating income represents the income line items above, on an underlying basis. See 'Underlying earnings'.

### OTC or Over-the-counter derivatives

A bilateral transaction (e.g. derivatives) that is not exchange traded and that is valued using valuation models.

### OCA or Own credit adjustment

An adjustment to the Group's issued debt designated at fair value through profit or loss that reflects the possibility that the Group may default and not pay the full market value of the contracts.

### Perennial sub-optimal clients

Clients that have returned below 3% return on risk-weighted assets for the last three years

### Physical risks

The risk of increased extreme weather events including flood, drought and sea level rise.

### Pillar 1

The first pillar of the three pillars of the Basel framework which provides the approach to calculation of the minimum capital requirements for credit, market and operational risk. Minimum capital requirements are 8 per cent of the Group's risk-weighted assets.

### Pillar 2

The second pillar of the three pillars of the Basel framework which requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.

### Pillar 3

The third pillar of the three pillars of the Basel framework which aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.

### Priority Banking

Priority Banking customers are individuals who have met certain criteria for deposits, AUM, mortgage loans or monthly payroll. Criteria varies by country.

### Private equity investments

Equity securities in operating companies generally not quoted on a public exchange. Investment in private equity often involves the investment of capital in private companies. Capital for private equity investment is raised by retail or institutional investors and used to fund investment strategies such as leveraged buyouts, venture capital, growth capital, distressed investments and mezzanine capital.

### PD or Probability of default

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation over a given time horizon.

### Probability weighted

Obtained by considering the values the metric can assume, weighted by the probability of each value occurring.

### Profit (loss) attributable to ordinary shareholders

Profit (loss) for the year after non-controlling interests and dividends declared in respect of preference shares classified as equity.

### PVA or Prudent valuation adjustment

An adjustment to CET1 capital to reflect the difference between fair value and prudent value positions, where the application of prudence results in a lower absolute carrying value than recognised in the financial statements.

### PRA or Prudential Regulation Authority

The Prudential Regulation Authority is the statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and a small number of significant investment firms in the UK. The PRA is a part of the Bank of England.

### Revenue-based carbon intensity

A measurement of the quantity of greenhouse gases emitted by our clients per USD of their revenue.

### Regulatory consolidation

The regulatory consolidation of Standard Chartered PLC differs from the statutory consolidation in that it includes Ascenta IV, Olea Global group, Partior Pte. Ltd., SBI Zodia Custody Co. Ltd, Seychelles International Mercantile Banking Corporation Limited., and all of the legal entities in the CurrencyFair group on a proportionate consolidation basis. These entities are considered associates for statutory accounting purposes.

The regulatory consolidation further excludes the following entities, which are consolidated for statutory accounting purposes; Audax Financial Technology Pte. Ltd, Furaha Finserve Uganda Limited, Huma.Eco Pte. Ltd., Inveco Pte. Ltd., Karstenza B.V, Letsbloom Pte. Ltd, Letsbloom India Private Limited, Pegasus Dealmaking Pte. Ltd., SCV Research and Development Pte. Ltd., SCV Research and Development Pvt. Ltd., Solv Sdn. Bhd., Solv Vietnam Company Limited, Solvezy Technology Kenya Ltd, Standard Chartered Assurance Limited, Standard Chartered Isle of Man Limited, Standard Chartered Botswana Education Trust, Standard Chartered Bancassurance Intermediary Limited, Standard Chartered Bank Insurance Agency (Proprietary) Limited, Standard Chartered Research and Technology India Private Limited, Standard Chartered Trading (Shanghai) Limited, TASConnect (Hong Kong) Private Limited, Tawi Fresh Kenya Limited.

### Repo/reverse repo

A repurchase agreement or repo is a short-term funding agreement, which allows a borrower to sell a financial asset, such as asset-backed securities or government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future), it is a reverse repurchase agreement or reverse repo.

### Residential mortgage

A loan to purchase a residential property which is then used as collateral to guarantee repayment of the loan. The borrower gives the lender a lien against the property, and the lender can foreclose on the property if the borrower does not repay the loan per the agreed terms. Also known as a home loan.

### RoRWA or Return on risk-weighted assets

Profit before tax for year as a percentage of RWA. Profit may be statutory or underlying and is specified where used. See 'RWA' and 'Underlying earnings'.

### RWA or Risk-weighted assets

A measure of a bank's assets adjusted for their associated risks, expressed as a percentage of an exposure value in accordance with the applicable standardised or IRB approach provisions.

### Risks-not-in-VaR (RNIV)

A framework for identifying and quantifying marginal types of market risk that are not captured in the Value at Risk (VaR) measure for any reason, such as being a far-tail risk or the necessary historical market data not being available.

### Roll rate

Uses a matrix that gives average loan migration rate from delinquency states from period to period. A matrix multiplication is then performed to generate the final PDs by delinquency bucket over different time horizons.

### Scope 1 emissions

Arise from the consumption of energy from direct sources during the use of property occupied by the Group. On-site combustion of fuels such as diesel, liquefied petroleum gas and natural gas is recorded using meters or, where metering is not available, collated from fuel vendor invoices. Emissions from the combustion of fuel in Group-operated transportation devices, as well as fugitive emissions, are excluded as being immaterial.

### Scope 2 emissions

Arise from the consumption of indirect sources of energy during the use of property occupied by the Group. Energy generated off-site in the form of purchased electricity, heat, steam or cooling is collected as kilowatt hours consumed using meters or, where metering is not available, collated from vendor invoices. For leased properties we include all indirect and direct sources of energy consumed by building services (amongst other activities) within the space occupied by the Group. This can include base building services under landlord control but over which we typically hold a reasonable degree of influence. All data centre facilities with conditioning systems and hardware remaining under the operational control of the Group are included in the reporting. This does not include energy used at outsourced data centre facilities which are captured under Scope 3.

### Scope 3 emissions

Occur as a consequence of the Group's activities but arising from sources not controlled by the Group. Business air travel data is collected as person kilometres travelled by seating class by employees of the Group. Data are drawn from country operations that have processes in place to gather accurate employee air travel data from travel management companies. Flights are categorised as short, medium or long haul trips. Emissions from other potential Scope 3 sources such as electricity transmission and distribution line losses are not currently accounted for on the basis that they cannot be calculated with an acceptable level of reliability or consistency. The Group does however capture Scope 3 emissions from outsourced data centres managed by third parties.

### Secured (fully and partially)

A secured loan is a loan in which the borrower pledges an asset as collateral for a loan which, in the event that the borrower defaults, the Group is able to take possession of. All secured loans are considered fully secured if the fair value of the collateral is equal to or greater than the loan at the time of origination. All other secured loans are considered to be partly secured.

### Securitisation

Securitisation is a process by which credit exposures are aggregated into a pool, which is used to back new securities. Under traditional securitisation transactions, assets are sold to a structured entity which then issues new securities to investors at different levels of seniority (credit tranching). This allows the credit quality of the assets to be separated from the credit rating of the originating institution and transfers risk to external investors in a way that meets their risk appetite. Under synthetic securitisation transactions, the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originating institution.

### Senior debt

Debt that takes priority over other unsecured or otherwise more 'junior' debt owed by the issuer. Senior debt has greater seniority in the issuer's capital structure than subordinated debt. In the event the issuer goes bankrupt, senior debt theoretically must be repaid before other creditors receive any payment.

### SICR or Significant increase in credit risk

Assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after considering the passage of time).

### Solo

The solo regulatory group as defined in the Prudential Regulation Authority waiver letter dated 10 August 2020 differs from Standard Chartered Bank Company in that it includes the full consolidation of nine subsidiaries, namely Standard Chartered Holdings (International) B.V., Standard Chartered MB Holdings B.V., Standard Chartered UK Holdings Limited, Standard Chartered Grindlays PTY Limited, SCMB Overseas Limited, Standard Chartered Capital Management (Jersey) LLC, Cerulean Investments L.P., SC Ventures Innovation Investment L.P. and SC Ventures G.P. Limited.

### Sovereign exposures

Exposures to central governments and central government departments, central banks and entities owned or guaranteed by the aforementioned. Sovereign exposures, as defined by the European Banking Authority, include only exposures to central governments.

### Stage 1

Assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

### Stage 2

Assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

### Stage 3

Assets that are in default and considered credit-impaired (non-performing loans).

### Standardised approach

In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.

### Structured note

An investment tool which pays a return linked to the value or level of a specified asset or index and sometimes offers capital protection if the value declines. Structured notes can be linked to equities, interest rates, funds, commodities and foreign currency.

### Subordinated liabilities

Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer.

### Sustainability Aspirations

A series of targets and metrics by which we aim to promote social and economic development, and deliver sustainable outcomes in the areas in which we can make the most material contribution to the delivery of the UN Sustainable Development Goals.

### Sustainable Finance assets

Assets from clients whose activities are aligned with the Green and Sustainable Product Framework and/or from transactions for which the use of proceeds will be utilised directly to contribute towards eligible themes and activities set out within the Green and Sustainable Product Framework.

### Sustainable Finance revenue

Revenue from clients whose activities are aligned with the Green and Sustainable Product Framework and/or from transactions for which proceeds will be utilised directly to contribute towards eligible themes and activities set out within the Green and Sustainable Product Framework and/or from approved 'labelled' transactions such as any transaction referred to as "green", "social", "sustainable", "SDG (sustainable development goal) aligned", "ESG", "transition", "COVID-19 facility" or "COVID-19 response" which have been approved by the Sustainable Finance Governance Committee.

### **Tier 1 capital**

The sum of Common Equity Tier 1 capital and Additional Tier 1 capital.

### **Tier 1 capital ratio**

Tier 1 capital as a percentage of risk-weighted assets.

### **Tier 2 capital**

Tier 2 capital comprises qualifying subordinated liabilities and related share premium accounts.

### **TLAC or Total loss absorbing capacity**

An international standard for TLAC issued by the FSB, which requires G-SIBs to have sufficient loss-absorbing and recapitalisation capacity available in resolution, to minimise impacts on financial stability, maintain the continuity of critical functions and avoid exposing public funds to loss.

### **Transition risks**

The risk of changes to market dynamics or sectoral economics due to governments' response to climate change.

### **UK bank levy**

A levy that applies to certain UK banks and the UK operations of foreign banks. The levy is payable each year based on a percentage of the chargeable equities and liabilities on the Group's UK tax resident entities' balance sheets. Key exclusions from chargeable equities and liabilities include Tier 1 capital, insured or guaranteed retail deposits, repos secured on certain sovereign debt and liabilities subject to netting.

### **Unbiased**

Not overly optimistic or pessimistic, represents information that is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to increase the probability that the financial information will be received favourably or unfavourably by users.

### **Unlikely to pay**

Indications of unlikeliness to pay shall include placing the credit obligation on non-accrued status; the recognition of a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the Group taking on the exposure; selling the credit obligation at a material credit-related economic loss; the Group consenting to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or, where relevant fees; filing for the obligor's bankruptcy or a similar order in respect of an obligor's credit obligation to the Group; the obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to the Group.

### **VaR or Value at Risk**

A quantitative measure of market risk estimating the potential loss that will not be exceeded in a set time period at a set statistical confidence level.

### **ViU or Value-in-Use**

The present value of the future expected cash flows expected to be derived from an asset or CGU.

### **Write-downs**

After an advance has been identified as impaired and is subject to an impairment provision, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write-downs will occur when, and to the extent that, the whole or part of a debt is considered irrecoverable.

### **XVA**

The term used to incorporate credit, debit and funding valuation adjustments to the fair value of derivative financial instruments. See 'CVA', 'DVA' and 'FVA'.

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