Financial statements and notes

Independent Auditor's report to the members of Standard Chartered PLC only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Standard Chartered PLC (the 'Group') for the year ended 31 December 2015 set out on pages 235 to 325. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's loss for the year then ended
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)
- The parent company financial statements have been properly prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards Regulation

Summary audit approach

Materiality Page 232	Overall Group materiality: $150 million (2014: $300 million). This was determined with reference to a benchmark of the normalised average profit or loss before tax for the past three years (representing 3.4 per cent). Details for the rationale are set out on page 233.
Scoping Page 233	• 36 components (2014: 34) in 30 countries (2014: 27) • Eight central hubs (2014: 8) which perform many financial processes • Reporting components represent 95 per cent (2014: 96 per cent) of absolute profit or loss before tax and 97 per cent (2014: 97 per cent) of total assets
Significant risks Page 228-232	• Impairment of loans and advances • Valuation of financial instruments held at fair value and related valuation adjustments • Goodwill impairment • Provision for redundancy and other restructuring costs

2. Our assessment of the risks of material misstatement

The starting point for our audit was a consideration of the inherent risks to the Group's business model and how these have been mitigated. This included understanding the strength of the Group's capital and liquidity position, the diversification of its asset and the flexibility and tenor of its balance sheet.

We assessed and challenged the inherent risks with reference to:

- International Monetary Fund (IMF) economic forecasts and commentary
- The perspectives of our in-country audit teams on their local economies, particularly the banking sector
- The views of our specialists in a number of areas including bank regulation, IT, tax and financial crime prevention
- The views of the Prudential Regulatory Authority (PRA) and regulators in other key geographies
- The results of the PRA's stress tests, published on 1 December 2015
- The Group's budgets, regular forecasts, stress testing, reporting to the Audit, Board Risk and Group Risk Committees and the many discussions we have with senior management of the Group as well as country management teams

Following the new strategic plan announced in November 2015, we evaluated its impact on our audit approach and the inherent risks that were identified at the planning stage earlier in the year.

We also considered the Group's control environment and, in particular, whether its systems were processing transactions completely and faithfully, and included appropriate controls designed to prevent fraud. Our work included testing the key controls over the processing of transactions and the key inter-system, bank and custodial reconciliations as well as trade confirmations.

Finally we considered the potential impact of regulatory investigations (see pages 201 to 203) on the Group, including considering the views of the Group's external and internal counsel.

These assessments enabled us to form a judgement on going concern and to determine the key areas of financial statement risk on which our audit should be focused. Thereafter, by looking at both broad risk themes across the Group and particular concerns in specific geographies and businesses, we were then able to calibrate our work to financial statement risk more precisely.

In arriving at our opinion, the areas which we identified as requiring the most significant judgement in assessing subjective and uncertain estimates were:

Significant risks	Areas of focus
Impairment of loans and advances Page 229	• India loan exposures[1] (Corporate & Institutional Clients' and Commercial Clients) • China loan exposures (Corporate & Institutional Clients' and Commercial Clients) • Commodities, oil and gas and related exposures (together 'Commodities and related exposures') • Increased impairment losses against Commercial exposures • Impact of the new strategic plan announced in November 2015 – impairment on liquidation portfolio[2]
Valuation of financial instruments Page 231	• Level 3 financial instruments • Change in the estimate for credit and funding valuation adjustments
Goodwill impairment Page 232	• Ongoing performance of underlying businesses • Impact of the new strategic plan announced in November 2015
Provision for redundancy and other restructuring costs Page 232	• Impact of the new strategic plan announced in November 2015

1. Exposure is defined on page 157
2. Liquidation portfolio is defined as portfolio of assets which are beyond the current risk tolerance metrics and is held for liquidation

3. Risks and response

The principal procedures we performed over these significant risks were as follows:

Impairment of loans and advances

Risk and areas of focus

The risk is that the carrying value of loans and advances to banks and customers held at amortised costs may be misstated.

Refer to the critical accounting estimates and judgements in note 1, the Audit Committee report on pages 79 to 84 and management's commentary on the disclosures of credit risk on pages 161 to 186.

Summary areas of focus

- Indian Corporate & Institutional Clients and Commercial Clients loan exposures due to the slow progress in policy reforms and increased refinancing pressures
- Chinese Corporate & Institutional Clients and Commercial Clients loan exposures due to the slowdown and rebalancing of the economy and the devaluation of renminbi (RMB)
- Commodities and related exposures as commodity and oil prices continue to decline
- Commercial Client exposures particularly due to certain exposures to RMB in China, slowdown in India and the sensitivity of the exposure to decreases in commodity prices
- Liquidation portfolio due to the judgement required to assess a price at which the Group could sell impaired loans

With regard to the Group's Retail portfolio in South Korea, which we identified as a focus area in 2014, the risk of losses has continued to reduce in 2015, partly as a result of reduced claims by customers to restructure debt accompanied by continued portfolio reduction. Accordingly, it has not been an audit focus area in 2015.

India

The Group has reduced its India exposures to $30 billion at 31 December 2015 (2014: $35 billion). The slowdown observed in 2014 has continued into 2015 and the macroeconomic backdrop continues to be challenging with slow progress in reforms which were promised by the new government in 2014, continued high indebtedness in some sectors and tightening in refinancing by local banks. Consequently, impairments have risen significantly in 2015, mainly driven by counterparties who were already stressed in 2014 (present on either early alert or in credit grades 12 to 14). In addition, there was also a change in underlying assumptions regarding prospects of recovery on available collateral due to the challenging market conditions and recent experience from recoveries on impaired accounts.

Additionally, there has also been an increase in impairments as a result of the new strategic plan announced in November 2015, whereby a small number of impaired exposures have now been identified to be in the liquidation portfolio, where additional impairment was taken based on discounting revised cash flow projections based on expected sales value.

China

China exposures amount to $50 billion (2014: $71 billion) and the Group has continued to take risk-mitigating actions in this portfolio. This has resulted in the commodities and related exposures in China reducing and exposure to banks reducing to $23.9 billion (2014: $34.5 billion). China remained a challenging market, with growth slowing to 6.9 per cent in 2015 from 7.3 per cent in 2014, continued RMB devaluation against the US dollar, and volatility in Chinese equity markets. In particular, the Group experienced increased losses within the Commercial Clients portfolio as counterparties struggled with increased levels of debt, lower commodity prices and the RMB devaluation.

Commodities and related exposures
The Group continued to take risk-mitigation actions during the year. Commodities and related exposures have reduced to $54 billion (2014: $70.6 billion), comprising $20.3 billion of traders, $19.3 billion of producers (including $9.6 billion of oil and gas producers), $5.9 billion of petroleum refineries, $7.0 billion of support activities and $1.5 billion of other corporate clients with oil and gas-related hedges.

The sustained fall in commodity prices, including oil price, has impacted a number of the Group's customers and translated into increased impairments for the year. The majority of these impairments have arisen from customers who were already stressed in 2014.

It should be noted that a fall in commodity prices may not necessarily result in a pervasive adverse impact on the entire commodities and related exposures but may impact certain pockets that are more exposed to a sustained fall in prices, for example, energy producers and some oil support services.

Commercial
The total Commercial Clients loan portfolio of $11.2 billion (2014: $14.7 billion) is a small portfolio representing 3 per cent (2014: 4 per cent) of total loans and advances. However, the impairment charge on this portfolio increased to $599 million in 2015 from $212 million in 2014 mainly due to increased impairments in India, China, Africa and Korea.

The Group has also revised its assumptions regarding recovery rates on impaired exposures downward leading to higher impairment. This is mainly based on recent recovery experience and more stressed market conditions.

Liquidation portfolio
As part of the announcement of the new strategic plan in November 2015, the Group identified $7.9 billion of loans which were outside the Group's risk tolerance levels and plan to liquidate this portfolio. This included $7.5 billion of gross non-performing which carries a provision of $3.5 billion. $968 million of this provision was taken for a small number of counterparties where the recovery was based on discounting revised cash flow projections based on expected sales values.

Our response
Overview
Corporate & Institutional Clients, Commercial Clients, Private Banking Clients and loans and advances to banks (collectively 'Larger Clients') represents 71 per cent ($233 billion) of the Group's net loan exposure, while Retail Clients represent 29 per cent ($95 billion). The Larger Client's exposure comprises larger loans that are monitored individually, based on the knowledge of each individual borrower. However, the Retail clients exposure comprises much smaller value loans to a much greater number of customers. Accordingly, loans are not monitored on an individual basis, but are grouped by product into homogeneous exposures. Exposures are then monitored through delinquency statistics, which also drive the assessment of loan loss provisions.

Procedures performed:
Our audit procedures in all in-scope components included:

- For both Larger Clients and Retail Clients, our in-country teams used their local knowledge to assess the trends in their local credit environments and considered the likely impact on the Group's exposures to focus their testing on key risk areas
- For Larger Clients, our procedures included:
  - Testing the key controls over the credit grading and monitoring process, to assess if the risk grades allocated to counterparties were appropriate and loans were appropriately identified, on a timely basis, into early alert or credit grades 12 to 14
  - Performing credit assessments of all loans with a carrying value above $40 million in credit grades 12, 13 and 14 (see pages 172 and 173) and loans above $75 million on the Group's Early Alert Report (see page 209) together with a selection of other loans selected by country teams based on local materiality levels. For these selected loans, we assessed the reasonableness of the forecast of recoverable cash flows, realisation of collateral and other possible sources of repayment. We compared key assumptions to progress against business plans and our own understanding of the relevant industries and business environments. We also compared them, where possible, to externally derived evidence such as commodity prices, business performance and real estate valuations
  - Substantive testing of a selection of credit grade one to 11 counterparties in each scoped component to test the appropriateness of the credit grade
- For Retail Clients, the impairment process is based on projecting losses based on the prior historical payment performance of each client, adjusted for current market conditions. Our procedures included:
  - Testing the accuracy of the key inputs into the models
  - For a selection of models, using our own valuation specialists to assess the appropriateness of the impairment calculation methodology and reviewing the results of the Group's validation of such models
  - Where model adjustments were made to reflect recent loss experience and current market conditions, we assessed the appropriateness of such adjustments

- For portfolio impairment provision (PIP), our procedures included:
  - Testing the key management controls over the input of underlying data into the models
  - Using our modelling specialists to evaluate the methodology and the key assumptions used in determining the estimate for both the Retail Clients and the Larger Clients and wherever possible, we compared the key assumptions used to externally available industry, financial and economic data
  - Assessing the appropriateness of the emergence period and management adjustments to the output from models for changes in economic factors and specific risks to the exposure
  - Overall assessment and reasonableness of the PIP balance with respect to the qualitative and quantitative changes in the underlying loan portfolio
- For the key underlying systems used for the processing of transactions we involved our information technology specialists to test a selection of automated controls within these systems. We also tested the key controls over these underlying systems, for example, controls over access to systems and data and change management
- Assessing whether the financial statement disclosures appropriately reflect the Group's exposure to credit risk
- Our additional procedures in the particular risk areas of the portfolio, i.e. India, Commodities, China and Commercial exposure included:
  - Reading management's own stress tests and risk-mitigation actions to identify areas of focus
  - Extending our audit coverage over the stressed sectors and geographies and, in particular, to certain components within these portfolios, for example, infrastructure and telecoms in India as well as lower-rated oil producers within Commodities and related exposures. In doing so, we focused on the grading of the counterparties, assessed the quality of the ongoing portfolio monitoring controls, the tenor of the debt and the rate at which counterparties were moving into early alert and credit grades 12 to 14
  - Increasing the extent of Group audit team oversight over work done by the component team. For example, the Senior Statutory Auditor visited Greater China and her delegate visited India
- For the liquidation portfolio, our additional procedures in respect of the impaired exposures involved assessing the key judgements, relating to recovery, namely the likely price and expected time to sell

Valuation of financial instruments

Risk and areas of focus

The risk is that the valuation of financial instruments may be misstated due to the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates. Refer to the critical accounting estimates and judgements in note 1, the Audit Committee report on pages 79 to 84 and the disclosures of valuation risk in note 15.

Of the financial instruments that are held at fair value through profit and loss or as available-for-sale in the Group's balance sheet, 98.5 per cent (2014: 98.5 per cent) qualified as being measured using Level 1 or 2 inputs in the fair value hierarchy as at 31 December 2015. This means they were valued using prices that were observable in the market place or through models with market observable inputs, resulting in the valuation risk being low. However, given the past experience of liquidity rapidly disappearing from emerging and developing markets, it is important to ascertain that prices are liquid enough to be genuinely observable in the market, and this has been our focus for Level 1 and 2 instruments. The remaining 1.5 per cent ($3 billion) of financial instruments are classed as Level 3, because significant pricing inputs to them are unobservable. The determination of these prices is inherently more subjective. In 2015, the Level 3 instruments mainly comprised unlisted private equity investments and a small number of illiquid, thinly traded loans, debt securities and derivatives.

The other notable change during the year related to valuation adjustments on derivatives, whereby the Group adopted a revised methodology for calculating its estimate of the credit and funding valuation adjustments, to be in line with market practice. The revised methodology for credit valuation adjustments uses market-implied spreads for estimating loss rates, rather than historical or internally modelled loss rates which were used in the past. Further, revised modelling capabilities were used to estimate the expected derivative exposures including the application of netting exposures on a counterparty/legal entity/jurisdiction level. The total adjustment for the year due to this change in estimate amounted to $863 million.

The audit risk lies in the main judgements in the calculation of this estimate, those related to the modelling assumptions used in measuring expected exposures of derivatives and the appropriateness of the proxies used (for estimating loss rates) for counterparties where directly observable market spreads could not be obtained.

Our response
Our audit procedures included:

- Testing of the Group's controls over the identification, measurement and management of valuation risk including independent price verification control, governance over valuation models, model validation and management reporting of valuation risk
- Testing, for a selection of pricing inputs used, that they were externally sourced and were correctly input into pricing models
- Using our valuation specialists to assess whether, for a selection of models, the model valuation methodology is appropriate
- Valuing a selection of the Group's debt securities and derivative positions independently, using our valuation specialists, and comparing their valuation to the Group's valuation
- Testing a selection of instruments to establish how many institutions contributed to pricing inputs and how wide the ranges of observable quotes were. This allowed us to assess the liquidity of the prices for Level 1 and 2 instruments
- Assessing, for a selection of investments within Level 3, key inputs, assumptions and models, considering alternative valuation methods and sensitivities to key factors
- For the key underlying systems used for the processing of transactions in relation to financial instruments we involved our information technology specialists to test a selection of automated controls within these systems. We also tested the key controls over these underlying systems, for example controls over access to systems and data and change management.
- Particularly for Level 3, we assessed whether the financial statement disclosures, including sensitivity to key inputs, appropriately reflect the Group's exposure to financial instrument valuation risk
- We also performed a range of additional procedures on the credit and funding valuations adjustments which included:
  - Using our valuation specialists to assess the appropriateness of the methodology and to assess the key underlying models used
  - Checked a selection of counterparty exposures to assess whether these were appropriately netted in arriving at the final exposures
  - Checked that for a selection of counterparties, directly observable spreads agreed to available market data
  - For counterparties where proxies were used because directly observable spreads were not available, we used our valuation specialists to evaluate the appropriateness of the methodology used for determining proxies and checked a selection of these to available market data, for example, sector proxies of relevant industries

Impairment of goodwill
Risk and areas of focus
The risk is that goodwill in the balance sheet may not be supported by the future cash flows of the underlying business. Refer to the critical accounting estimates and judgements in note 1, the Audit Committee report on pages 79 to 84 and the disclosures of goodwill in note 25.

Pre-impairment goodwill in the balance sheet is $4.1 billion but approximately $1.5 billion of this relates to businesses where post-acquisition growth in cash flows provides substantial headroom over the goodwill balance. We regard these as low risk from a misstatement perspective. Our work was therefore focused on the acquisitions where the headroom is lower, amounting to $2.6 billion of goodwill, or businesses which are likely to be substantially impacted by the change in strategy announced in November 2015.

Our response
Our audit procedures included:

- We used our valuation specialists to assess the appropriateness of the Group's valuation approach and its derivation of discount rates. We also compared the latter to external sources
- Challenging the cash flow forecasts including confirming the internal consistency of assumptions and comparing them to progress against business plans and our knowledge of the local banking environment; comparing forecasts to past performance and to GDP forecasts from the IMF; and assessing non-financial assumptions
- Finally we assessed whether the financial statement disclosures, including sensitivity to key inputs, are appropriate

Provision for redundancy and other restructuring costs
Risk and areas of focus
The risk is that restructuring costs may not meet the relevant accounting standards' criteria for recognition and therefore are inappropriately recorded as costs in the period. Refer to the critical accounting estimates and judgements in note 1, the Audit Committee on pages 79 to 84 and the disclosures of restructuring costs in note 8.

The Group has recognised a number of impacts in the financial statements as a result of decisions linked to the new strategic plan announced in November 2015. These impacts include redundancy and related expenses associated with enacted or committed headcount reductions

Our response
Our audit procedures included:

- Assessing the recognition of redundancy provisions required as a result of the staff reduction measures announced, particularly to validate whether costs were recorded in the appropriate reporting period.
- Assessing the recognition of onerous lease contracts and other restructuring charges
- Assessing the adequacy of disclosures contained within the financial statements

4. Our application of materiality and an overview of the scope of the audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statement as a whole as follows:

Overall Group materiality	$150 million (2014: $300 million)
How we determined it	With reference to a benchmark of the normalised average profit or loss before tax for the past three years (materiality represents 3.4 per cent of the benchmark). Absolute values of profit (for 2014 and 2013) and loss (for 2015) were considered after normalisation adjustments for the impairment of goodwill (for 2015, 2014 and 2013) as disclosed in note 25 and the civil penalty from the US branch (for 2014) as disclosed in note 8 as these items are discrete
Rationale for benchmark applied	This approach mitigates undue volatility in determining our materiality and provided a more stable basis for determining materiality, focusing on the underlying profitability of the Group over the past three years

We reported to the Audit Committee any corrected or uncorrected identified misstatements affecting Group profit and loss or Group shareholders' funds of more than $7.5 million and any corrected or uncorrected identified misstatements affecting Group assets and liabilities only of more than $75 million. In addition, we reported to the Audit Committee other identified misstatements that warranted reporting on qualitative grounds.

5. How we scoped our audit

Component scoping	• For the purpose of planning our audit, we identified a branch or a subsidiary as components in the Group audit. 36 components (2014: 34 components) were identified in 30 countries (2014: 27 countries) • Audits for Group reporting purposes were performed at 33 components. A further three components were scoped as they either hold significant quantities of liquid assets or because they process significant volumes of transactions. Specific audit procedures were performed primarily to cover these areas • The Group operates eight central hubs which perform many financial processes, the outputs of which are included in the financial information of the reporting components. Processes within these hubs are subject to audit procedures, predominantly the testing of transaction processing and information technology controls • The components scoped included all significant dealing room activities
Component materiality and coverage	• The audit work undertaken for Group reporting purposes at these components and hubs was performed by the component and hub auditors to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component or hub, having regard to the size and risk profile of the Group across the components and hubs, and ranged from $1 million to $40 million • Reporting components represent 95 per cent (2014: 96 per cent of profit) of Group loss or profit (measured on an absolute basis per component) before tax and 97 per cent (2014: 97 per cent) of total assets
Group audit team procedures and oversight of component auditors	• As part of determining the scope and preparing the audit plan and strategy, the Group audit team led a global planning conference to discuss the key audit risks and obtain inputs from the component teams • Thereafter, Group audit instructions were sent to component auditors with respect to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back • A particular focus was managing the audit work at the hubs, which require component and hub audit teams to cooperate effectively. Common audit objectives were coordinated through common global audit programmes, which set out the responsibilities of each component team on a test-by-test basis. This process was overseen by the Group audit team and senior partners, based in each of the Group's key regions, who oversaw their region in more detail and helped to ensure that the audit approach was fully understood and that key issues were properly addressed • The Group audit team performed the work on valuation of financial instruments and goodwill impairment. In addition, it performed quality assurance checks on loan loss judgements made by component auditors for all loans above $40 million in credit grades 12, 13 and 14 (see pages 172 and 173) and key loans above $75 million on the Group's early alert list (see page 209) • The Senior Statutory Auditor visited key locations to gain first-hand knowledge of key risks and issues. This year, visits were made to Hong Kong, Singapore, India, the UAE, China, the US and South Korea

6. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006
- The information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

7. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- The directors' statement of Viability on page 142, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the three years to 31 December 2018

8. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report and Accounts that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading. In particular, we are required to report to you if:

- We have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- The Corporate Governance section of the Annual Report and Accounts describing the work of the Group Audit Committee does not appropriately address matters communicated by us to the Group Audit Committee

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us
- The parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review:

- The directors' statement, set out on page 142, in relation to going concern and longer-term viability
- The part of the Corporate governance statement on page 67 relating to the Company's compliance with the 11 provisions of the 2014 UK Corporate Governance Code specified for our review

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Statement of directors' responsibilities set out on page 151, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report, as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Michelle Hinchliffe
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London E14 5GL

23 February 2016

Consolidated income statement

For the year ended 31 December 2015

	Notes	2015 $million	2014 $million
Interest income	3	**14,613**	16,984
Interest expense	4	**(5,206)**	(5,981)
Net interest income		**9,407**	11,003
Fees and commission income	5	**4,088**	4,651
Fees and commission expense	5	**(481)**	(472)
Net trading income	6	**912**	1,896
Other operating income	7	**1,363**	1,256
Non-interest income		**5,882**	7,331
Operating income		**15,289**	18,334
Staff costs	8	**(7,119)**	(6,788)
Premises costs	8	**(831)**	(910)
General administrative expenses	8	**(2,559)**	(2,708)
Depreciation and amortisation	9	**(664)**	(639)
Operating expenses		**(11,173)**	(11,045)
Operating profit before impairment losses and taxation		**4,116**	7,289
Impairment losses on loans and advances and other credit risk provisions	10	**(4,976)**	(2,141)
Other impairment			
Goodwill	11	**(488)**	(758)
Other	11	**(367)**	(403)
Profit from associates and joint ventures	23	**192**	248
(Loss)/profit before taxation		**(1,523)**	4,235
Taxation	12	**(673)**	(1,530)
(Loss)/profit for the year		**(2,196)**	2,705
(Loss)/profit attributable to:			
Non-controlling interests	34	**(2)**	92
Parent company shareholders		**(2,194)**	2,613
(Loss)/profit for the year		**(2,196)**	2,705
		cents	**cents**
Earnings per share:			
Basic (loss)/earnings per ordinary share	14	**(91.9)**	97.3[1]
Diluted (loss)/earnings per ordinary share	14	**(91.9)**	96.7[1]

1. Restated for the impact of the bonus element included within the 2015 rights issue in line with the restatement of prior year earnings per share amounts required by IAS 33 *Earnings per share*

The notes on pages 242 to 325 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Notes	2015 $million	2014 $million
(Loss)/profit for the year		**(2,196)**	2,705
Other comprehensive (loss)/income:			
Items that will not be reclassified to income statement:			
Actuarial losses on retirement benefit obligations	32	**(57)**	(61)
Items that may be reclassified subsequently to income statement:			
Exchange differences on translation of foreign operations:			
Net losses taken to equity		**(2,003)**	(1,090)
Net gains on net investment hedges		**90**	20
Share of other comprehensive income from associates and joint ventures	23	**–**	17
Available-for-sale investments:			
Net valuation (losses)/gains taken to equity		**(57)**	479
Reclassified to income statement		**(328)**	(423)
Cash flow hedges:			
Net losses taken to equity		**(71)**	(116)
Reclassified to income statement	17	**107**	13
Taxation relating to components of other comprehensive (loss)/income	12	**25**	(22)
Other comprehensive loss for the year, net of taxation		**(2,294)**	(1,183)
Total comprehensive (loss)/income for the year		**(4,490)**	1,522
Total comprehensive (loss)/income attributable to:			
Non-controlling interests	34	**(40)**	63
Parent company shareholders		**(4,450)**	1,459
		(4,490)	1,522

Consolidated balance sheet

As at 31 December 2015

	Notes	2015 $million	2014 $million
Assets			
Cash and balances at central banks	15, 37	**65,312**	97,282
Financial assets held at fair value through profit or loss	15, 16	**23,401**	32,623
Derivative financial instruments	15, 17	**63,143**	65,834
Loans and advances to banks	15, 18	**64,494**	83,890
Loans and advances to customers	15, 19	**257,356**	284,695
Investment securities	15, 21	**114,767**	104,238
Other assets	15, 22	**34,601**	38,689
Current tax assets		**388**	362
Prepayments and accrued income		**2,174**	2,647
Interests in associates and joint ventures	23	**1,937**	1,962
Goodwill and intangible assets	25	**4,642**	5,190
Property, plant and equipment	26	**7,209**	7,984
Deferred tax assets	27	**1,059**	518
Total assets		**640,483**	725,914
Liabilities			
Deposits by banks	15	**37,611**	54,391
Customer accounts	15	**350,633**	405,353
Financial liabilities held at fair value through profit or loss	15, 16	**20,872**	22,390
Derivative financial instruments	15, 17	**61,939**	63,313
Debt securities in issue	15, 28	**59,880**	71,951
Other liabilities	15, 29	**32,011**	31,237[1]
Current tax liabilities		**769**	891
Accruals and deferred income		**5,451**	5,915
Subordinated liabilities and other borrowed funds	15, 30	**21,852**	22,947
Deferred tax liabilities	27	**293**	246
Provisions for liabilities and charges	31	**215**	129[1]
Retirement benefit obligations	32	**445**	413
Total liabilities		**591,971**	679,176
Equity			
Share capital	33	**1,639**	1,236
Share premium		**5,449**	5,482
Other reserves		**12,182**	9,690
Retained earnings		**26,934**	30,024
Total parent company shareholders' equity		**46,204**	46,432
Other equity instruments	33	**1,987**	–
Total equity excluding non-controlling interests		**48,191**	46,432
Non-controlling interests	34	**321**	306
Total equity		**48,512**	46,738
Total equity and liabilities		**640,483**	725,914

1. Restated

The notes on pages 242 to 325 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 23 February 2016 and signed on its behalf by:

Sir John Peace

Chairman

Bill Winters

Group Chief Executive

Andy Halford

Group Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2015

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

1. Includes capital reserve of $5 million and capital redemption reserve of $13 million
2. Comprises actuarial loss, net of taxation and non-controlling interests of $67 million (2014: $47 million)
3. Redemption of $300 million 7.267 per cent Hybrid Tier 1 securities issued by Standard Chartered Bank Korea Limited
4. Additional investment from non-controlling interests in one of the Group's subsidiary undertakings

Note 33 includes a description of each reserve.

The notes on pages 242 to 325 form an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2015

	Notes	Group 2015 $million	Group 2014 $million	Company 2015 $million	Company 2014 $million
Cash flows from operating activities					
(Loss)/profit before taxation		**(1,523)**	4,235	**883**	1,483
Adjustments for non-cash items and other adjustments included within income statement	36	**6,949**	4,470	**(246)**	(747)
Change in operating assets	36	**36,812**	(13,657)	**209**	89
Change in operating liabilities	36	**(70,244)**	59,321	**(57)**	265
Contributions to defined benefit schemes	32	**(109)**	(98)	**–**	–
UK and overseas taxes paid		**(1,285)**	(1,708)	**(23)**	–
Net cash (used in)/from operating activities		**(29,400)**	52,563	**766**	1,090
Cash flows from investing activities					
Purchase of property, plant and equipment	26	**(130)**	(189)	**–**	–
Disposal of property, plant and equipment		**109**	67	**–**	–
Acquisition of investment in subsidiaries, associates and joint ventures, net of cash acquired	23	**–**	(64)	**(3,500)**	(4,759)
Disposal of subsidiaries		**667**	–	**–**	–
Purchase of investment securities		**(209,519)**	(196,054)	**–**	(3,698)
Disposal and maturity of investment securities		**195,457**	192,055	**–**	1,801
Dividends received from associates and joint ventures	23	**12**	13	**973**	1,494
Net cash used in investing activities		**(13,404)**	(4,172)	**(2,527)**	(5,162)
Cash flows from financing activities					
Issue of ordinary and preference share capital, net of expenses		**5,053**	11	**5,053**	11
Issue of Additional Tier 1 capital, net of expenses	33	**1,987**	–	**1,987**	–
Purchase of own shares		**(68)**	(110)	**(68)**	(110)
Exercise of share options through ESOP		**10**	17	**10**	17
Interest paid on subordinated liabilities		**(1,082)**	(1,090)	**(606)**	(434)
Gross proceeds from issue of subordinated liabilities		**–**	4,684	**–**	4,684
Repayment of subordinated liabilities		**(5)**	(2,114)	**–**	–
Investment/(repayment) to non-controlling interests		**82**	(298)	**–**	–
Interest paid on senior debts		**(584)**	(740)	**(460)**	(605)
Gross proceeds from issue of senior debts		**5,388**	6,579	**4,248**	5,048
Repayment of senior debts		**(6,947)**	(6,408)	**(4,548)**	(4,063)
Dividends paid to non-controlling interests, Additional Tier 1 securities holders and preference shareholders		**(192)**	(161)	**(166)**	(101)
Dividends paid to ordinary shareholders, net of scrip		**(755)**	(1,350)	**(755)**	(1,350)
Net cash from/(used in) financing activities		**2,887**	(980)	**4,695**	3,097
Net (decrease)/increase in cash and cash equivalents		**(39,917)**	47,411	**2,934**	(975)
Cash and cash equivalents at beginning of the year		**129,870**	84,156	**17,583**	18,558
Effect of exchange rate movements on cash and cash equivalents		**(1,525)**	(1,697)	**–**	–
Cash and cash equivalents at end of the year	37	**88,428**	129,870	**20,517**	17,583

The notes on pages 242 to 325 form an integral part of these financial statements.

Company balance sheet

As at 31 December 2015

	Notes	2015 $million	2014 $million
Non-current assets			
Investments in subsidiary undertakings	23	**28,381**	24,881
Current assets			
Derivative financial instruments	43, 45	**639**	865
Investment securities	45	**12,309**	12,309
Amounts owed by subsidiary undertakings	45	**20,517**	17,583
		33,465	30,757
Current liabilities			
Derivative financial instruments	43, 45	**1,438**	477
Other creditors		**387**	407
Taxation		**23**	50
Deferred income		**–**	18
		1,848	952
Net current assets		**31,617**	29,805
Total assets less current liabilities		**59,998**	54,686
Non-current liabilities			
Debt securities in issue	45	**17,293**	18,638
Subordinated liabilities and other borrowed funds	30, 45	**13,736**	14,177
		31,029	32,815
Total assets less liabilities		**28,969**	21,871
Equity			
Share capital	33	**1,639**	1,236
Share premium		**5,449**	5,482
Other reserves		**17,122**	12,439
Retained earnings		**2,772**	2,714
Total shareholders' equity		**26,982**	21,871
Other equity instruments	33	**1,987**	–
Total equity		**28,969**	21,871

The notes on pages 242 to 325 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 23 February 2016 and signed on its behalf by:

Sir John Peace

Chairman

Bill Winters

Group Chief Executive

Andy Halford

Group Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2015

	Share capital and share premium account $million	Other equity instruments $million	Capital and capital redemption reserve[1] $million	Merger reserve $million	Retained earnings $million	Total equity $million
As at 1 January 2014	6,707	–	18	12,421	2,528	21,674
Profit for the year	–	–	–	–	1,482	1,482
Shares issued, net of expenses	11	–	–	–	–	11
Net own shares adjustment	–	–	–	–	(93)	(93)
Share option expense	–	–	–	–	248	248
Dividends, net of scrip	–	–	–	–	(1,451)	(1,451)
As at 31 December 2014	**6,718**	**–**	**18**	**12,421**	**2,714**	**21,871**
Profit for the year	**–**	**–**	**–**	**–**	**883**	**883**
Shares issued, net of expenses	**370**	**–**	**–**	**4,683**	**–**	**5,053**
Other equity instruments issued, net of expenses	**–**	**1,987**	**–**	**–**	**–**	**1,987**
Net own shares adjustment	**–**	**–**	**–**	**–**	**(58)**	**(58)**
Share option expense	**–**	**–**	**–**	**–**	**154**	**154**
Dividends, net of scrip	**–**	**–**	**–**	**–**	**(921)**	**(921)**
As at 31 December 2015	**7,088**	**1,987**	**18**	**17,104**	**2,772**	**28,969**

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

Note 33 includes a description of each reserve.

The notes on pages 242 to 325 form an integral part of these financial statements.

1. Accounting policies

(a) Statement of compliance

The Group financial statements consolidate those of Standard Chartered PLC (the Company) and its subsidiaries (together referred to as the Group) and equity account the Group's interest in associates and jointly controlled entities. The parent company financial statements present information about the Company as a separate entity and not about its group.

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

In publishing the parent company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

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

a) From the start of Risk profile on page 161 to the end of the Strategic risk section on page 199 excluding:

- Asset backed securities, page 183
- Country cross-border risk, page 186
- Market risk changes – risks not in value at risk, page 188
- Market risk changes – backtesting, page 188
- Mapping of market risk items to the balance sheet, page 189
- Encumbered assets, page 193
- Readily available to secure funding, page 194
- Liquidity coverage ratio and net stable funding ratio, page 191
- Operational risk, page 197
- Other risks, page 199

b) Regulatory compliance, review, request for information and investigations on page 201

c) From the start of Risk management approach on page 204 to the end of 'Liquidity risk – stress testing' on page 214, excluding Country cross-border risk on page 211 and where indicated on page 214

d) From the start of the CRD IV capital base section on page 219 to the end of Movement in total capital section on page 220

(b) Basis of preparation

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

(c) 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. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant disclosure notes for the following areas:

- Loan loss provisioning (refer to Risk and capital review on page 179)
- Deferred taxation (refer to note 27)
- Fair value of financial instruments (refer to note 15)
- Goodwill impairment (refer to note 25)
- Retirement benefit obligations (refer to note 32)
- Provisions for liabilities and charges (refer to note 31)

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

The Group enhanced its methodology for estimating the credit valuation adjustment (CVA) for derivatives as at 31 December 2015. Previously, the CVA was based on an expected counterparty loss calculation using historical default probabilities, whereas the enhanced methodology uses market-implied default probabilities. In addition, the funding valuation adjustment (FVA) was also enhanced moving from bank internal funding rates to market-based rates. The net effect of the changes in estimates reduced net trading income by $863 million. It is impracticable to estimate the effect of the changes in fair value estimates on future periods. See note 15 for further information on the methodologies used.

(d) Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets and income of the Group.

(e) New accounting standards adopted by the Group

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

(f) New accounting standards in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. These include:

IFRS 9 Financial Instruments

IFRS 9 was issued in July 2014 and has an effective date of 1 January 2018. IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising loan loss provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The standard requires a move from four measurement classifications under IAS 39 to three: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale (AFS) are removed.

IFRS 9 removes the exception that allows certain equity investments, and derivatives linked to such investments, to be measured at cost. FVOCI, a new measurement category, differs from AFS since IFRS 9 is more prescriptive on when a financial asset can be measured at FVOCI; there is no longer reclassification of any fair value gains or losses to the profit or loss and any equity investments classified as FVOCI are no longer tested for impairment. Equity investments in the scope of IFRS 9 can be measured at FVTPL or FVOCI if specific requirements are met.

The measurement of loan loss provisions will move from an incurred loss model to a forward-looking expected credit loss model. Expected credit losses will be measured as either 12-month expected credit losses or where significant credit deterioration has occurred, lifetime expected credit losses. The expected credit loss model under IFRS 9 is different to the expected loss model used for regulatory purposes.

The Group is assessing the impact that IFRS 9 will have on its consolidated financial statements through a Group-wide project, but it is not yet practicable to quantify the potential effect. The standard is not yet endorsed by the EU.

Classification and measurement

Financial assets are classified on the basis of the business model within which they are held, and their contractual cash flow characteristics. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows, and where those contractual cash flows are solely principal and interest on the principal amount outstanding. Debt instruments that meet the amortised cost definition but might be sold from time to time are held at FVOCI, and in certain circumstances equity instruments can be designated as FVOCI. Unrealised gains or losses are deferred in reserves until the asset is sold or credit impaired. All other financial assets will be held at FVTPL.

The requirements for the classification and measurement of financial liabilities were carried forward unchanged from IAS 39. However, the requirements relating to the fair value option for financial liabilities were changed to address own credit risk and, in particular, the presentation of gains and losses within other comprehensive income. The fair value of the Group's changes in own credit risk on fair value elected liabilities will be presented within other comprehensive income rather than net trading income.

Impairment

The impairment requirements applied to financial assets measured at amortised costs and FVOCI, lease receivables, and certain loan commitments and guarantees. IFRS 9 incorporates an expected loss approach for recognising credit losses. Under this approach, 12-month expected credit losses or lifetime expected credit losses for all amortised cost and FVOCI debt instruments would be recognised depending on whether or not significant credit deterioration has occurred since origination or acquisition. Where significant deterioration has not occurred, a provision equating to 12 months of expected credit losses would be recognised whereas if there is a significant deterioration in credit risk, lifetime expected credit losses would be recognised. Moving from an incurred loss approach under IAS 39 to an expected loss approach will require management to incorporate forward-looking information into the Group's impairment models. This is a significant change from the current incurred loss model.

Hedge accounting

The general hedge accounting model aligns hedge accounting more closely with risk management activities and establishes a more principle-based approach to hedge accounting. The International Accounting Standards Board is working on a separate project to address the accounting for hedges of open portfolios, usually referred to as 'macro hedge accounting'. Until such time as that project is complete, entities can choose between applying the hedge accounting requirements of IFRS 9 or to continue to apply the existing hedge accounting requirements in IAS 39.

IFRS 15 Revenue from Contracts with Customers

The effective date of IFRS 15 is 1 January 2018 with early adoption permitted.

The standard provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for obligations as they are satisfied. The standard must be applied retrospectively. While it is expected that a significant proportion of the Group's revenue will be outside the scope of IFRS 15, the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 15 on these consolidated financial statements. IFRS 15 has not yet been endorsed by the EU.

IFRS 16 Leases

The effective date of IFRS 16 is 1 January 2019 with early adoption permitted if IFRS 15 is also adopted at or before application of IFRS 16. IFRS 16 has not yet been endorsed by the EU.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 16 on these consolidated financial statements.

(g) IFRS and Hong Kong accounting requirements

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

The accounting policies set out below have been applied consistently across the Group and to all years presented in these financial statements.

(h) Consolidation

Subsidiaries

Subsidiaries are all entities, including structured entities, which the Group controls. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The assessment of power is based on the Group's practical ability to direct the relevant activities of the entity unilaterally for the Group's own benefit and is subject to reassessment if and when one or more of the elements of control change. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are deconsolidated from the date that control ceases, and where any interest in the subsidiary remains, this is remeasured to its fair value and the change in carrying amount is recognised in the income statement. Details of the Group's principal subsidiaries are given in note 23.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entity indicates the Group's power over the structured entity. Details of the Group's use of structured entities are set out in note 24.

Associates and joint arrangements

Joint arrangements are where two or more parties either have rights to the assets, and obligations of the joint arrangement (joint operations), or have rights to the net assets of the joint arrangement (joint venture). The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture. As at 31 December 2015, the Group did not have any contractual interest in joint operations.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

1. Accounting policies continued

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures.

At each balance sheet date the Group assesses whether there is any objective evidence of impairment in the investment in associates and joint ventures. Such evidence includes a significant or prolonged decline in the fair value of the Group's investment in an associate or joint venture below its cost, among other factors.

Details of the Group's interest in associates and joint ventures are provided in note 23.

Investment in subsidiaries, associates and joint ventures
In the Company's financial statements, investment in subsidiaries, associates and joint ventures are held at cost less impairment and dividends from pre-acquisition profits received prior to 1 January 2009, if any.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in the Group accounts.

Business combinations
The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired is recorded as goodwill (see note 25 for details on goodwill recognised by the Group). If the cost of acquisition is less than the fair value of the net assets and contingent liabilities of the subsidiary acquired, the difference is recognised directly in the income statement.

Where the fair values of the identifiable net assets and contingent liabilities acquired have been determined provisionally, or where contingent or deferred consideration is payable, adjustments arising from their subsequent finalisation are not reflected in the income statement if (i) they arise within 12 months of the acquisition date (or relate to acquisitions completed before 1 January 2014) and (ii) the adjustments arise from better information about conditions existing at the acquisition date (measurement period adjustments). Such adjustments are applied as at the date of acquisition and, if applicable, prior year amounts are restated. All changes that are not measurement period adjustments are reported in income other than changes in contingent consideration not classified as financial instruments, which are accounted for in accordance with the appropriate accounting policy, and changes in contingent consideration classified as equity, which is not remeasured.

Changes in ownership interest in a subsidiary, which do not result in a loss of control, are treated as transactions between equity holders and are reported in equity.

Where a business combination is achieved in stages, the previously held equity interest is remeasured at the acquisition date fair value with the resulting gain or loss recognised in the income statement.

Details of the Group's interest in associates and joint ventures are provided in note 23.

(i) Foreign currencies
Items included in the Group financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency of that entity). Both the Company and Group financial statements are presented in US dollars, which is the functional and presentation currency of the Company and the presentation currency of the Group.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in either the income statement or shareholders' equity depending on the treatment of the gain or loss on the asset or liability.

Foreign currency translation
The results and financial position of all the entities included in the Group financial statements that have a functional currency different from the Group's presentation currency are accounted for as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date
- Income and expenses for each income statement are translated at average exchange rates or at rates on the date of the transaction where exchange rates fluctuate significantly
- All resulting exchange differences arising since 1 January 2004 are recognised as a separate component of equity

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or capital repatriated they are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(j) Income recognition
Income from financial instruments
Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the income statement in the period in which they arise. Contractual interest income and expense on financial instruments held at fair value through profit or loss is recognised within net interest income.

For available-for-sale assets and financial assets and liabilities held at amortised cost, interest income and interest expense is recognised using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instrument's original effective interest rate. The adjustment is recognised as interest income or expense in the period in which the revision is made.

If the financial asset has been reclassified, subsequent increases in the estimates of future cash receipts as a result of increased recoverability are recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Dividends on equity instruments are recognised in the income statement within other income when the Group's right to receive payment is established.

Fees and commissions
Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognised based on the applicable contracts, usually on a time apportionment basis.

(k) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash, on demand and overnight balances with central banks (unless restricted) and balances with less than three months' maturity from the date of acquisition, including treasury bills and other eligible bills, loans and advances to banks, and short-term government securities.

(l) Financial assets and liabilities classification (excluding derivatives)
The Group classifies its financial assets into the following measurement categories: a) financial assets held at fair value through profit or loss; b) loans and receivables; c) held-to-maturity; and d) available-for-sale. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition or, where applicable, at the time of reclassification. Details of financial assets and liabilities held by the Group are provided in notes 15, 16 and 17.

Financial assets and liabilities held at fair value through profit or loss
This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis
- A group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis
- The assets or liabilities include embedded derivatives and such derivatives are required to be recognised separately

For certain loans and advances and debt securities with fixed rates of interest, interest rate swaps have been acquired with the intention of significantly reducing interest rate risk. To significantly reduce the accounting mismatch between assets and liabilities and measurement bases, these loans and advances and debt securities have been designated at fair value through profit or loss. Details of financial assets designated at fair value are disclosed in notes 15 and 16.

The Group has also designated certain financial liabilities at fair value through profit or loss where either the liabilities:

- Have fixed rates of interest and interest rate swaps or other interest rate derivatives have been entered into with the intention of significantly reducing interest rate risk
- Are exposed to foreign currency risk and derivatives have been acquired with the intention of significantly reducing exposure to market changes
- Have been acquired to fund trading asset portfolios or assets, or where the assets and liabilities are managed, and performance evaluated, on a fair value basis for a documented risk management or investment strategy

Designation of certain liabilities at fair value through profit or loss significantly reduces the accounting mismatch between fair value and amortised cost expense recognition. Details of financial liabilities designated at fair value are disclosed in notes 15 and 16.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration.

Held-to-maturity
Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity.

Available-for-sale
Available-for-sale assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates, commodity prices or equity prices.

Further detail on the application of these policies is set out in note 15.

Financial liabilities held at amortised cost
Financial liabilities, which include borrowings not classified held at fair value through profit or loss, are classified as amortised cost instruments.

Preference shares which carry a mandatory coupon that represents a market rate of interest at the issue date, or which are redeemable on a specific date or at the option of the shareholders are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

Fair value of financial assets and liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in the absence of the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when a group of financial assets and financial liabilities is managed on the basis of its net exposure to either market risks or credit risk, the fair value of the group of financial instruments is measured on a net basis.

1. Accounting policies continued

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. If the market for a financial instrument and for unlisted securities is not active, the Group establishes fair value by using valuation techniques.

Initial recognition
Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and financial assets classified as held-to-maturity and available-for-sale, are initially recognised on the trade date (the date on which the Group commits to purchase or sell the asset). Loans are recognised when cash is advanced to the borrowers. All financial instruments are initially recognised at fair value, which is normally the transaction price plus, for those financial assets and liabilities not carried at fair value through profit and loss, directly attributable transaction costs.

In certain circumstances the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely 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.

Subsequent measurement
Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value taken directly to the net trading income line in the income statement.

Available-for-sale financial assets are subsequently carried at fair value, with gains and losses arising from changes in fair value taken to the available-for-sale reserve within equity until the asset is sold, or is impaired, when the cumulative gain or loss is transferred to the income statement.

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities are subsequently stated at amortised cost, with any difference between proceeds net of directly attributable transaction costs and the redemption value recognised in the income statement over the period of the borrowings using the effective interest method.

In addition to these instruments, the carrying value of a financial instrument carried at amortised cost that is the hedged item in a qualifying fair value hedge relationship is adjusted by the fair value gain or loss attributable to the hedged risk.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group considers the following factors in assessing objective evidence of impairment:

- Whether the counterparty is in default of principal or interest payments
- When a counterparty files for bankruptcy protection (or the local equivalent) and this would avoid or delay discharge of its obligation
- Where the Group files to have the counterparty declared bankrupt or files a similar order in respect of a credit obligation
- Where the Group consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments
- Where the Group sells a credit obligation at a material credit-related economic loss; or where there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets

Assets carried at amortised cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan and receivable or held-to-maturity asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Further details on collateral held by the Group is discussed in the Risk and capital review on page 168. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process which considers asset type, industry, geographic location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are based on the probability of default inherent within the portfolio of impaired loans or receivables and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

To the extent a loan is irrecoverable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Further details on the application of these policies is set out in the Risk and capital review on pages 177 to 181.

Available-for-sale assets
Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortised cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is reclassified from equity and recognised in the income statement.

Available-for-sale debt securities are assessed for impairment in the same way as assets carried at amortised cost. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement.

For equity securities, a significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors, in assessing objective evidence of impairment. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Renegotiated loans
Loans whose original terms have been modified, including those subject to forbearance strategies, are considered renegotiated loans. If the renegotiations are on terms that are not consistent with those readily available on the market, this provides objective evidence of impairment and the loan is assessed accordingly.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Further details on offsetting are set out in note 15.

Reclassifications
Reclassifications of financial assets, other than as set out below, or of financial liabilities between measurement categories are not permitted following initial recognition.

Held for trading non-derivative financial assets can only be transferred out of the held at fair value through profit or loss category in the following circumstances: to the available-for-sale category, where, in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the near term; or to the loan and receivables category, where they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets can only be transferred out of the available-for-sale category to the loan and receivables category where they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Held-to-maturity assets must be reclassified to the available-for-sale category if the portfolio becomes tainted following the sale of other than an insignificant amount of held-to-maturity assets prior to their maturity.

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out of the available-for-sale category into loans and receivables, any gain or loss on those assets recognised in shareholders' equity prior to the date of reclassification is amortised to the income statement over the remaining life of the financial asset, using the effective interest method.

Details of reclassifications are set out in note 15.

Sale and repurchase agreements
Securities sold subject to repurchase agreements (repos) remain on the balance sheet; the counterparty liability is included in deposits by banks or customer accounts, as appropriate. Securities purchased under agreements to resell (reverse-repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

Details of repo and reverse-repo transactions entered into by the Group are provided in note 15.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Group has retained control, the assets continue to be recognised to the extent of the Group's continuing involvement.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

If the Group purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is included in Other income.

(m) Derivative financial instruments and hedge accounting
Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. Derivatives are categorised as trading unless they are designated as hedging instruments.

All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains recognised in profit and loss (except where cash flow or net investment hedging has been achieved, in which case the effective portion of changes in fair value is recognised within other comprehensive income).

Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Where the initially recognised fair value of a derivative contract is based on a valuation model that uses inputs which are not observable in the market, it follows the same initial recognition accounting policy as for other financial assets and liabilities. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

1. Accounting policies continued

Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond held, are valued as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Embedded derivatives continue to be presented with the host contract and are not separately disclosed or included within derivatives.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or (3) hedges of the net investment of a foreign operation (net investment hedges).

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met.

The Group and Company document at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Details of the derivative financial instruments held by the Group, including those held for hedge accounting, are provided in note 17.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity or derecognition.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are reclassified to the income statement when the foreign operation is disposed of.

Further details on the application of these policies are set out in note 17.

Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivative instruments not qualifying for hedge accounting are recognised immediately in the income statement.

(n) Financial guarantee contracts
Under a financial guarantee contract, the Group, in return for a fee, undertakes to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so. A financial guarantee is recognised as a liability; initially at fair value and, if not designated as at fair value through profit or loss, subsequently at the higher of its initial value less cumulative amortisation and any provision under the contract measured in accordance with IAS 37. Amortisation is calculated so as to recognise fees receivable in profit or loss over the period of the guarantee.

(o) Leases
Where a Group company is the lessee
The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Group is a lessee under finance leases, the leased assets are capitalised and included in Property, plant and equipment with a corresponding liability to the lessor recognised in Other liabilities. Finance charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

Where a Group company is the lessor
When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

Assets leased to customers under operating leases are included within Property, plant and equipment and depreciated over their useful lives. Rental income on these leased assets is recognised in the income statement on a straight-line basis unless another systematic basis is more representative.

(p) Intangible and tangible fixed assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in Intangible assets. Goodwill on acquisitions of associates is included in Investments in associates. Goodwill included in intangible assets is assessed at each balance sheet date for impairment and carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units (CGUs) and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement.

Goodwill is allocated to CGUs for the purpose of impairment testing. CGUs represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. These are smaller than the Group's reportable segments (as set out in note 2) as the Group views its reportable segments on a global basis. Note 25 sets out the major CGUs to which goodwill has been allocated.

Acquired intangibles
At the date of acquisition of a subsidiary or associate, intangible assets which are deemed separable and that arise from contractual or other legal rights are capitalised and included within the net identifiable assets acquired. These intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the entity, and are amortised on the basis of their expected useful lives (four to 16 years). At each balance sheet date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalised where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortised on the basis of expected useful life (three to five years). Costs associated with maintaining software are recognised as an expense as incurred. At each balance sheet date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Property, plant and equipment
Land and buildings comprise mainly branches and offices. All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated although it is subject to impairment testing. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	up to 50 years
Leasehold improvements	life of lease, up to 50 years
Equipment and motor vehicles	three to 15 years
Aircraft and ships	up to 25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. At each balance sheet date, assets are also assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

Gains and losses on disposals are included in the income statement.

(q) Taxation
Income tax payable on profits is based on the applicable tax law in each jurisdiction and is recognised as an expense in the period in which profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as at the balance sheet date, and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognised in the income statement together with the current or deferred gain or loss.

Details of the income statement tax charge is produced in note 12, and of deferred taxation in note 27.

(r) Provisions
The Group recognises a provision for a present legal or constructive obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

Where a liability arises based on participation in a market at a specified date (such as the UK bank levy), the obligation is recognised in the financial statements on that date and is not accrued over the period.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

(s) Employee benefits
Retirement benefit obligations
The Group operates a number of pension and other post-retirement benefit plans around the world, including defined contribution plans and defined benefit plans.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis, and such amounts are charged to operating expenses. The Group has no further payment obligations once the contributions have been paid.

For funded defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. For unfunded defined benefit plans the liability recognised at the balance sheet date is the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate equal to the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have a term to maturity approximating to the term of the related pension liability.

Actuarial gains and losses that arise are recognised in shareholders' equity and presented in the statement of other comprehensive income in the period they arise. The Group determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payment. Net interest expense and other expense related to defined benefit plans are recognised in the income statement.

Details of the Group's retirement benefit obligations are provided in note 32.

1. Accounting policies continued

Share-based compensation

The Group operates equity-settled and cash-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. For deferred share awards granted as part of an annual performance award, the expense is recognised over the period from the start of the performance period to the vesting date. For example, the expense for awards granted in 2015 in respect of 2014 performance, which vest in 2016-2018, is recognised as an expense over the period from 1 January 2014 to the vesting dates in 2016-2018. For all other awards, the expense is recognised over the period from the date of grant to the vesting date.

For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date of grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Forfeitures prior to vesting attributable to factors other than the failure to satisfy a non-market vesting condition are treated as a cancellation and the remaining unamortised charge is debited to the income statement at the time of cancellation.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled awards are revalued at each balance sheet date and a liability recognised on the balance sheet for all unpaid amounts, with any changes in fair value charged or credited to staff costs in the income statement until the awards are exercised. Where forfeitures occur prior to vesting that are attributable to factors other than a failure to satisfy market-based performance conditions, the cumulative charge incurred up to the date of forfeiture is credited to the income statement.

The Company records the value of the equity-settled awards as a deemed investment in subsidiaries. Any revaluation related to cash-settled awards is recorded as an amount due from subsidiary undertakings.

Details of the Group's share-based compensation schemes are set out in note 35.

(t) Share capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares and preference shares classified as equity are recognised in equity in the period in which they are declared.

Securities which carry a discretionary coupon and have no fixed maturity or redemption date are classified as other equity instruments. Interest payments on these securities are recognised, net of tax, as distributions from equity in the period in which they are paid.

Where the Company or other members of the consolidated Group purchase the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity of the Group and/or of the Company as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity of the Group and/or the Company.

Details of the Group's share capital and other equity instruments are set out in note 33.

(u) Assets held for sale

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in the disposal group) are measured in accordance with the applicable accounting policies described above.

2. Segmental information

The Group is organised on a worldwide basis for management and reporting purposes into four client segments: Corporate & Institutional Clients, Commercial Clients, Private Banking Clients and Retail Clients. The products offered to these client segments are summarised under 'Income by product' below. The focus is on broadening and deepening the relationship with clients, rather than maximising a particular product line. Hence the Group evaluates segmental performance based on overall profit or loss before taxation (excluding corporate items not allocated) and not individual product profitability. Product revenue information is used as a way of assessing client needs and trends in the marketplace. The strategies adopted by the client segments need to be adapted to local market and regulatory requirements, which is the responsibility of country management teams. While not the primary driver of the business, country performance is an important part of the Group's structure and is also used to evaluate performance and reward staff. Corporate items not allocated are not aggregated into the client segments because of the one-off nature of these items.

The Group's entity-wide disclosure, which includes profit before tax, net interest margin and structure of the Group's deposits, comprises geographic areas, classified by the location of the customer, except for Financial Market products, which are classified by the location of the dealer.

Transactions between the client segments and geographic areas are carried out on an arm's-length basis. Apart from the entities that have been acquired in the past two years, the Group's central expenses have been distributed between the client segments and geographic areas in proportion to their direct costs and the benefit of the Group's capital has been distributed between segments in proportion to their average credit risk-weighted assets. In the year in which an acquisition is made, the Group does not charge or allocate the benefit of the Group's capital. The distribution of central expenses is phased in over two years, based on the estimate of central management costs associated with the acquisition.

Performance by client segments

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

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

2. Segmental information continued

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

1. Includes an own credit adjustment of $100 million (Corporate & Institutional) net benefit relating to own credit adjustment and $2 million net losses on businesses sold/held-for-sale
2. Relates to $366 million for UK bank levy and $300 million for US civil monetary penalty
3. Relates to $726 million and $32 million goodwill impairment charge in North East Asia and Greater China respectively
4. Includes capital expenditure of $1,966 million in respect of operating lease asset

The following table details operating income by product:

	2015 $million	2014 $million
Lending and Portfolio Management	**844**	1,026
Transaction Banking	**3,363**	3,802
Trade	**1,593**	1,956
Cash Management and Custody	**1,770**	1,846
Financial Markets[1]	**2,371**	3,500
Corporate Finance	**2,145**	2,487
Wealth Management	**1,729**	1,701
Retail Products	**4,340**	4,840
Cards, Personal Loans and Unsecured Lending	**1,962**	2,576
Deposits	**1,184**	1,222
Mortgage and Auto	**835**	938
Other Retail Products[2]	**359**	104
Asset and Liability Management	**425**	653
Principal Finance	**72**	325
Total operating income[1,2]	**15,289**	18,334

1. Includes $495 million (2014: $100 million) benefit relating to own credit adjustment and $863 million charge relating to a change in the methodology for estimating credit and funding valuation adjustments
2. Includes $218 million net gain (2014: $2 million net loss) relating to businesses sold/held for sale

2. Segmental information continued

Performance by geographic regions and key countries

Entity-wide information

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

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

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

2. Segmental information continued

Entity-wide information

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

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

2. Segmental information continued

Entity-wide information

	2015						
	Hong Kong $million	Singapore $million	Korea $million	India $million	UAE $million	China $million	UK $million
Net interest income	1,633	1,031	789	921	507	703	552
Fees and commissions income, net	985	430	181	215	199	145	9
Net trading income	511	286	(29)	(222)	80	219	(276)
Underlying	461	16	(32)	(222)	79	219	(449)
Own credit adjustment	50	270	3	–	1	–	173
Other operating income	669	83	123	116	41	(58)	99
Operating income[1]	3,798	1,830	1,064	1,030	827	1,009	384
Operating expenses[2]	(1,868)	(976)	(1,426)	(637)	(579)	(820)	(1,038)
Operating profit/(loss) before impairment losses and taxation	1,930	854	(362)	393	248	189	(654)
Impairment losses on loans and advances and other credit risk provisions[3]	(422)	(282)	(249)	(1,341)	(352)	(249)	(611)
Other impairment[3]	(21)	(6)	(11)	(33)	(2)	(25)	(144)
Profit from associates and joint ventures	–	1	–	–	–	173	–
Profit/(loss) before taxation	1,487	567	(622)	(981)	(106)	88	(1,409)
Total assets employed[4,5]	146,889	100,644	46,554	25,901	27,209	28,863	165,601
Of which:							
Loans to customers[5]	55,128	47,394	27,552	16,311	12,456	12,268	23,920
Capital expenditure[6]	897	2	19	8	2	9	43

1. Includes own credit adjustment, change in the methodology for estimating credit and funding valuation adjustments and net gain on businesses sold/held for sale
2. Includes restructuring actions and bank levy
3. Includes restructuring actions
4. Includes intra-group assets
5. Based on the location of the customers rather than the booking location
6. Includes $885 million capital expenditure in Hong Kong relating to operating lease assets

	2014						
	Hong Kong $million	Singapore $million	Korea $million	India $million	UAE $million	China $million	UK $million
Net interest income	1,906	1,164	1,109	966	605	779	731
Fees and commissions income, net	1,040	582	219	225	263	133	83
Net trading income	702	165	–	173	136	(6)	81
Underlying income	609	171	(1)	173	136	(7)	72
Own credit adjustment	93	(6)	1	–	–	1	9
Other operating income	397	116	52	88	66	13	89
Operating income[1]	4,045	2,027	1,380	1,452	1,070	919	984
Operating expenses[2]	(1,792)	(1,093)	(1,121)	(647)	(569)	(758)	(942)
Operating profit before impairment losses and taxation	2,253	934	259	805	501	161	42
Impairment losses on loans and advances and other credit risk provisions	(272)	(80)	(392)	(171)	(63)	(177)	(108)
Other impairment[3]	(169)	(2)	(737)	(73)	–	–	(88)
Profit/(loss) from associates and joint ventures	–	(1)	–	–	–	177	–
Profit/(loss) before taxation	1,812	851	(870)	561	438	161	(154)
Total assets employed[4,5]	156,528	120,845	54,437	30,083	28,322	36,250	172,259
Of which:							
Loans to customers[5]	61,643	55,830	28,600	19,718	14,358	15,939	18,344
Capital expenditure[6]	1,996	355	39	20	2	7	19

1. Includes own credit adjustment, and net losses on businesses sold/held for sale
2. Includes $366 million bank levy in the UK
3. Includes $32 million and $726 million related to goodwill impairment charge in Hong Kong and Korea respectively
4. Includes intra-group assets
5. Based on the location of the customers rather than booking location
6. Includes $1,966 million capital expenditure in Hong Kong relating to operating lease assets

2. Segmental information continued

Deposits structure by geographic regions

The following tables set out the structure of the Group's deposits by principal geographic regions:

	2015								
	Greater China $million	North East Asia $million	South Asia $million	ASEAN $million	MENAP $million	Africa $million	Americas $million	Europe $million	Total $million
Non-interest bearing current and demand accounts	13,615	574	2,876	9,926	7,356	5,263	2,727	1,048	43,385
Interest bearing current accounts and savings deposits	88,598	21,867	2,658	33,818	4,624	3,145	11,609	15,007	181,326
Time deposits	33,582	12,138	8,725	32,731	11,835	2,576	10,410	37,099	149,096
Other deposits	193	510	478	2,540	347	163	4,063	15,274	23,568
Total	135,988	35,089	14,737	79,015	24,162	11,147	28,809	68,428	397,375
Deposits by banks	4,635	3,678	351	4,892	2,342	387	10,967	10,996	38,248
Customer accounts	131,353	31,411	14,386	74,123	21,820	10,760	17,842	57,432	359,127
Protected under government insurance schemes	25,148	8,632	1,090	10,311	786	3,066	–	67	49,100
Other accounts	106,205	22,779	13,296	63,812	21,034	7,694	17,842	57,365	310,027
	135,988	35,089	14,737	79,015	24,162	11,147	28,809	68,428	397,375
Debt securities in issue:									
Senior debt	1,484	2,456	–	–	–	5	–	17,293	21,238
Other debt securities	1,387	3,517	57	4,577	–	18	18,860	19,143	47,559
Subordinated liabilities and other borrowed funds	1,301	315	–	–	24	34	–	20,178	21,852
Total	140,160	41,377	14,794	83,592	24,186	11,204	47,669	125,042	488,024

	2014								
	Greater China $million	North East Asia $million	South Asia $million	ASEAN $million	MENAP $million	Africa $million	Americas $million	Europe $million	Total $million
Non-interest bearing current and demand accounts	12,670	514	3,201	10,579	7,969	5,826	2,610	2,582	45,951
Interest bearing current accounts and savings deposits	86,110	21,369	2,771	39,067	5,051	2,590	17,345	17,885	192,188
Time deposits	57,735	14,476	8,575	47,583	11,422	3,142	28,231	42,214	213,378
Other deposits	220	462	1,001	3,841	412	146	1,689	10,224	17,995
Total	156,735	36,821	15,548	101,070	24,854	11,704	49,875	72,905	469,512
Deposits by banks	5,200	4,202	338	7,283	2,374	687	16,496	18,743	55,323
Customer accounts	151,535	32,619	15,210	93,787	22,480	11,017	33,379	54,162	414,189
Protected under government insurance schemes	26,700	9,309	1,253	12,825	326	2,927	–	69	53,409
Other accounts	124,835	23,310	13,957	80,962	22,154	8,090	33,379	54,093	360,780
	156,735	36,821	15,548	101,070	24,854	11,704	49,875	72,905	469,512
Debt securities in issue:									
Senior debt	1,416	3,919	–	–	–	5	–	18,804	24,144
Other debt securities	3,569	6,234	388	5,004	–	137	17,325	23,987	56,644
Subordinated liabilities and other borrowed funds	1,342	337	–	–	25	46	–	21,197	22,947
Total	163,062	47,311	15,936	106,074	24,879	11,892	67,200	136,893	573,247

The above tables include financial instruments held at fair value (see note 15).

2. Segmental information continued

Deposits structure by key countries

The following tables set out the structure of the Group's deposits by key countries:

	2015						
	Hong Kong $million	Singapore $million	Korea $million	India $million	UAE $million	China $million	UK $million
Non-interest bearing current and demand accounts	12,731	7,313	42	2,085	5,089	756	688
Interest bearing current accounts and savings deposits	67,091	26,773	19,824	1,611	2,170	11,846	11,655
Time deposits	20,512	26,386	8,586	7,371	9,781	7,735	33,792
Other deposits	37	2,069	397	272	310	150	15,255
Total	100,371	62,541	28,849	11,339	17,350	20,487	61,390
Deposits by banks	3,279	4,058	794	337	2,066	962	9,929
Customer accounts	97,092	58,483	28,055	11,002	15,284	19,525	51,461
Protected under government insurance schemes	18,294	5,541	8,632	473	–	56	56
Other accounts	78,798	52,942	19,423	10,529	15,284	19,469	51,405
	100,371	62,541	28,849	11,339	17,350	20,487	61,390
Debt securities in issue:							
Senior debt	151	–	2,456	–	–	794	17,293
Other debt securities	932	4,370	2,016	57	–	–	19,143
Subordinated liabilities and other borrowed funds	1,301	–	315	–	–	–	20,178
Total	102,755	66,911	33,636	11,396	17,350	21,281	118,004

	2014						
	Hong Kong $million	Singapore $million	Korea $million	India $million	UAE $million	China $million	UK $million
Non-interest bearing current and demand accounts	11,874	7,985	80	2,404	5,150	663	931
Interest bearing current accounts and savings deposits	64,562	30,997	19,889	1,600	2,858	10,861	15,820
Time deposits	38,609	36,934	11,106	7,395	9,763	11,697	39,585
Other deposits	39	3,042	411	765	369	176	10,226
Total	115,084	78,958	31,486	12,164	18,140	23,397	66,562
Deposits by banks	4,304	5,231	1,786	325	2,175	793	17,573
Customer accounts	110,780	73,727	29,700	11,839	15,965	22,604	48,989
Protected under government insurance schemes	19,215	6,017	9,309	493	–	57	57
Other accounts	91,565	67,710	20,391	11,346	15,965	22,547	48,932
	115,084	78,958	31,486	12,164	18,140	23,397	66,562
Debt securities in issue:							
Senior debt	–	–	3,919	–	–	817	18,804
Other debt securities	2,737	4,695	3,459	388	–	–	23,987
Subordinated liabilities and other borrowed funds	1,342	–	337	–	–	–	21,197
Total	119,163	83,653	39,201	12,552	18,140	24,214	130,550

The above tables include financial instruments held at fair value (see note 15).

3. Interest income

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

4. Interest expense

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

5. Net fees and commission

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

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

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

6. Net trading income

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

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

2015 includes $863 million of valuation losses relating to the change in the methodology for calculating the credit and funding valuation adjustments (see note 15).

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

7. Other operating income

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

8. Operating expenses

	2015 $million	2014 $million
Staff costs:		
Wages and salaries	**4,924**	5,035
Social security costs	**154**	168
Other pension costs (note 32)	**299**	333
Share-based payment costs (note 35)	**146**	234
Other staff costs	**1,596**	1,018
	7,119	6,788

Variable compensation is included within share-based payments costs and wages and salaries. Further details are disclosed in the Directors' remuneration report on page 115. Other staff costs primarily include redundancy and other restructuring expenses of $695 million due to the ongoing Strategic Review. Other costs include training, travel costs and other staff related costs.

8. Operating expenses continued

The following tables summarise the number of employees within the Group:

	2015		
	Business	Support services	Total
As at 31 December	42,036	42,040	84,076
Average for the year	45,207	42,111	87,318

	2014		
	Business	Support services	Total
As at 31 December	49,638	41,302	90,940
Average for the year	48,642	40,293	88,935

The Company employed nil staff as at 31 December 2015 (2014: nil) and it incurred costs of $4 million (2014: $4 million).

Details of directors' pay and benefits and interests in shares are disclosed in the Directors' remuneration report on pages 116 to 132.

Transactions with directors, officers and other related parties are disclosed in note 43.

	2015 $million	2014 $million
Premises and equipment expenses		
Rental of premises	433	454
Other premises and equipment costs	376	432
Rental of computers and equipment	22	24
	831	910

	2015 $million	2014 $million
General administrative expenses		
UK bank levy[1]	440	366
Civil monetary penalty[2]	–	300
Other general administrative expenses	2,119	2,042
	2,559	2,708

1. The UK bank levy is applied on the chargeable equities and liabilities on the Group's consolidated balance sheet. 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. The rate of the levy for 2015 is the blended rate of 0.197 per cent for chargeable short-term liabilities, with a lower rate of 0.098 per cent generally applied to chargeable equity and long-term liabilities (i.e. liabilities with a remaining maturity greater than one year)
2. In August 2014, Standard Chartered reached a settlement with the New York Department of Financial Services (NYDFS) regarding deficiencies in its anti-money laundering transaction surveillance system at the New York branch

Auditor's remuneration

Auditor's remuneration is included within other general administration expenses. The following fees were payable by the Group to their principal auditor, KPMG LLP and its associates (together KPMG):

	2015 $million	2014 $million
Audit fees for the Group statutory audit:		
Fees relating to the current year	3.9	3.9
Fees payable to KPMG for other services provided to the Group:		
Audit of Standard Chartered PLC subsidiaries, pursuant to legislation		
Fees relating to the current year	10.9	10.8
Total audit and audit related fees	14.8	14.7
Other services pursuant to legislation	5.4	3.1
Tax services	0.4	0.5
Services relating to corporate finance transactions	2.1	–
All other services	0.9	0.5
Total fees payable	23.6	18.8

8. Operating expenses continued

The following is a description of the type of services included within the categories listed above:

- Audit fees are in respect of fees payable to KPMG LLP for the statutory audit of the consolidated financial statements of the Group and the separate financial statements of Standard Chartered PLC. They exclude amounts payable for the audit of Standard Chartered PLC's subsidiaries and amounts payable to KPMG LLP's associates. These amounts have been included in Fees payable to KPMG for other services provided to the Group
- Other services pursuant to legislation include services for assurance and other services that are in relation to statutory and regulatory filings, including comfort letters and interim reviews
- Tax services include tax compliance services and tax advisory services
- Services related to corporate finance transactions include fees payable to KPMG for transaction related work irrespective of whether the Group is vendor or purchaser, such as acquisition due diligence and long-form reports. During 2015, this included $1.7 million in respect of the rights issue
- All other services include other assurance and advisory services such as transaction services, ad hoc accounting advice, reporting accountants work on capital raising and review of financial models

Expenses incurred during the provision of services and which have been reimbursed by the Group are included within auditor's remuneration.

In addition to the above, KPMG estimates it has been paid fees less than $0.2 million (2014: less than $0.2 million) by parties other than the Group but where the Group is connected with the contracting party and therefore may be involved in appointing KPMG. These fees arise from services such as the audit of the Group's pension schemes.

Fees payable to KPMG for non-audit services for Standard Chartered PLC are not separately disclosed because such fees are disclosed on a consolidated basis for the Group.

9. Depreciation and amortisation

	2015 $million	2014 $million
Property, plant and equipment:		
Premises	91	105
Equipment	88	95
Operating lease assets	258	234
	437	434
Intangibles:		
Software	205	165
Acquired on business combinations	22	40
	664	639

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

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

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

An analysis of impairment provisions on loans and advances by geography and client segment is set out within the Risk and capital review on pages 179 and 181.

11. Other impairment

	2015 $million	2014 $million
Impairment of goodwill (see note 25)	488	758
Impairment of fixed assets (see note 26)	149	–
Impairment losses on available-for-sale financial assets:		
Debt securities	5	109
Equity shares	142	47
	147	156
Impairment of investment in associates (see note 23)	46	97
Impairment of acquired intangible assets (see note 25)	1	8
Impairment of commodity assets	–	139
Other	42	9
	873	1,167
Recovery of impairment on disposal of instruments[1]	(18)	(6)
	855	1,161

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

12. Taxation

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

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

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

1. Not meaningful

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

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

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

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

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

12. Taxation continued

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

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

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

13. Dividends

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

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

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

13. Dividends continued

Impact of the 2015 rights issue

On 3 November 2015, the Company announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per new ordinary share. The issue was on the basis of two ordinary shares for every seven ordinary shares held on 18 November 2015. The dividend per share amounts in the table below have been adjusted for the bonus element included within the 2015 rights issue in line with the restatement of prior period earnings per share amounts required by IAS 33 *Earnings per share* (see note 14).

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

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

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

1. Dividends on these preference shares are treated as interest expense and accrued accordingly
2. Dividends on these preference shares classified as equity are recorded in the period in which they are declared

Additional Tier 1 securities	2015 $million	2014 $million
$2 billion fixed rate resetting perpetual subordinated contingent convertible securities[3]	**65**	–

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

14. Earnings per ordinary share

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

1. The (loss)/profit represents the amount attributable to ordinary shareholders, which is (loss)/profit for the year after non-controlling interest and the declaration of dividends payable to the holders of the non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity (see note 13)
2. On 3 November 2015, the Company announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per share. The issue was made as two shares for every seven shares held on 18 November 2015. As required by IAS 33 *Earnings per share* the impact of the bonus element included within the rights issue has been included in the calculations of the basic and diluted earnings per share for the year and prior year (and their normalised equivalent) has been represented accordingly as presented in note 44
3. The impact of anti-dilutive options has been excluded from this amount as required by IAS 33 *Earnings per share*

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

14. Earnings per ordinary share continued

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

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

1. Includes charges relating to restructuring actions
2. In August 2014, Standard Chartered reached a settlement with the New York Department of Financial Services (NYDFS) regarding deficiencies in its anti-money laundering transaction surveillance system at the New York branch. There is no tax relief for this settlement
3. No tax is included in respect of the impairment of goodwill as no tax relief is available
4. The (loss)/profit represents the amount attributable to ordinary shareholders, which is (loss)/profit for the year after non-controlling interest and the declaration of dividends payable to the holders of the non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity (see note 13)

15. Financial instruments

Classification

The accounting policies in note 1 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The Group's classification of its financial assets and liabilities is summarised in the following tables.

		Assets at fair value				Assets at amortised cost			
Assets	Notes	Trading $million	Derivatives held for hedging $million	Designated at fair value through profit or loss $million	Available-for-sale $million	Loans and receivables $million	Held-to-maturity $million	Non-financial assets $million	Total $million
Cash and balances at central banks		–	–	–	–	65,312	–	–	65,312
Financial assets held at fair value through profit or loss									
Loans and advances to banks[1]		1,942	–	333	–	–	–	–	2,275
Loans and advances to customers[1]		3,008	–	1,039	–	–	–	–	4,047
Treasury bills and other eligible bills	16	859	–	–	–	–	–	–	859
Debt securities	16	12,896	–	389	–	–	–	–	13,285
Equity shares	16	2,237	–	698	–	–	–	–	2,935
		20,942	–	2,459	–	–	–	–	23,401
Derivative financial instruments	17	61,812	1,331	–	–	–	–	–	63,143
Loans and advances to banks[1]	18	–	–	–	–	64,494	–	–	64,494
Loans and advances to customers[1]	19	–	–	–	–	257,356	–	–	257,356
Investment securities									
Treasury bills and other eligible bills	21	–	–	–	32,453	–	–	–	32,453
Debt securities	21	–	–	–	77,684	2,700	210	–	80,594
Equity shares	21	–	–	–	1,720	–	–	–	1,720
		–	–	–	111,857	2,700	210	–	114,767
Other assets	22	–	–	–	–	32,408	–	2,193	34,601
Total as at 31 December 2015		82,754	1,331	2,459	111,857	422,270	210	2,193	623,074
Cash and balances at central banks		–	–	–	–	97,282	–	–	97,282
Financial assets held at fair value through profit or loss									
Loans and advances to banks[1]		3,368	–	242	–	–	–	–	3,610
Loans and advances to customers[1]		2,833	–	1,071	–	–	–	–	3,904
Treasury bills and other eligible bills	16	1,720	–	92	–	–	–	–	1,812
Debt securities	16	17,735	–	–	–	–	–	–	17,735
Equity shares	16	4,556	–	1,006	–	–	–	–	5,562
		30,212	–	2,411	–	–	–	–	32,623
Derivative financial instruments	17	64,111	1,723	–	–	–	–	–	65,834
Loans and advances to banks[1]	18	–	–	–	–	83,890	–	–	83,890
Loans and advances to customers[1]	19	–	–	–	–	284,695	–	–	284,695
Investment securities									
Treasury bills and other eligible bills	21	–	–	–	24,073	–	16	–	24,089
Debt securities	21	–	–	–	74,937	2,883	122	–	77,942
Equity shares	21	–	–	–	2,207	–	–	–	2,207
		–	–	–	101,217	2,883	138	–	104,238
Other assets	22	–	–	–	–	30,754	–	7,935	38,689
Total as at 31 December 2014		94,323	1,723	2,411	101,217	499,504	138	7,935	707,251

1. Further analysed in Risk and capital review on pages 162 to 181

15. Financial instruments continued

Liabilities	Notes	Liabilities at fair value: Trading $million	Derivatives held for hedging $million	Designated at fair value through profit or loss $million	Amortised cost $million	Non-financial liabilities $million	Total $million
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	637	–	–	637
Customer accounts		–	–	8,494	–	–	8,494
Debt securities in issue		–	–	8,917	–	–	8,917
Short positions		2,824	–	–	–	–	2,824
		2,824	–	18,048	–	–	20,872
Derivative financial instruments	17	59,390	2,549	–	–	–	61,939
Deposits by banks		–	–	–	37,611	–	37,611
Customer accounts		–	–	–	350,633	–	350,633
Debt securities in issue	28	–	–	–	59,880	–	59,880
Other liabilities	29	–	–	–	31,525	486	32,011
Subordinated liabilities and other borrowed funds	30	–	–	–	21,852	–	21,852
Total as at 31 December 2015		62,214	2,549	18,048	501,501	486	584,798
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	932	–	–	932
Customer accounts		–	–	8,836	–	–	8,836
Debt securities in issue		–	–	8,837	–	–	8,837
Short positions		3,785	–	–	–	–	3,785
		3,785	–	18,605	–	–	22,390
Derivative financial instruments	17	61,896	1,417	–	–	–	63,313
Deposits by banks		–	–	–	54,391	–	54,391
Customer accounts		–	–	–	405,353	–	405,353
Debt securities in issue	28	–	–	–	71,951	–	71,951
Other liabilities	29	–	–	–	30,086	1,151	31,237
Subordinated liabilities and other borrowed funds	30	–	–	–	22,947	–	22,947
Total as at 31 December 2014		65,681	1,417	18,605	584,728	1,151	671,582

Valuation of financial instruments

All financial instruments are initially recognised at fair value on the date of recognition as described within the accounting policies in note 1. 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 to instruments with characteristics similar to those of the instruments held by the Group.

Valuation Control framework

The Valuation Control function is responsible for independent price verification, oversight of fair value adjustments and escalation of valuation issues. Independent price verification is the process of determining the valuations incorporated into the financial statements are validated independent of the Business area responsible for the product. The Valuation Control 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. In inactive markets, direct observation of a traded price may not be possible. The market data used for price verification may include those sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and consensus pricing providers. Valuation Control performs a semi-annual review of the suitability of the market data used for price testing.

Price verification 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.

Formal committees for the business clusters, consisting of representatives from Group Market Risk, Product Control, Valuation Control and the Business meet monthly to discuss and approve the valuations of the inventory. The business cluster valuation committees fall under the Valuation Benchmarks Committee (VBC) as part the of the valuation governance structure.

Valuation hierarchy

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.

15. Financial instruments continued

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
Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 valuations 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
Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data.

The following tables show the classification of financial instruments held at fair value into the valuation hierarchy as at 31 December 2015 and 31 December 2014.

Assets	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	2,275	–	2,275
Loans and advances to customers	–	3,815	232	4,047
Treasury bills and other eligible bills	810	49	–	859
Debt securities	4,492	8,537	256	13,285
Of which:				
Government bonds	4,181	3,993	12	8,186
Issued by corporates other than financial institutions	21	2,555	141	2,717
Issued by financial institutions	290	1,989	103	2,382
Equity shares	2,122	–	813	2,935
Derivative financial instruments	736	61,929	478	63,143
Of which:				
Foreign exchange	67	46,901	291	47,259
Interest rate	1	11,735	9	11,745
Commodity	668	2,838	–	3,506
Credit	–	303	35	338
Equity and stock index	–	152	143	295
Investment securities				
Treasury bills and other eligible bills	28,978	3,393	82	32,453
Debt securities	34,868	42,559	257	77,684
Of which:				
Government bonds	20,435	10,356	53	30,844
Issued by corporates other than financial institutions	10,005	8,818	204	19,027
Issued by financial institutions	4,428	23,385	–	27,813
Equity shares	872	7	841	1,720
Total as at 31 December 2015	72,878	122,564	2,959	198,401
Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	637	–	637
Customer accounts	–	8,493	1	8,494
Debt securities in issue	–	8,422	495	8,917
Short positions	1,222	1,602	–	2,824
Derivative financial instruments	695	60,925	319	61,939
Of which:				
Foreign exchange	86	47,681	246	48,013
Interest rate	–	11,913	38	11,951
Commodity	609	818	–	1,427
Credit	–	300	14	314
Equity and stock index	–	213	21	234
Total as at 31 December 2015	1,917	80,079	815	82,811

There have been no significant changes to valuation or levelling approaches in 2015.

There are no significant transfers of financial assets and liabilities measured at fair value between Level 1 and Level 2 during the year.

15. Financial instruments continued

Assets	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	3,610	–	3,610
Loans and advances to customers	–	3,264	640	3,904
Treasury bills and other eligible bills	1,578	234	–	1,812
Debt securities	8,466	8,874	395	17,735
Of which:				
Government bonds	8,158	1,519	–	9,677
Issued by corporates other than financial institutions	84	2,861	187	3,132
Issued by financial institutions	224	4,494	208	4,926
Equity shares	4,754	–	808	5,562
Derivative financial instruments	759	64,500	575	65,834
Of which:				
Foreign exchange	40	43,665	379	44,084
Interest rate	–	15,157	47	15,204
Commodity	719	4,983	–	5,702
Credit	–	420	20	440
Equity and stock index	–	275	129	404
Investment securities				
Treasury bills and other eligible bills	20,895	3,178	–	24,073
Debt securities	30,696	43,881	360	74,937
Of which:				
Government bonds	16,321	6,053	66	22,440
Issued by corporates other than financial institutions	9,790	9,713	289	19,792
Issued by financial institutions	4,585	28,115	5	32,705
Equity shares	1,248	6	953	2,207
Total as at 31 December 2014	68,396	127,547	3,731	199,674

Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	932	–	932
Customer accounts	–	8,835	1	8,836
Debt securities in issue	–	8,629	208	8,837
Short positions	3,267	518	–	3,785
Derivative financial instruments	863	62,154	296	63,313
Of which:				
Foreign exchange	102	44,814	240	45,156
Interest rate	–	13,677	16	13,693
Commodity	761	2,161	–	2,922
Credit	–	955	10	965
Equity and stock index	–	547	30	577
Total as at 31 December 2014	4,130	81,068	505	85,703

There are no significant transfers of financial assets and liabilities measured at fair value between Level 1 and Level 2 during the year. There have been no significant changes to valuation or levelling approaches in 2014.

Valuation techniques

Loans and advances

These include loans in the global syndications underwriting book which are not syndicated yet. These loans are generally bilateral in nature and their valuation is primarily based on recent trades or proxies, i.e. comparable loans with similar credit grade or sector. Products are classified as Level 2 in cases where observable credit spreads applicable to those products are available. Where there are no recent transactions and reliable comparable loans to proxy from, the valuation of these loans is based on unobservable inputs resulting in them being classified as Level 3.

Debt securities – asset backed securities

Due to the lack of liquidity in the market and the prolonged period of time under which many securities have not traded, relying on external prices only is not a strong enough measure to determine whether an asset has an observable price or not. Therefore, once external pricing has been verified, an assessment is made whether each security is traded with significant liquidity based on its credit rating and sector. If a security is of high credit rating and is traded in a liquid sector, it will be classified as Level 2; otherwise it will be classified as Level 3. Where third-party pricing is not available, the valuation of the security will be estimated from 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. These securities are also classified as Level 3.

15. Financial instruments continued

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 valuation of these debt securities is 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.

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 Earning 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. 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, alternate valuation techniques (for example, discounted cash flow models), 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, 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.

Derivatives

Derivative products are classified as Level 2 if the valuation of the product is based upon 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. These unobservable correlation parameters could only be implied from the market, through methods such as historical analysis and comparison to historical levels or benchmark data.

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, valuation 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 proxied from comparable issuers or assets.

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. In total, the Group has made $1,435 million (2014: $432 million) of valuation adjustments in determining fair value for financial assets and financial liabilities. The main adjustments are described below:

Valuation adjustments	2015 $million	2014 $million
Bid-offer	**72**	66
Credit[1]	**815**	160
Model	**13**	14
Funding valuation adjustment	**366**	111
Others (including Day 1)	**169**	81
Total	**1,435**	432

1. Includes own debit valuation adjustments on derivatives

Bid-offer valuation adjustments

Where market parameters are marked on a mid-market basis in the revaluation systems, 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 adjustments

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

15. Financial instruments continued

Own credit adjustments

The Group calculates own credit adjustments to reflect changes in its own credit standing. The Group's own credit adjustments are calculated on its derivative liabilities and issued debt designated at fair value, including structured notes. The Group's own credit adjustments will increase if its credit standing worsens and, conversely, decrease if its credit standing improves. The Group's own credit adjustments will reverse over time as its liabilities mature.

For derivative liabilities, an own credit 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 internally assessed credit ratings and market standard recovery levels. The expected exposure is modelled based on simulation methodology and is generated through simulation of underlying risk factors over the life of the deal booked against the particular counterparty. This simulation methodology incorporates the collateral posted by the Group and the effects of master netting agreements. The methodology used to determine an own credit adjustment on derivative liabilities is consistent with the methodology used to determine credit valuation adjustment (CVA) on derivative assets.

For issued debt and structured notes designated at fair value, an own credit adjustment is determined by discounting the contractual cash flows using a yield curve adjusted for market observed secondary senior debt issuance spreads above average interbank rates.

Model valuation adjustments

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

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

Day one profit and loss

A financial instrument is initially recognised at fair value, which is generally its transaction price. In cases where the value obtained from the relevant valuation model differs from the transaction price, we record the asset or liability based on our valuation model, but do not recognise that initial difference in profit and loss unless the inputs to the valuation model are observable.

15. Financial instruments continued

Level 3 movement tables – financial assets

The table below analyses movements in Level 3 financial assets carried at fair value.

	Held at fair value through profit or loss					Investment securities			
Assets	Loans and advances to customers $million	Treasury bills $million	Debt securities $million	Equity shares $million	Derivative financial instruments $million	Treasury bills $million	Debt securities $million	Equity shares $million	Total $million
As at 1 January 2015	640	–	395	808	575	–	360	953	3,731
Total (losses)/gains recognised in income statement	(441)	–	5	(75)	22	–	(17)	(24)	(530)
Net trading income	(441)	–	5	(75)	22	–	–	19	(470)
Other operating income	–	–	–	–	–	–	–	30	30
Impairment charge	–	–	–	–	–	–	(17)	(73)	(90)
Total losses recognised in other comprehensive income	–	–	–	–	(4)	(1)	(49)	(20)	(74)
Available-for-sale reserve	–	–	–	–	–	–	(29)	(15)	(44)
Exchange difference	–	–	–	–	(4)	(1)	(20)	(5)	(30)
Purchases	3	–	80	375	101	44	–	398	1,001
Sales	–	–	(161)	(357)	(72)	–	(116)	(304)	(1,010)
Settlements	–	–	(25)	–	(81)	(22)	(52)	–	(180)
Transfers out	–	–	(185)	–	(78)	(78)	(123)	(162)	(626)
Transfers in	30	–	147	62	15	139	254	–	647
As at 31 December 2015	232	–	256	813	478	82	257	841	2,959
Total (losses)/gains recognised in the income statement, within net trading income, relating to change in fair value of assets held as at 31 December 2015	(430)	–	6	(66)	33	–	(17)	1	(473)

Transfers out during the year primarily relate to certain equity loans and advances and corporate debt securities where the valuation parameters became observable during the year and were transferred to Level 1 and Level 2 financial assets.

Transfers in during the year primarily relate to investment in structured notes, corporate debt securities and loans and advances where the valuation parameters become unobservable during the year.

	Held at fair value through profit or loss				Investment securities			
Assets	Loans and advances to customers $million	Debt securities $million	Equity shares $million	Derivative financial instruments $million	Treasury bills $million	Debt securities $million	Equity shares $million	Total $million
As at 1 January 2014	720	159	904	598	19	608	1,456	4,464
Total (losses)/gains recognised in income statement	(181)	7	(107)	(12)	–	(10)	191	(112)
Net trading income	(181)	7	(107)	(12)	–	–	–	(293)
Other operating income	–	–	–	–	–	–	207	207
Other impairment charge	–	–	–	–	–	(10)	(16)	(26)
Total losses recognised in other comprehensive income	–	–	–	–	–	(66)	(144)	(210)
Available-for-sale reserve	–	–	–	–	–	(40)	(138)	(178)
Exchange difference	–	–	–	–	–	(26)	(6)	(32)
Purchases	192	273	444	92	–	17	314	1,332
Sales	(231)	(38)	(241)	(6)	–	(83)	(880)	(1,479)
Settlements	(61)	(19)	–	(107)	–	(34)	–	(221)
Transfers out	(6)	(3)	(192)	(3)	(19)	(127)	–	(350)
Transfers in	207	16	–	13	–	55	16	307
As at 31 December 2014	640	395	808	575	–	360	953	3,731
Total (losses)/gains recognised in the income statement, within net trading income, relating to change in fair value of assets held as at 31 December 2014	(154)	5	54	29	–	(37)	(16)	(119)

Transfers out during the year primarily relate to certain equity loans and advances and corporate debt securities where the valuation parameters became observable during the year and were transferred to Level 1 and Level 2 financial assets.

Transfers in during the year primarily relate to investment in structured notes, corporate debt securities and loans and advances where the valuation parameters become unobservable during the years.

15. Financial instruments continued

Level 3 movement tables – financial liabilities

Liabilities	Customer accounts $million	Debt securities in issue $million	Derivative financial instruments $million	Total $million
As at 1 January 2015	1	208	296	505
Total losses recognised in income statement	–	11	6	17
Net trading income	–	11	6	17
Issues	–	310	40	350
Settlements	–	(176)	(26)	(202)
Transfers out	–	–	(3)	(3)
Transfers in	–	142	6	148
As at 31 December 2015	1	495	319	815
Total losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held as at 31 December 2015	–	–	16	16
As at 1 January 2014	8	39	441	488
Total losses/(gains) recognised in income statement	–	3	(18)	(15)
Net trading income	–	3	(18)	(15)
Issues	–	159	27	186
Settlements	(7)	(24)	(152)	(183)
Transfers in	–	31	(2)	29
As at 31 December 2014	1	208	296	505
Total losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held as at 31 December 2014	–	–	29	29

Transfers out during the year primarily relate to certain financial instruments where the valuation parameters became observable during the year and were transferred to Level 2 financial liabilities.

Transfers in during the year primarily relate to certain financial instruments for which parameters became unobservable during the year.

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 31 December 2015 Assets $million	Liabilities $million	Principal valuation technique	Significant unobservable inputs	Range[1]	Weighted average[2]
Loans and advances to customers	232	1	Comparable pricing/yield	Price/yield	17.2% to 27.5%	24.0%
				Recovery rates	8.0% to 74.0%	35.1%
Debt securities[2]	427	–	Comparable pricing/yield	Price/yield	4.5% to 10.0%	6.5%
Asset backed securities	21	–	Discounted cash flows	Price/yield	1.5% to 2.1%	1.7%
Debt securities in issue	–	495	Internal pricing model	Equity correlation	-35.0% to 98.0%	N/A
			Discounted cash flows	Credit spreads	0.7% to 4.0%	3.4%
Government bonds	147	–	Discounted cash flows	Price/yield	2.4% to 7.0%	5.1%
			Comparable pricing/yield	Price/yield	91.6% to 101.1%	96.6%
Derivative financial instruments of which:						
Foreign exchange	291	246	Option pricing model	Foreign exchange option implied volatility	5.1% to 8.6%	7.0%
Interest rate	9	38	Discounted cash flows	Interest rate curves	0.3% to 10.7%	4.6%
			Spread option model	Interest rate correlation	97.9% to 98.3%	98.1%
Credit	35	14	Discounted cash flows	Credit spreads	0.1% to 4.0%	1.9%
Equity	143	21	Internal pricing model	Equity correlation	-35.0% to 98.0%	N/A
Equity shares (includes private equity investments)	1,654	–	Comparable pricing/yield	EV/EBITDA multiples	7.8x to 13.7x	10.1x
				P/E multiples	13.9x to 19.5x	16.3x
				Liquidity discount	10.0% to 20.0%	14.2%
			Discounted cash flows	Discount rates	10.6% to 29.3%	13.0%
Total	2,959	815				

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 2015. 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 have 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

15. Financial instruments continued

The following section describes the significant unobservable inputs identified in the valuation technique table.

Credit spreads
Credit spreads represent the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument.

Recovery rates
Recovery rate 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.

Comparable price/yield
Comparable pricing is a valuation methodology in which a 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 (e.g. 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
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.

Volatility
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.

Interest rate curves
Interest rate curve is the term structure of interest rates and measure of future interest rates at a particular point of time.

EV/EBITDA ratio multiples
This 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 in isolation will result in a favourable movement in the fair value of the unlisted firm.

Price-Earnings (P/E) multiples
P/E multiple is the ratio of the market capitalisation to the net income after tax. The multiples are determined from multiples of listed comparables, which are observable. An increase in P/E multiple will result in a favourable movement in the fair value of the unlisted firm.

Liquidity discounts in the valuation of unlisted investments
A liquidity discount is 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 unfavourable movement in the fair value of the unlisted firm.

15. 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. We apply a 10 per cent increase or decrease on the values of these unobservable, reasonably possible alternatives that could have increased fair values of financial instruments inputs, in order to generate a range of reasonably possible alternative valuations. The percentage shift is determined by statistical analyses performed on a set of reference prices based on the composition of our Level 3 assets. Favourable and unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameters. This Level 3 sensitivity analysis assumes a one way market move and does not consider offsets for hedges.

	Held at fair value through profit or loss			Available-for-sale		
	Net exposure $million	Favourable changes $million	Unfavourable changes $million	Net exposure $million	Favourable changes $million	Unfavourable changes $million
Financial instruments held at fair value						
Debt securities	256	261	251	257	266	247
Equity shares	813	895	731	841	937	745
Loans and advances	231	259	217	–	–	–
Treasury bills	–	–	–	82	83	81
Derivative financial instruments	159	423	(106)	–	–	–
Debt securities in issue	(495)	(482)	(508)	–	–	–
As at 31 December 2015	964	1,356	585	1,180	1,286	1,073
Financial instruments held at fair value						
Debt securities	395	404	385	360	386	337
Equity shares	808	889	727	953	1,048	858
Loans and advances	639	661	620	–	–	–
Treasury bills	–	–	–	–	–	–
Derivative financial instruments	279	334	222	–	–	–
Debt securities in issue	(208)	(202)	(214)	–	–	–
As at 31 December 2014	1,913	2,086	1,740	1,313	1,434	1,195

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 available-for-sale by the amounts disclosed below.

Financial instruments	Fair value changes	2015 $million	2014 $million
Designated at fair value through profit or loss	Possible increase	392	173
	Possible decrease	(379)	(173)
Available-for-sale	Possible increase	106	121
	Possible decrease	(107)	(118)

Valuation of financial instruments measured at amortised cost on a recurring basis

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/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.

		Fair value			
	Carrying value $million	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Assets					
Cash and balances at central banks[1]	65,312	–	65,312	–	65,312
Loans and advances to banks	64,494	–	64,522	161	64,683
Loans and advances to customers	257,356	–	6,547	250,334	256,881
Investment securities	2,910	–	2,836	71	2,907
Other assets[1]	32,408	–	32,409	–	32,409
As at 31 December 2015	422,480	–	171,626	250,566	422,192
Liabilities					
Deposits by banks	37,611	–	38,058	–	38,058
Customer accounts	350,633	–	350,614	–	350,614
Debt securities in issue	59,880	17,612	42,230	–	59,842
Subordinated liabilities and other borrowed funds	21,852	20,495	426	–	20,921
Other liabilities[1]	31,525	–	31,525	–	31,525
As at 31 December 2015	501,501	38,107	462,853	–	500,960

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

15. Financial instruments continued

	Carrying value $million	Fair value Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Assets					
Cash and balances at central banks[1]	97,282	–	97,282	–	97,282
Loans and advances to banks	83,890	–	83,843	180	84,023
Loans and advances to customers	284,695	–	5,450	278,398	283,848
Investment securities	3,021	–	3,031	28	3,059
Other assets[1]	30,754	–	30,753	–	30,753
As at 31 December 2014	499,642	–	220,359	278,606	498,965
Liabilities					
Deposits by banks	54,391	–	54,427	–	54,427
Customer accounts	405,353	–	405,879	–	405,879
Debt securities in issue	71,951	19,119	52,682	–	71,801
Subordinated liabilities and other borrowed funds	22,947	20,549	1,880	–	22,429
Other liabilities[1]	30,086	–	30,086	–	30,086
As at 31 December 2014	584,728	39,668	544,954	–	584,622

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

Analysis of loans and advances to customers by client segment

	2015					
	Carrying value			**Fair value**		
	Impaired $million	**Not impaired $million**	**Total $million**	**Impaired $million**	**Not impaired $million**	**Total $million**
Corporate & Institutional Clients	**5,156**	**131,177**	**136,333**	**5,204**	**131,565**	**136,769**
Commercial Clients	**498**	**10,609**	**11,107**	**503**	**9,859**	**10,362**
Private Banking Clients	**322**	**14,746**	**15,068**	**322**	**14,745**	**15,067**
Retail Clients	**493**	**94,355**	**94,848**	**506**	**94,177**	**94,683**
As at 31 December	**6,469**	**250,887**	**257,356**	**6,535**	**250,346**	**256,881**

	2014					
	Carrying value			Fair value		
	Impaired $million	Not impaired $million	Total $million	Impaired $million	Not impaired $million	Total $million
Corporate & Institutional Clients	3,238	150,828	154,066	3,246	150,434	153,680
Commercial Clients	545	14,106	14,651	545	14,085	14,630
Private Banking Clients	32	18,024	18,056	32	18,028	18,060
Retail Clients	388	97,534	97,922	391	97,087	97,478
As at 31 December	4,203	280,492	284,695	4,214	279,634	283,848

15. Financial instruments continued

Analysis of loans and advances to customers by geographical segment

	2015					
	Carrying value			Fair value		
	Impaired $million	Not impaired $million	Total $million	Impaired $million	Not impaired $million	Total $million
Greater China	567	75,329	75,896	566	74,858	75,424
North East Asia	87	28,492	28,579	87	28,491	28,578
South Asia	556	12,021	12,577	556	12,003	12,559
ASEAN	1,043	63,041	64,084	1,084	63,315	64,399
MENAP	714	14,816	15,530	714	14,809	15,523
Africa	327	6,394	6,721	352	6,363	6,715
Americas	13	9,753	9,766	14	9,465	9,479
Europe	3,162	41,041	44,203	3,162	41,042	44,204
As at 31 December	6,469	250,887	257,356	6,535	250,346	256,881

	2014					
	Carrying value			Fair value		
	Impaired $million	Not impaired $million	Total $million	Impaired $million	Not impaired $million	Total $million
Greater China	480	86,691	87,171	480	86,173	86,653
North East Asia	141	29,415	29,556	141	29,434	29,575
South Asia	684	13,390	14,074	683	13,369	14,052
ASEAN	324	74,442	74,766	324	74,231	74,555
MENAP	1,357	17,151	18,508	1,367	17,150	18,517
Africa	364	7,996	8,360	366	8,026	8,392
Americas	37	10,811	10,848	37	10,655	10,692
Europe	816	40,596	41,412	816	40,596	41,412
As at 31 December	4,203	280,492	284,695	4,214	279,634	283,848

The following sets out the Group's basis of 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 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.

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 reprices within one month, and approximately half reprices 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, subject to any significant movement in credit spreads. 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, where appropriate, credit spreads. 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.

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 inputs proxied from the same or closely related underlying (for example, bond spreads from the same or closely related issuer) or inputs proxied from a different underlying (for example, a similar bond but using spreads for a particular sector and rating). Certain instruments cannot be proxied 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 relate to asset backed securities. The fair value for such instruments is usually proxied from internal assessments of the underlying cash flows. The Group has a wide range of individual investments within the unlisted debt securities portfolio. Given the number of instruments involved, providing quantification of the key assumptions used to value such instruments is impractical, with no one assumption being material.

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. Following the adoption of IFRS 13 the Group also adjusts the fair value of deposits and borrowings for own credit adjustment using the principles described above.

15. Financial instruments continued

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.

Reclassification of financial assets

In 2008, the Group reclassified certain non-derivative financial assets classified as held for trading into the available-for-sale (AFS) category as these were no longer considered to be held for the purpose of selling or repurchasing in the near term. At the time of transfer, the Group identified the rare circumstances permitting such a transfer as the impact of the credit crisis in financial markets, particularly from the beginning of 2008, which significantly impacted the liquidity in certain markets. The Group also reclassified certain eligible financial assets from trading and available-for-sale categories to loans and receivables where the Group had the intent and ability to hold the reclassified assets for the foreseeable future or until maturity. There have been no reclassifications since 2008.

The following tables provide details of the remaining balances of assets reclassified during 2008.

For assets reclassified:	Carrying amount as at 31 December 2015 $million	Fair value as at 31 December 2015 $million	If assets had not been reclassified, fair value gains from 1 January 2015 to 31 December 2015 that would have been recognised within		Income recognised in income statement $million	Effective interest rate at date of reclassification %	Estimated amounts of expected cash flows $million
			Income $million	AFS reserve $million			
From trading to AFS	–	–	–	–	3	6.4	–
From trading to loans and receivables	35	36	1	–	3	5.3	39
From AFS to loans and receivables	88	84	–	(3)	11	5.6	120
	123	120	1	(3)	17		
Of which asset backed securities:							
reclassified to AFS	–	–	–	–	3		
reclassified to loans and receivables	100	99	2	(3)	14		

For assets reclassified:	Carrying amount as at 31 December 2014 $million	Fair value as at 31 December 2014 $million	If assets had not been reclassified, fair value gains from 1 January 2014 to 31 December 2014 that would have been recognised within		Income recognised in income statement $million	Effective interest rate at date of reclassification %	Estimated amounts of expected cash flows $million
			Income $million	AFS reserve $million			
From trading to AFS	38	38	2[1]	–	1	8.7	54
From trading to loans and receivables	99	95	2	–	7	6.0	108
From AFS to loans and receivables	243	260	–	6	25	5.5	162
	380	393	4	6	33		
Of which asset backed securities:							
reclassified to AFS	38	38	2[1]	–	1		
reclassified to loans and receivables	316	334	2	6	29		

1. Post-reclassification, the gain is recognised within the available-for-sale reserve

15. Financial instruments continued

Repurchase transactions

The Group enters into collateralised repurchase agreements (repos) and securities borrowing and lending transactions. These transactions typically entitle the Group and its counterparties to have recourse to assets similar to those provided as collateral in the event of a default. Securities sold subject to repos continue to be recognised on the balance sheet as the Group retains substantially the associated risk and rewards of the securities. The counterparty liability is included in deposits by banks or customer accounts, as appropriate. Assets sold under repurchase agreements are considered encumbered as the Group cannot pledge these to obtain funding.

The table below sets out the financial assets provided by the Group as collateral for repurchase transactions.

Collateral pledged against repurchase agreements	Fair value through profit and loss $million	Available-for-sale $million	Loans and receivables $million	Total $million
On-balance sheet				
Treasury bills and other eligible bills	–	98	–	98
Debt securities	487	520	–	1,007
Off-balance sheet				
Repledged collateral received	491	–	21,694	22,185
As at 31 December 2015	978	618	21,694	23,290
Balance sheet liabilities – repurchase agreements				
Deposits by banks				7,598
Customer accounts				13,008
As at 31 December 2015				20,606

Collateral pledged against repurchase agreements	Fair value through profit and loss $million	Available-for-sale $million	Loans and receivables $million	Total $million
On-balance sheet				
Treasury bills and other eligible bills	342	90	–	432
Debt securities	1,375	1,787	–	3,162
Off-balance sheet				
Repledged collateral received	376	–	14,465	14,841
As at 31 December 2014	2,093	1,877	14,465	18,435
Balance sheet liabilities – repurchase agreements				
Deposits by banks				9,984
Customer accounts				6,324
As at 31 December 2014				16,308

15. Financial instruments continued

Reverse repurchase agreements

The Group also undertakes reverse repurchase (reverse repo) lending agreements with counterparties, typically financial institutions, in exchange for collateral. Reverse repo agreements entitle the Group to have recourse to assets similar to those received as collateral in the event of a default. In addition, the Group also obtains collateral on terms that permit the Group to repledge or resell the collateral to others. The Group does not recognise the securities bought under reverse repos as collateral on its balance sheet as the Group is not substantially entitled to the risks and rewards associated with those assets and instead recognises the lending as loans and advances to banks or customers, as appropriate. The Group's reverse repos as at 31 December 2015 and 31 December 2014 are set out in the table below.

Balance sheet assets – reverse repurchase agreements

	2015 $million	2014 $million
Loans and advances to banks	**17,330**	18,435
Loans and advances to customers	**15,307**	11,421
	32,637	29,856

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:

	2015 $million	2014 $million
Securities and collateral received (at fair value)	**53,357**	33,742
Securities and collateral which can be repledged or sold (at fair value)	**52,841**	27,910
Thereof repledged/transferred to others for financing activities, to satisfy commitments under short sale transactions or liabilities under sale and repurchase agreements (at fair value)	**22,185**	14,841

Securitisation transactions

The Group has also entered into a number of securitisation transactions where the underlying loans and advances have been transferred to structured entities (SEs) that are fully consolidated by the Group. As a result, the Group continues to recognise the assets on its balance sheet, together with the associated liability instruments issued by the SEs. The holders of the liability instruments have recourse only to the assets transferred to the SEs.

The following table sets out the carrying value and fair value of the assets transferred and the carrying value and fair value of the associated liabilities as at 31 December 2015 and 31 December 2014 respectively.

	2015		2014	
	Carrying value $million	**Fair value $million**	Carrying value $million	Fair value $million
Loans and advances to customers	**76**	**76**	27	27
Securitisation liability	**43**	**43**	28	28
Net	**33**	**33**	(1)	(1)

The Group did not undertake any transactions that required the recognition of an asset representing continuing involvement in financial assets.

15. Financial instruments continued

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Impact of offset in the balance sheet

In accordance with IAS 32 *Financial Instruments: Presentation,* the Group is permitted to offset assets and liabilities and present these net on the Group's balance sheet, only if there is a legally enforceable right to set off and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Amounts not offset in the balance sheet

In practice, the Group is able to offset assets and liabilities which do not meet the IAS 32 netting criteria set out above. Such arrangements include master netting arrangements for derivatives and global master repurchase agreements for repurchase and reverse repurchase transactions. These agreements generally allow that all outstanding transactions with a particular counterparty can be offset, but only in the event of default or other predetermined events.

In addition, the Group also receives and pledges readily realisable collateral for derivative transactions to cover net exposure in the event of a default. Under repurchase and reverse repurchase agreements the Group pledges (legally sell) and obtains (legally purchase) respectively, highly liquid assets which can be sold in the event of a default.

The following tables set out the following:

Impact of netting on the balance sheet. This comprises derivative transactions settled through an enforceable netting agreement where we have the intent and ability to settle net and which are offset on the balance sheet.

Related amounts not offset in the balance sheet. This comprises:

- Financial instruments not offset in the balance sheet, but covered by an enforceable netting arrangement. This comprises master netting arrangements held against derivative financial instruments and excludes the effect of over-collateralisation
- Financial collateral. This comprises cash collateral pledged and received for derivative financial instruments and collateral bought and sold for reverse repurchase and repurchase agreements respectively and excludes the effect of over-collateralisation

	2015					
	Gross amounts of recognised financial instruments $million	Impact of offset in the balance sheet $million	Net amounts of financial instruments presented in the balance sheet $million	Related amount not offset in the balance sheet		Net amount $million
				Financial instruments $million	Financial collateral $million	
Assets						
Derivative financial instruments	69,872	(6,729)	63,143	(38,934)	(10,074)	14,135
Reverse repurchase agreements	32,637	–	32,637	–	(32,637)	–
As at 31 December 2015	102,509	(6,729)	95,780	(38,934)	(42,711)	14,135
Liabilities						
Derivative financial instruments	68,668	(6,729)	61,939	(38,934)	(13,430)	9,575
Sale and repurchase liabilities	20,606	–	20,606	–	(20,606)	–
As at 31 December 2015	89,274	(6,729)	82,545	(38,934)	(34,036)	9,575

	2014					
	Gross amounts of recognised financial instruments $million	Impact of offset in the balance sheet $million	Net amounts of financial instruments presented in the balance sheet $million	Related amount not offset in the balance sheet		Net amount $million
				Financial instruments $million	Financial collateral $million	
Assets						
Derivative financial instruments	74,272	(8,438)	65,834	(43,735)	(7,005)	15,094
Reverse repurchase agreements	29,856	–	29,856	–	(29,856)	–
As at 31 December 2014	104,128	(8,438)	95,690	(43,735)	(36,861)	15,094
Liabilities						
Derivative financial instruments	71,751	(8,438)	63,313	(43,735)	(10,311)	9,267
Sale and repurchase liabilities	16,308	–	16,308	–	(16,308)	–
As at 31 December 2014	88,059	(8,438)	79,621	(43,735)	(26,619)	9,267

16. Financial instruments held at fair value through profit or loss

Loans and advances held at fair value through profit or loss

The maximum exposure to credit risk for loans designated at fair value through profit or loss was $1,372 million (2014: $1,313 million).

The net fair value gain on loans and advances to customers designated at fair value through profit or loss was $2 million (2014: $78 million). Of this, $nil (2014: $nil) relates to changes in credit risk. The cumulative fair value movement relating to changes in credit risk was $3 million (2014: $3 million).

The changes in fair value attributable to credit risk has been determined by comparing fair value movements in risk-free bonds with similar maturities to the changes in fair value of loans designated at fair value through profit or loss.

Debt securities, equity shares and treasury bills held at fair value through profit or loss

	2015			
	Debt securities $million	Equity shares $million	Treasury bills $million	Total $million
Issued by public bodies:				
Government securities	8,091			
Other public sector securities	88			
	8,179			
Issued by banks:				
Certificates of deposit	87			
Other debt securities	1,327			
	1,414			
Issued by corporate entities and other issuers:				
Other debt securities	3,692			
Total debt securities	13,285			
Of which:				
Listed on a recognised UK exchange	116	–	–	116
Listed elsewhere	8,516	1,648	282	10,446
Unlisted	4,653	1,287	577	6,517
	13,285	2,935	859	17,079
Market value of listed securities	8,632	1,648	282	10,562

	2014			
	Debt securities $million	Equity shares $million	Treasury bills $million	Total $million
Issued by public bodies:				
Government securities	9,677			
Other public sector securities	141			
	9,818			
Issued by banks:				
Certificates of deposit	2,975			
Other debt securities	1,222			
	4,197			
Issued by corporate entities and other issuers:				
Other debt securities	3,720			
Total debt securities	17,735			
Of which:				
Listed on a recognised UK exchange	126	71	–	197
Listed elsewhere	7,419	3,876	572	11,867
Unlisted	10,190	1,615	1,240	13,045
	17,735	5,562	1,812	25,109
Market value of listed securities	7,545	3,948	572	12,065

Financial liabilities held at fair value through profit or loss

The net fair value gain on liabilities designated at fair value through profit or loss was $104 million for the year (2014: net loss of $734 million). The amount includes $495 million (2014: $100 million) relating to changes in credit risk. The cumulative fair value movement relating to changes in credit risk was a gain of $691 million (2014: gain of $196 million). The change in fair value attributable to credit risk was determined by comparing fair value movements in risk-free debt instruments with similar maturities to the changes in fair value of liabilities designated at fair value through profit or loss.

17. Derivative financial instruments

The tables below analyse the notional principal amounts and the positive and negative fair values of the Group's derivative financial instruments. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

	2015			2014		
Derivatives	**Notional principal amounts $million**	**Assets $million**	**Liabilities $million**	Notional principal amounts $million	Assets $million	Liabilities $million
Foreign exchange derivative contracts:						
Forward foreign exchange contracts	**1,846,097**	**20,379**	**20,013**	1,611,476	19,265	20,649
Currency swaps and options	**1,325,425**	**26,880**	**28,000**	1,589,989	24,819	24,507
Exchange traded futures and options	**454**	**–**	**–**	300	–	–
	3,171,976	**47,259**	**48,013**	3,201,765	44,084	45,156
Interest rate derivative contracts:						
Swaps	**2,121,493**	**10,810**	**10,780**	2,264,473	14,325	12,874
Forward rate agreements and options	**72,776**	**935**	**1,171**	186,796	879	819
Exchange traded futures and options	**586,588**	**–**	**–**	1,313,920	–	–
	2,780,857	**11,745**	**11,951**	3,765,189	15,204	13,693
Credit derivative contracts	**23,561**	**338**	**314**	32,055	440	965
Equity and stock index options	**9,384**	**295**	**234**	16,585	404	577
Commodity derivative contracts	**96,984**	**3,506**	**1,427**	130,058	5,702	2,922
Total derivatives	**6,082,762**	**63,143**	**61,939**	7,145,652	65,834	63,313

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. Details of the amounts available for offset are set out in note 15 on page 281.

The Derivatives and Hedging sections of the Risk and capital review on page 190 explain the Group's risk management of derivative contracts and application of hedging.

Derivatives held for hedging

Hedge accounting is applied to derivatives and hedged items when the criteria under IAS 39 have been met. The tables below list the types of derivatives that the Group holds for hedge accounting.

	2015			2014		
	Notional principal amounts $million	**Assets $million**	**Liabilities $million**	Notional principal amounts $million	Assets $million	Liabilities $million
Derivatives designated as fair value hedges:						
Interest rate swaps	**52,826**	**736**	**233**	48,427	671	335
Forward foreign exchange contracts	**5**	**–**	**–**	12	1	–
Currency swaps	**29,199**	**510**	**2,247**	30,953	905	892
	82,030	**1,246**	**2,480**	79,392	1,577	1,227
Derivatives designated as cash flow hedges:						
Interest rate swaps	**8,777**	**3**	**20**	9,465	5	17
Forward foreign exchange contracts	**1,589**	**3**	**46**	2,375	4	75
Currency swaps	**2,621**	**40**	**3**	6,524	62	98
	12,987	**46**	**69**	18,364	71	190
Derivatives designated as net investment hedges:						
Forward foreign exchange contracts	**1,339**	**39**	**–**	1,098	75	–
Total derivatives held for hedging	**96,356**	**1,331**	**2,549**	98,854	1,723	1,417

17. Derivative financial instruments continued

Fair value hedges

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding.

For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged item, both of which are recognised in profit and loss. In respect of fair value hedges, net losses arising on the hedging instruments during the year were $192 million (2014: net gains of $1,272 million) compared to net gains arising on the hedged items of $198 million (2014: net losses of $1,301 million).

Cash flow hedges

The Group uses interest rate swaps to manage the variability in future cash flows on assets and liabilities that have floating rates of interest by exchanging the floating rates for fixed rates. It also uses foreign exchange contracts, currency swaps and options to manage the variability in future exchange rates on its assets and liabilities and costs in foreign currencies.

Gains and losses arising on the effective portion of the hedges are deferred in equity until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit and loss.

	2015 $million	2014 $million
Losses reclassified from reserves to income statement	**(107)**	(13)
Losses recognised in operating costs	**(118)**	(13)
Gain recognised in net income	**11**	–

The Group has hedged the following cash flows which are expected to impact the income statement in the following years:

	2015						
	Less than one year $million	One to two years $million	Two to three years $million	Three to four years $million	Four to five years $million	Over five years $million	Total $million
Forecast receivable cash flows	**55**	**49**	**30**	**26**	**12**	**–**	**172**
Forecast payable cash flows	**(1,504)**	**(10)**	**(5)**	**(1)**	**–**	**–**	**(1,520)**
	(1,449)	**39**	**25**	**25**	**12**	**–**	**(1,348)**

	2014						
	Less than one year $million	One to two years $million	Two to three years $million	Three to four years $million	Four to five years $million	Over five years $million	Total $million
Forecast receivable cash flows	99	54	34	10	2	–	199
Forecast payable cash flows	(1,654)	(22)	(11)	(4)	(1)	–	(1,692)
	(1,555)	32	23	6	1	–	(1,493)

Net investment hedges

The Group uses a combination of foreign exchange contracts and non-derivative financial assets to manage the variability in future exchange rates on its net investments in foreign currencies. Gains and losses arising on the effective portion of the hedges are deferred in equity until the net investment is disposed of. During the year, $nil (2014: $nil) was recognised in the income statement in respect of ineffectiveness arising on net investment hedges.

18. Loans and advances to banks

	2015 $million	2014 $million
Loans and advances to banks	**66,933**	87,601
Individual impairment provision	**(163)**	(99)
Portfolio impairment provision	**(1)**	(2)
	66,769	87,500
Of which: loans and advances held at fair value through profit or loss (note 15)	**(2,275)**	(3,610)
	64,494	83,890[1]

1. Loans and advances to banks (net of provision) totalling $nil (2014: $260 million) has been reclassified and disclosed as held for sale in note 22

Analysis of loans and advances to banks by geographic region as set out in the Risk and capital review on page 163.

19. Loans and advances to customers

	2015 $million	2014 $million
Loans and advances to customers	**268,083**	292,571
Individual impairment provision	**(6,023)**	(3,276)
Portfolio impairment provision	**(657)**	(696)
	261,403	288,599
Of which: loans and advances held at fair value through profit or loss (note 15)	**(4,047)**	(3,904)
	257,356	284,695[1]

1. Loans and advances to customers (net of provision) totalling $nil (2014: $2.7 billion) has been reclassified and disclosed as held for sale in note 22

The Group has outstanding residential mortgage loans to Korea residents of $13.4 billion (2014: $12.9 billion) and Hong Kong residents of $27.7 billion (2014: $25.5 billion).

Analysis of loans and advances to customers by geographic region and client segments and related impairment provisions as set out within the Risk and capital review on pages 163 to 181.

20. Assets leased to customers

Finance leases and instalment credit

	2015 $million	2014 $million
Finance leases	**364**	423
Instalment credit agreements	**687**	907
	1,051	1,330

The above assets are included within loans and advances to customers. The cost of assets acquired during the year for leasing to customers under finance leases and instalment credit agreements amounted to $269 million (2014: $444 million).

	2015 $million	2014 $million
Minimum lease receivables under finance leases falling due:		
Within one year	**50**	167
Later than one year and less than five years	**248**	204
After five years	**144**	137
	442	508
Interest income relating to future periods	**(78)**	(85)
Present value of finance lease receivables	**364**	423
Of which:		
Falls due within one year	**37**	156
Falls due later than one year and less than five years	**220**	167
Falls due after five years	**107**	100

Operating lease assets

Assets leased to customers under operating leases consist of commercial aircraft and ships which are included within property, plant and equipment in note 26. As at 31 December 2015 these assets had a net book value of $5,514 million (2014: $6,085 million).

	2015 $million	2014 $million
Minimum lease receivables under operating leases falling due:		
Within one year	**588**	619
Later than one year and less than five years	**2,042**	1,874
After five years	**1,427**	2,111
	4,057	4,604

21. Investment securities

	2015					
	Debt securities					
	Held-to-maturity $million	Available-for-sale $million	Loans and receivables $million	Equity shares $million	Treasury bills $million	Total $million
Issued by public bodies:						
Government securities	159	35,086	–			
Other public sector securities	–	2,215	37			
	159	37,301	37			
Issued by banks:						
Certificates of deposit	–	4,076	–			
Other debt securities	–	22,110	15			
	–	26,186	15			
Issued by corporate entities and other issuers:						
Other debt securities	51	14,197	2,648			
Total debt securities	210	77,684	2,700			
Of which:						
Listed on a recognised UK exchange	–	15,992	120[1]	8	2,057	18,177
Listed elsewhere	51	31,837	483[1]	782	14,703	47,856
Unlisted	159	29,855	2,097	930	15,693	48,734
	210	77,684	2,700	1,720	32,453	114,767
Market value of listed securities	51	47,829	603	790	16,760	66,033

	2014					
	Debt securities					
	Held-to-maturity $million	Available-for-sale $million	Loans and receivables $million	Equity shares $million	Treasury bills $million	Total $million
Issued by public bodies:						
Government securities	62	28,296	–			
Other public sector securities	–	926	10			
	62	29,222	10			
Issued by banks:						
Certificates of deposit	–	6,236	–			
Other debt securities	–	23,155	17			
	–	29,391	17			
Issued by corporate entities and other issuers:						
Other debt securities	60	16,324	2,856			
Total debt securities	122	74,937	2,883			
Of which:						
Listed on a recognised UK exchange	–	8,971	96[1]	256	–	9,323
Listed elsewhere	–	27,580	505[1]	974	10,898	39,957
Unlisted	122	38,386	2,282	977	13,191	54,958
	122	74,937	2,883	2,207	24,089	104,238
Market value of listed securities	–	36,551	601	1,230	10,898	49,280

1. These debt securities listed or registered on a recognised UK exchange or elsewhere are thinly traded or the market for these securities is illiquid

Equity shares largely comprise investments in corporates.

21. Investment securities continued

The change in the carrying amount of investment securities comprised:

	2015				2014			
	Debt securities $million	**Equity shares $million**	**Treasury bills $million**	**Total $million**	Debt securities $million	Equity shares $million	Treasury bills $million	Total $million
As at 1 January	**77,942**	**2,207**	**24,089**	**104,238**	73,374	3,099	26,243	102,716
Exchange translation differences	**(2,868)**	**(4)**	**(966)**	**(3,838)**	(2,411)	(5)	(693)	(3,109)
Additions	**132,800**	**375**	**76,300**	**209,475**	135,920	224	59,910	196,054
Maturities and disposals	**(127,184)**	**(699)**	**(67,244)**	**(195,127)**	(129,202)	(1,173)	(61,680)	(192,055)
Transfers to assets held for sale	**–**	**–**	**–**	**–**	(18)	(1)	(1)	(20)
Impairment, net of recoveries on disposal	**(71)**	**(124)**	**–**	**(195)**	(119)	(41)	–	(160)
Changes in fair value (including the effect of fair value hedging)	**14**	**(34)**	**(7)**	**(27)**	478	104	23	605
Amortisation of discounts and premiums	**(39)**	**(1)**	**281**	**241**	(80)	–	287	207
As at 31 December	**80,594**	**1,720**	**32,453**	**114,767**	77,942	2,207	24,089	104,238

The analysis of unamortised premiums and unamortised discounts on debt securities and income on equity shares held for investment purposes is provided below:

	2015 $million	2014 $million
Debt securities:		
Unamortised premiums	**401**	381
Unamortised discounts	**149**	229
Income from listed equity shares	**92**	77
Income from unlisted equity shares	**19**	20

The following table sets out the movement in the allowance of impairment provisions for investment securities classified as loans and receivables.

	2015 $million	2014 $million
As at 1 January	**26**	26
Exchange translation differences	**(1)**	–
Amounts written off	**(34)**	(1)
Impairment charge	**66**	1
As at 31 December	**57**	26

22. Other assets

	2015 $million	2014 $million
Financial assets held at amortised cost (note 15)		
Hong Kong SAR Government certificates of indebtedness (note 29)[1]	**4,907**	4,738
Cash collateral	**13,430**	10,311
Acceptances and endorsements	**3,949**	5,212
Unsettled trades and other financial assets	**10,122**	10,493
	32,408	30,754
Non-financial assets and assets held for sale		
Commodities	**1,652**	4,432
Assets held for sale[2]	**349**	3,237
Other assets	**192**	266
	34,601	38,689

1. The Hong Kong SAR Government certificates of indebtedness are subordinated to the claims of other parties in respect of bank notes issued
2. This includes disposal groups which are measured at fair value less costs to sell and the assets and liabilities held for sale are classified within Level 3 of the fair value hierarchy. The disposal groups mainly include businesses held for sale in Pakistan, consisting of Standard Chartered Leasing Co. Limited, Standard Chartered Modarba and Standard Chartered Services (Pvt.) Ltd. The disposal of the Pakistan businesses held for sale in December 2014 was not completed in 2015 due to developments beyond management's control; the transaction is expected to complete in 2016. The businesses held for sale in Hong Kong, Korea and Lebanon at 31 December 2014 were completed in 2015. The Group has recognised a fair value loss of $4 million (2014: $15 million) within Other operating income (note 7) relating to assets held for sale during 2015

23. Investments in subsidiary undertakings, joint ventures and associates

Investment in subsidiary undertakings	2015 $million	2014 $million
As at 1 January	**24,881**	20,122
Additions	**3,500**	4,759
As at 31 December	**28,381**	24,881

As at 31 December 2015, the principal subsidiary undertakings, all indirectly held and principally engaged in the business of banking and provision of other financial services, were as follows:

Country and place of incorporation or registration	Main areas of operation	Group interest in ordinary share capital %
Standard Chartered Bank, England and Wales	United Kingdom, Middle East, South Asia, Asia Pacific, Americas and, through Group companies, Africa	100
Standard Chartered Bank Korea Limited, Korea	Korea	100
Standard Chartered Bank Malaysia Berhad, Malaysia	Malaysia	100
Standard Chartered Bank (Pakistan) Limited, Pakistan	Pakistan	98.99
Standard Chartered Bank (Taiwan) Limited, Taiwan	Taiwan	100
Standard Chartered Bank (Hong Kong) Limited, Hong Kong	Hong Kong	100
Standard Chartered Bank (Singapore) Limited, Singapore	Singapore	100
Standard Chartered Bank (China) Limited, China	China	100
Standard Chartered Bank (Thai) Public Company Limited, Thailand	Thailand	99.99
Standard Chartered Bank Nigeria Limited, Nigeria	Nigeria	100
Standard Chartered Bank Kenya Limited, Kenya	Kenya	74.30
Standard Chartered Private Equity Limited, Hong Kong	Hong Kong	100

A complete list of subsidiary undertakings is included in note 46.

The Group does not have any material non-controlling interests in any of its subsidiaries except the 25.7 per cent non-controlling interests amounting to $95 million (2014: $106 million) in Standard Chartered Bank Kenya Limited. This contributes 3.4 per cent of the Group's operating profit and 0.3 per cent of the Group's assets.

While the Group's subsidiaries are subject to local statutory capital and liquidity requirements in relation to foreign exchange remittance, these restrictions arise in the normal course of business and do not significantly restrict the Group's ability to access or use assets and settle liabilities of the Group.

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory framework within which the banking subsidiaries operate. These frameworks require banking operations to keep certain levels of regulatory capital, liquid assets, exposure limits and comply with other required ratios. These restrictions are summarised below:

Regulatory and liquidity requirements

The Group's subsidiaries are required to maintain minimum capital, leverage ratios, liquidity and exposure ratios which therefore restrict the ability of these subsidiaries to distribute cash or other assets to the parent company.

The subsidiaries are also required to maintain balances with central banks and other regulatory authorities in the countries in which they operate. As at 31 December 2015, the total cash and balances with central banks was $65 billion (2014: $97 billion) of which $9 billion (2014: $10 billion) is restricted. See liquid asset disclosure on page 192.

Statutory requirements

The Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits to the parent company, generally to maintain solvency. These requirements restrict the ability of subsidiaries to remit dividends to the Group. Certain subsidiaries are also subject to local exchange control regulations which provide for restrictions on exporting capital from the country other than through normal dividends.

Contractual requirements

The encumbered assets in the balance sheet of the Group's subsidiaries are not available for transfer around the Group. Encumbered assets are disclosed on page 193. In addition, the securitised assets disclosed in note 15 on page 280 have legal restrictions.

23. Investments in subsidiary undertakings, joint ventures and associates continued

Interest in joint ventures

	2015 $million	2014 $million
As at 1 January	**751**	656
Exchange translation difference	**(74)**	(14)
Additions	**–**	55
Share of profits	**9**	58
Dividends received	**(6)**	(6)
Share of AFS and Other reserves	**(1)**	2
As at 31 December	**679**	751

The Group's principal joint venture is PT Bank Permata Tbk (Permata). The Group has a 44.56 per cent (2014: 44.56 per cent) interest through a (joint venture) company which holds a majority investment in Permata. Permata provides financial services to the consumer and commercial segment in Indonesia. The Group's share of profits of Permata amounts to $9 million (2014: $59 million) and the Group share of net assets was $672 million (2014: $743 million).

The following table sets out the summarised financial statements of PT Bank Permata Tbk prior to the Group's share of the joint venture being applied:

	2015 $million	2014 $million
Current assets	**8,918**	8,358
Non-current assets	**4,183**	6,562
Current liabilities	**(10,739)**	(10,163)
Non-current liabilities	**(1,107)**	(3,372)
Net assets	**1,255**	1,385
Operating income	**623**	626
Of which:		
Interest income	**1,205**	1,313
Interest expense	**(742)**	(855)
Expenses	**(573)**	(454)
Impairment	**(25)**	(2)
Operating profit	**25**	170
Taxation	**(5)**	(38)
Profit after tax	**20**	132
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**1,814**	1,534
Other comprehensive income for the year	**–**	7
Total comprehensive income for the year	**20**	139
Dividends received from the joint venture during the year	**(6)**	(6)

Non-current assets are primarily loans to customers and current liabilities are primarily customer deposits based on contractual maturities.

23. Investments in subsidiary undertakings, joint ventures and associates continued

Reconciliation of the net assets above to the carrying amount of the investments in PT Bank Permata Tbk recognised in the consolidated financial statements:

	2015 $million	2014 $million
Net assets of PT Bank Permata Tbk	**1,255**	1,385
Proportion of the Group's ownership interest in joint ventures	**559**	617
Notional goodwill	**113**	126
Carrying amount of the Group's interest in PT Bank Permata Tbk	**672**	743

Interests in associates

	China Bohai Bank		Asia Commercial Bank (ACB)		Other		Total	
	2015 $million	2014 $million	2015 $million	2014 $million	2015 $million	2014 $million	2015 $million	2014 $million
As at 1 January	**987**	799	**174**	258	**50**	54	**1211**	1,111
Exchange translation differences	**(63)**	(4)	**(4)**	(2)	**–**	(4)	**(67)**	(10)
Additions	**–**	–	**–**	–	**–**	9	**–**	9
Share of profits	**173**	177	**7**	4	**3**	9	**183**	190
Disposals	**–**	–	**–**	–	**(18)**	–	**(18)**	–
Dividends received	**–**	–	**(5)**	(5)	**(1)**	(2)	**(6)**	(7)
Share of AFS and Other reserves	**2**	15	**(1)**	(1)	**–**	1	**1**	15
Impairment	**–**	–	**(46)**	(80)	**–**	(17)	**(46)**	(97)
As at 31 December	**1,099**	987	**125**	174	**34**	50	**1,258**	1,211

A complete list of the Group's interest in associates is included in note 46. The Group's principal associates are:

Associate	Nature of activities	Main areas of operation	Group interest in ordinary share capital %
China Bohai Bank	Banking Operations	China	19.99
Asia Commercial Bank (ACB)	Banking Operations	Vietnam	15.00

The Group's investments in China Bohai Bank and ACB are less than 20 per cent, but both are considered to be associates because of the significant influence the Group is able to exercise over the management of these companies and their financial and operating policies. Significant influence is evidenced largely through the interchange of management personnel and the provision of expertise. The Group applies the equity method of accounting for investments in associates. The reporting dates of these associates are within three months of the Group's reporting date (the reporting dates of China Bohai Bank and ACB are 30 November 2015 and 30 September 2015, respectively). The fair value of ACB was $124 million as at 31 December 2015 (2014: $101 million).

23. Investments in subsidiary undertakings, joint ventures and associates continued

The following table sets out the summarised financial statements of China Bohai Bank and ACB prior to the Group's share of the associates being applied:

	China Bohai Bank		Asia Commercial Bank (ACB)	
	30 Nov 2015 $million	30 Nov 2014 $million	**30 Sep 2015 $million**	30 Sep 2014 $million
Current assets	**37,947**	45,992	**3,652**	3,369
Non-current assets	**85,877**	60,618	**4,937**	5,011
Current liabilities	**(96,282)**	(81,593)	**(7,887)**	(7,640)
Non-current liabilities	**(22,047)**	(20,078)	**(141)**	(156)
Net assets	**5,495**	4,939	**561**	584
Operating income	**2,968**	2,503	**303**	258
Of which:				
Interest income	**6,468**	5,875	**603**	652
Interest expense	**(4,023)**	(3,712)	**(354)**	(449)
Expenses	**(1,110)**	(1,051)	**(197)**	(173)
Impairment	**(776)**	(326)	**(50)**	(56)
Operating profit	**1,082**	1,126	**56**	29
Taxation	**(221)**	(241)	**(12)**	(4)
Profit after tax	**861**	885	**44**	25
The above amounts of assets and liabilities include the following:				
Other comprehensive income/(loss) for the year	**9**	(35)	**–**	–
Total comprehensive income for the year	**870**	850	**44**	25
Dividends received from the associate during the year	**–**	–	**(5)**	(5)

Non-current assets are primarily loans to customers and current liabilities are primarily customer deposits based on contractual maturities.

The following table sets out the reconciliation of the above summarised financial information to the carrying amount of the investments in associates recognised in the consolidated financial statements:

	2015 $million	2014 $million	**2015 $million**	2014 $million
Net assets of the principal associates	**5,495**	4,939	**561**	584
Proportion of the Group's ownership interest in the associates	**1,099**	987	**84**	88
Goodwill (net of impairment)	**–**	–	**35**	81
Other adjustments	**–**	–	**6**	5
Carrying amount of the Group's interest in the principal associates	**1,099**	987	**125**	174

24. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their activities. The Group has involvement with both consolidated and unconsolidated structured entities, which may be established by the Group or by a third party, as detailed below.

Interests in consolidated structured entities

In accordance with the Group's accounting policies discussed in note 1, a structured entity is consolidated into the Group's financial statements where the Group controls the structured entity. In determining whether to consolidate a structured entity to which assets have been transferred, the Group takes into account its ability to direct the relevant activities of the structured entity which is evidenced through a unilateral right to liquidate the structured entity, investment in a substantial proportion of the securities issued by the structured entity or where the Group holds specific subordinate securities that embody certain controlling rights.

The following table presents the Group's interests in consolidated structured entities.

	2015 Total assets $million	2014 Total assets $million
Securitisation	**76**	27[1]
Aircraft and ship leasing	**5,514**	6,085
Structured finance	**1,377**	1,963
Total	**6,967**	8,075

1. The amortisation charge for the year is recognised in the income statement within note 9

24. Structured entities continued

Interests in unconsolidated structured entities

Unconsolidated structured entities are all structured entities that are not controlled by the Group. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

The table below presents the carrying amount of the assets and liabilities recognised in the financial statements relating to variable interests held in unconsolidated structured entities, the maximum exposure to loss relating to those interests and the total assets of the structured entities. Maximum exposure to loss is primarily limited to the carrying amount of the Group's on-balance sheet exposure to the structured entity. For derivatives, the maximum exposure to loss represents the on-balance sheet valuation and not the notional amount. For commitments and guarantees, the maximum exposure to loss is the notional amount of potential future losses.

	2015				2014			
	Principal finance funds $million	**Structured finance $million**	**Asset backed securities $million**	**Total $million**	Principal finance funds $million	Structured finance $million	Asset backed securities $million	Total $million
Group's interest – assets								
Financial assets held at fair value through profit or loss	**374**	**–**	**97**	**471**	142	–	282	424
Loans and advances to customers	**–**	**–**	**–**	**–**	38	–	–	38
Investment securities – Debt securities (AFS)	**–**	**–**	**6,480**	**6,480**	25	–	8,548	8,573
Investment securities – Debt securities (loans and receivables)	**61**	**–**	**1,156**	**1,217**	–	–	1,350	1,350
Other assets	**124**	**297**	**–**	**421**	192	282	–	474
Total assets	**559**	**297**	**7,733**	**8,589**	397	282	10,180	10,859
Group's interest – liabilities								
Customer accounts[1]	**942**	**–**	**–**	**942**	842	–	–	842
Debt securities in issue[1]	**1,304**	**–**	**–**	**1,304**	313	–	–	313
Other liabilities	**–**	**290**	**–**	**290**	–	256	–	256
Total liabilities	**2,246**	**290**	**–**	**2,536**	1,155	256	–	1,411
Off-balance sheet								
Capital commitment[1]	**560**	**–**	**–**	**560**	555	–	–	555
Group's maximum exposure to loss[1]	**1,119**	**297**	**7,733**	**9,149**	952	282	10,180	11,414
Total assets of structured entities[1]	**160,887**	**297**	**507,172**	**668,356**	126,925	283	365,076	492,284

1. 2014 balances have been restated

The main types of activities for which the Group utilises unconsolidated structured entities cover synthetic credit default swaps for portfolio management purposes, managed investment funds (including specialised principal finance funds), structured finance and asset backed securities.

Principal finance funds

The Group's exposure to Principal Finance funds represents committed or invested capital in unleveraged investment funds, primarily investing in pan-Asian infrastructure, real estate and private equity.

Portfolio management

For the purposes of portfolio management, the Group purchased credit protection via synthetic credit default swaps from note-issuing structured entities that the Group sponsors. The referenced assets remain on the Group's balance sheet as they are not assigned to these structured entities. The Group continues to own or hold all of the risks and returns relating to these assets. The credit protection obtained from the regulatory-compliant securitisation only serves to protect the Group against losses upon the occurrence of eligible credit events and the underlying assets are not derecognised from the Group balance sheet. The Group does not hold any debt or equity interest in the structured entities. The proceeds of the notes' issuance are typically held as cash collateral in the Issuer's account, operated by a Trustee or invested in AAA-rated Government-backed securities to collateralise the structured entities swap obligations to the Group, and to repay the principal to investors at maturity. The structured entities reimburse the Group on actual losses incurred, through the use of the cash collateral or realisation of the collateral security. Correspondingly, the structured entities write down the notes issued by an equal amount of the losses incurred, in reverse order of seniority. All funding is committed for the life of these vehicles and the Group has no indirect exposure in respect of the vehicles' liquidity position. The Group has reputational risk in respect of certain portfolio management vehicles and investment funds, either because the Group is the arranger and lead manager or because the structured entities have Standard Chartered branding.

24. Structured entities continued

Structured finance

Structured finance comprises interests in transactions that the Group, or more usually a customer, has structured using one or more structured entities, which provide beneficial arrangements for customers. The Group's exposure primarily represents the provision of funding to these structures as a financial intermediary, for which it receives a lender's return. The transactions largely relate to the provision of aircraft leasing and ship finance.

Asset backed securities

The Group also has investments in asset backed securities issued by third-party structured entities as set out on page 183 of the Risk and capital review.

25. Goodwill and intangible assets

	2015				2014			
	Goodwill $million	Acquired intangibles $million	Software $million	Total $million	Goodwill $million	Acquired intangibles $million	Software $million	Total $million
Cost								
As at 1 January	4,224	564	1,348	6,136	5,207	678	1,103	6,988
Exchange translation differences	(120)	(37)	(93)	(250)	(120)	(18)	(67)	(205)
Additions	–	–	368	368	–	–	371	371
Disposals	–	–	–	–	–	–	(1)	(1)
Impairment	(488)	–	–	(488)	(758)	–	–	(758)
Amounts written off	–	(33)	(72)	(105)	–	(96)	(58)	(154)
Held for sale	–	–	–	–	(68)	–	–	(68)
Other movements	–	–	–	–	(37)	–	–	(37)
As at 31 December	3,616	494	1,551	5,661	4,224	564	1,348	6,136
Provision for amortisation								
As at 1 January	–	467	479	946	–	530	388	918
Exchange translation differences	–	(27)	(34)	(61)	–	(17)	(25)	(42)
Amortisation[1]	–	22	205	227	–	40	165	205
Impairment charge	–	1	–	1	–	8	8	16
Disposals	–	–	–	–	–	–	(1)	(1)
Amounts written off	–	(33)	(61)	(94)	–	(94)	(56)	(150)
As at 31 December	–	430	589	1,019	–	467	479	946
Net book value	3,616	64	962	4,642	4,224	97	869	5,190

1. The amortisation charge for the year is recognised in the income statement within note 9

As at 1 January 2014, the net book value was: goodwill, $5,207 million; acquired intangibles, $148 million; and software, $715 million.

As at 31 December 2015, accumulated goodwill impairment losses incurred from 1 January 2005 amounted to $2,315 million (2014: $1,827 million), of which $488 million was recognised in 2015 relating to goodwill held against the Taiwan ($362 million) and Thailand ($126 million) cash generating units (2014: $758 million relating to goodwill held against Korea and the Corporate advisory cash generating unit).

	2015 $million	2014 $million
Acquired intangibles comprise:		
Core deposits	5	8
Customer relationships	50	75
Brand names	1	3
Licences	8	11
Net book value	64	97

Acquired intangibles primarily comprise those recognised as part of the acquisitions of Union Bank (now amalgamated into Standard Chartered Bank (Pakistan) Limited), Hsinchu Bank (now amalgamated into Standard Chartered Bank (Taiwan) Limited), Pembroke, Harrison Lovegrove, American Express Bank and Absa's custody business in Africa. The acquired intangibles are amortised over periods from four years to a maximum of 16 years.

25. Goodwill and intangible assets continued

Testing of goodwill for impairment

An annual assessment is made as to whether the current carrying value of goodwill is impaired. For the purposes of impairment testing goodwill is allocated at the date of acquisition to a cash generating unit (CGU), and the table below sets out the goodwill allocated to each CGU. Goodwill is considered to be impaired if the carrying amount of the relevant CGU exceeds its recoverable amount. The recoverable amounts for all the CGUs were measured based on value-in-use. The key assumptions used in determining the recoverable amounts are set out below and are solely estimates for the purposes of assessing impairment of acquired goodwill.

	2015			2014		
Cash generating unit	**Goodwill $million**	**Pre-tax discount rate %**	**Long-term forecast GDP growth rates %**	Goodwill $million	Pre-tax discount rate %	Long-term forecast GDP growth rates %
Pakistan business	**251**	**27.0**	**4.9**	261	21.6	4.6
Taiwan business	**828**	**16.3**	**3.0**	1,238	14.0	4.3
Credit card and personal loan – Asia, India and MENAP	**896**	**15.0**	**4.0**	896	12.0	4.0
India business	**303**	**19.2**	**7.6**	318	16.9	6.5
MESA business[1]	**368**	**19.3**	**4.0**	368	21.0	4.2
Thailand business	**165**	**17.4**	**3.3**	313	13.5	4.5
Financial Institutions and Private Banking business	**396**	**14.0**	**3.8**	396	11.6	4.0
Corporate advisory business	**74**	**14.0**	**3.8**	77	12.0	4.0
Consumer banking business in Singapore	**197**	**11.9**	**4.0**	211	11.7	3.7
Other	**138**	**13.8-20.7**	**3.8-6.2**	146	12.0-14.6	4.0-5.2
	3,616			4,224		

1. MESA business consists of UAE, Saudi Arabia, Jordan, Oman, Qatar, Bahrain, Lebanon, Pakistan, Sri Lanka and Bangladesh

Methodology for determining value-in-use

The calculation of value-in-use for each CGU is based on cash flow projections over a 20-year period, including a terminal value which is determined based on long-term earnings multiple consistent with available market data. These cash flows are discounted using a pre-tax discount rate which reflects current market rates appropriate to the CGU as set out in the table above.

The cash flow projections are based on budgets and forecasts approved by management covering the five years to 2020, except for Financial Institutions and smaller CGUs disclosed within Other which cover one year to 2016. Management forecasts project growth rates greater than long-term GDP rates but which are in line with past performance as adjusted to reflect the current economic climate. For the period after management approved forecasts, the cash flows are extrapolated forward using steady long-term forecast GDP growth rates appropriate to the CGU.

Outcome of impairment assessment

The Group has performed its annual impairment assessment on the level of the goodwill that has been assigned to the Group's CGUs for indicators of impairment, considering whether there were any reduced expectations for future cash flows and/or fluctuations in the discount rate or the assumptions. At 31 December 2015, the results of this assessment indicated that the carrying amount exceeded the recoverable value by $362 million for the Taiwan CGU, arising principally from a slowdown in the local market, and $126 million for the Thailand CGU, arising as a consequence of management actions to reposition the business following the Strategic Review, and has been classified as Restructuring.

An impairment charge of $488 million has been recognised to write down the goodwill attributable to these CGUs to their recoverable values. The pre-tax discount rate applied to the Taiwan CGU was 16.3 per cent and 17.4 per cent in respect of the Thailand CGU.

For all other CGUs the recoverable amounts exceed the carrying amounts against the key assumptions.

It continues to be possible that certain scenarios could be constructed where a combination of reasonably possible changes in the discount rate, coupled with a reduction in current business plan forecasts or the GDP growth rate, would potentially result in the carrying amount of goodwill exceeding the recoverable amount in the future for the Taiwan and Thailand CGUs.

26. Property, plant and equipment

	2015				2014			
	Premises $million	Equipment $million	Operating lease assets $million	Total $million	Premises $million	Equipment $million	Operating lease assets $million	Total $million
Cost or valuation								
As at 1 January	2,330	805	6,759	9,894	2,391	797	5,465	8,653
Exchange translation differences	(107)	(52)	–	(159)	(68)	(29)	–	(97)
Additions	45	85	885	1,015	72	117	1,966	2,155
Disposals and fully depreciated assets written off	(108)	(103)	(853)	(1,064)	(48)	(80)	(672)	(800)
Transfers to assets held for sale	(4)	–	(264)	(268)	(17)	–	–	(17)
As at 31 December	2,156	735	6,527	9,418	2,330	805	6,759	9,894
Depreciation								
Accumulated as at 1 January	655	581	674	1,910	600	582	568	1,750
Exchange translation differences	(32)	(38)	–	(70)	(16)	(20)	–	(36)
Charge for the year	91	88	258	437	105	95	234	434
Impairment charge	19	–	130	149	–	–	–	–
Attributable to assets sold, transferred or written off	(62)	(103)	(32)	(197)	(34)	(76)	(128)	(238)
Transfers to assets held for sale	(3)	–	(17)	(20)	–	–	–	–
Accumulated as at 31 December	668	528	1,013	2,209	655	581	674	1,910
Net book amount as at 31 December	1,488	207	5,514	7,209	1,675	224	6,085	7,984

As at 1 January 2014, the net book value was: premises, $1,791 million; equipment, $215 million; and operating lease assets, $4,897 million.

Assets held under finance leases have a net book value of $134 million (2014: $142 million) with minimum lease payments of $4 million (2014: $7 million) after future finance charges.

During the year, an impairment charge of $130 million (2014: $nil) was recognised in respect of aircraft and ships held as operating lease assets, as the value-in-use of the assets was lower than the net book value. The charge was recognised within the Corporate & Institutional Clients segment.

27. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year:

	As at 1 January 2015 $million	Exchange and other adjustments $million	Charge/(credit) to profit $million	Charge/(credit) to equity $million	As at 31 December 2015 $million
Deferred taxation comprises:					
Accelerated tax depreciation	289	(7)	37	–	319
Impairment provisions on loans and advances	(314)	21	(474)	–	(767)
Tax losses carried forward	(325)	9	(80)	–	(396)
Available-for-sale assets	92	(3)	(2)	(58)	29
Cash flow hedges	(29)	2	–	25	(2)
Retirement benefit obligations	(79)	2	(4)	10	(71)
Share-based payments	(42)	2	8	6	(26)
Other temporary differences	136	(5)	17	–	148
Net deferred tax assets	(272)	21	(498)	(17)	(766)

	As at 1 January 2014 $million	Exchange and other adjustments $million	Charge/(credit) to profit $million	Charge/(credit) to equity $million	As at 31 December 2014 $million
Deferred taxation comprises:					
Accelerated tax depreciation	214	(5)	80	–	289
Impairment provisions on loans and advances	(230)	5	(89)	–	(314)
Tax losses carried forward	(422)	8	89	–	(325)
Available-for-sale assets	42	–	–	50	92
Cash flow hedges	2	–	–	(31)	(29)
Retirement benefit obligations	(72)	–	6	(13)	(79)
Share-based payments	(71)	–	27	2	(42)
Other temporary differences	184	(3)	(45)	–	136
Net deferred tax assets	(353)	5	68	8	(272)

27. Deferred tax continued

Deferred taxation comprises assets and liabilities as follows:

	2015			2014		
	Total $million	**Asset $million**	**Liability $million**	Total $million	Asset $million	Liability $million
Deferred taxation comprises:						
Accelerated tax depreciation	**319**	**(18)**	**337**	289	22	267
Impairment provisions on loans and advances	**(767)**	**(765)**	**(2)**	(314)	(365)	51
Tax losses carried forward	**(396)**	**(253)**	**(143)**	(325)	(203)	(122)
Available-for-sale assets	**29**	**9**	**20**	92	55	37
Cash flow hedges	**(2)**	**–**	**(2)**	(29)	(28)	(1)
Retirement benefit obligations	**(71)**	**(59)**	**(12)**	(79)	(74)	(5)
Share-based payments	**(26)**	**(22)**	**(4)**	(42)	(38)	(4)
Other temporary differences	**148**	**49**	**99**	136	113	23
	(766)	**(1,059)**	**293**	(272)	(518)	246

Where permitted deferred tax assets and liabilities are offset on an entity basis and not by component of deferred taxation.

As at 31 December 2015, the Group has net deferred tax assets of $766 million (2014: $272 million).

The recoverability of the Group's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised.

Of the Group's total deferred tax assets, $396 million relates to tax losses carried forward. These tax losses have arisen in individual legal entities and will be offset as future taxable profits arise in those entities.

$141 million of the deferred tax assets relating to losses has arisen in Ireland, where there is no expiry date for unused tax losses. These losses relate to aircraft leasing and are expected to be fully utilised over the useful economical life of the assets, being up to 25 years.

$90 million of the deferred tax assets relating to losses has arisen in Korea. Management forecasts show that the losses are expected to be fully utilised over a period of three years. The tax losses expire after 10 years.

$76 million of the deferred tax assets relating to losses has arisen in the US. Management forecasts show that the losses are expected to be fully utilised over a period of seven years. The tax losses expire after 20 years.

$43 million of the deferred tax assets relating to losses has arisen in Taiwan. Management forecasts show that the losses are expected to be fully utilised over a period of four years. The tax losses expire after 10 years.

The remaining deferred tax assets relating to losses has arisen in other jurisdictions and is expected to be recovered in less than 10 years.

	2015 $million	2014 $million
No account has been taken of the following potential deferred taxation assets/(liabilities):		
Withholding tax on unremitted earnings from overseas subsidiaries	**(237)**	(344)
Foreign exchange movements on investments in branches	**(241)**	(140)
Tax losses	**499**	96
Held over gains on incorporation of overseas branches	**(468)**	(478)
Other temporary differences	**38**	–

28. Debt securities in issue

	2015			2014		
	Certificates of deposit of $100,000 or more $million	**Other debt securities in issue $million**	**Total $million**	Certificates of deposit of $100,000 or more $million	Other debt securities in issue $million	Total $million
Debt securities in issue	**20,174**	**39,706**	**59,880**	28,585	43,366	71,951
Debt securities in issue included within:						
Financial liabilities held at fair value through profit or loss (note 15)	**104**	**8,813**	**8,917**	125	8,712	8,837
Total debt securities in issue	**20,278**	**48,519**	**68,797**	28,710	52,078	80,788

In 2015, the Company issued a total of $4.2 billion senior notes for general business purposes of the Group, as shown below:

Securities	$million
$750 million fixed rate senior notes due 2018	747
$250 million floating rate senior notes due 2018	249
$1,250 million fixed rate senior notes due 2020	1,245
$750 million fixed rate senior notes due 2025	745
JPY 36,900 million fixed rate notes due 2018	293
JPY 93,100 million fixed rate notes due 2020	739
JPY 20,000 million fixed rate notes due 2025	159

29. Other liabilities

	2015 $million	2014 $million
Financial liabilities held at amortised cost (note 15)		
Notes in circulation[1]	**4,907**	4,738
Acceptances and endorsements	**3,949**	5,212
Cash collateral	**10,074**	7,005
Unsettled trades and other financial liabilities	**12,595**	13,131
	31,525	30,086
Non-financial liabilities		
Cash-settled share-based payments	**18**	37
Liabilities held for sale[2]	**72**	710
Other liabilities	**396**	404[3]
	32,011	31,237

1. Hong Kong currency notes in circulation of $4,907 million (2014: $4,738 million) that are secured by the government of Hong Kong SAR certificates of indebtedness of the same amount included in other assets (note 22)
2. The $72 million is in respect of businesses held for sale in Pakistan; the disposal group consists of Standard Chartered Leasing Co. Limited, Standard Chartered Modarba and Standard Chartered Services (Pvt.) Ltd. The related assets are disclosed in note 22
3. Certain balances have been reclassified to 'provision for liabilities and charges' for consistent presentation

30. Subordinated liabilities and other borrowed funds

	2015 $million	2014 $million
Subordinated loan capital – issued by subsidiary undertakings		
£700 million 7.75 per cent subordinated notes 2018	**1,106**	1,208
£675 million 5.375 per cent undated step up subordinated notes (callable 2020)	**651**	706
£600 million 8.103 per cent step up callable perpetual preferred securities (callable 2016)	**905**	1,013
£200 million 7.75 per cent undated step up subordinated notes (callable 2022)	**364**	400
€1.1 billion 5.875 per cent subordinated notes 2017	**1,280**	1,474
$1 billion 6.4 per cent subordinated notes 2017	**1,065**	1,099
$750 million 5.875 per cent subordinated notes 2020	**799**	802
$700 million 8.0 per cent subordinated notes 2031	**636**	641
BWP 127.26 million 8.2 per cent subordinated notes 2022 (callable 2017)	**11**	13
BWP 70 million floating rate subordinated notes 2021 (callable 2016)	**6**	7
BWP 50 million floating rate notes 2022 (callable 2017)	**5**	5
JPY 10 billion 3.35 per cent subordinated notes 2023 (callable 2018)	**86**	87
KRW 270 billion 4.67 per cent subordinated debt 2021 (callable 2016)	**231**	247
KRW 90 billion 6.05 per cent subordinated debt 2018	**85**	92
PKR 2.5 billion floating rate notes 2022 (callable 2017)	**24**	25
SGD 750 million 4.15 per cent subordinated notes 2021 (callable 2016)	**503**	541
SGD 450 million 5.25 per cent subordinated notes 2023 (callable 2018)	**323**	355
TZS 10 billion 11 per cent subordinated notes 2020 (callable 2015)	**–**	6
UGX 40 billion 13 per cent subordinated notes 2020 (callable 2015)	**12**	14
	8,092	8,735
Subordinated loan capital – issued by the Company		
Primary capital floating rate notes:		
$400 million	**44**	44
$300 million (Series 2)	**80**	80
$400 million (Series 3)	**64**	64
$200 million (Series 4)	**50**	50
£150 million	**45**	47
£900 million 5.125 per cent subordinated debt 2034	**1,463**	1,588
$2 billion 5.7 per cent subordinated debt 2044	**2,379**	2,341
$2 billion 3.95 per cent subordinated debt 2023	**1,985**	1,952
$1.25 billion 4 per cent subordinated notes 2022 (callable 2017)	**1,247**	1,242
$1 billion 5.7 per cent subordinated notes 2022	**1,003**	989
$1 billion 5.2 per cent subordinated debt 2024	**996**	996
$750 million 5.3 per cent subordinated debt 2043	**789**	774
€1.25 billion 4 per cent subordinated debt 2025 (callable 2020)	**1,420**	1,599
€750 million 3.625 per cent subordinated notes 2022	**858**	968
€500 million 3.125 per cent subordinated debt 2024	**535**	604
SGD 700 million 4.4 per cent subordinated notes 2026 (callable 2021)	**473**	515
Other subordinated borrowings – issued by company[1]	**329**	359
	13,760	14,212
Total for Group	**21,852**	22,947

1. Other borrowings comprise irredeemable sterling preference shares (note 33). In the balance sheet of the Company the amount recognised is $305 million (2014: $324 million), with the difference being the effect of hedge accounting achieved on a Group basis

30. Subordinated liabilities and other borrowed funds continued

	2015				
	USD $million	GBP $million	Euro $million	Others $million	Total $million
Fixed rate subordinated debt	10,899	4,818	4,093	1,724	21,534
Floating rate subordinated debt	238	45	–	35	318
Total	11,137	4,863	4,093	1,759	21,852

	2014				
	USD $million	GBP $million	Euro $million	Others $million	Total $million
Fixed rate subordinated debt	10,836	5,274	4,645	1,870	22,625
Floating rate subordinated debt	238	47	–	37	322
Total	11,074	5,321	4,645	1,907	22,947

All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including without limitation, customer deposits and deposits by banks. The Group has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.

Redemptions during the year

On 21 October 2015, Standard Chartered Bank (Tanzania) Limited exercised its right to redeem its TZS 10 billion 11 per cent subordinated debt due 2020 in full on the first optional call date.

Issuance during the year

There was no new issuance during the year.

31. Provisions for liabilities and charges

	2015		
	Provision for credit commitments $million	Other provisions $million	Total $million
As at 1 January	20	109[1]	129[1]
Exchange translation differences	(3)	(4)	(7)
Charge against profit	94	89	183
Provisions utilised	(11)	(79)	(90)
As at 31 December	100	115	215

1. Restated for certain balances previously presented under Other liabilities

Provision for credit commitment comprises those undrawn contractually committed facilities where there is doubt as to the borrowers' ability to meet their repayment obligations.

Other provisions consist mainly of provisions for regulatory settlements and legal claims (note 41).

32. Retirement benefit obligations

Retirement benefit obligations comprise:

	2015 $million	2014 $million
Defined benefit plans obligation	**422**	391
Defined contribution plans obligation	**23**	22
Net obligation	**445**	413

Retirement benefit charge comprises:

	2015 $million	2014 $million
Defined benefit plans	**96**	105
Defined contribution plans	**203**	228
Charge against (loss)/profit (note 8)	**299**	333

The Group operates 50 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 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. The UK Fund is the Group's largest arrangement, representing 60 per cent of total pension liabilities.

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 31 December 2015.

UK Fund

The Standard Chartered Pension Fund (the UK Fund) is the Group's largest pension plan and provides pensions based on one-sixtieth of final salary per year of service, normally payable from age 60. The UK Fund is set up under a Trust that is legally separate from the Bank (its formal sponsor) and as required by UK legislation, at least one-third of the Trustee Directors are nominated by members; the remainder are appointed by the Bank. The Trustee Directors have a fiduciary duty to members and are responsible for governing the UK Fund in accordance with its Trust Deed and Rules.

The financial position of the UK Fund is regularly assessed by an independent qualified actuary. The most recent funding valuation was performed as at 31 December 2014 by A Zegleman, Fellow of the Faculty of Actuaries, of Willis Towers Watson, using the projected unit method and assumptions different from those below. To repair the $106 million (£72 million) past service deficit identified as at 31 December 2014, four annual cash payments of $18.6 million (£12.6 million) will be made from January 2016 onwards. If the funding position improves more quickly than expected, the three payments from January 2017 will be reduced or eliminated. In addition, an escrow account of $162 million (£110 million) exists to provide security for future contributions. The Bank is not required to recognise any additional liability under IFRIC 14 or the current exposure draft of proposed amendments to it as it has control of any pension surplus. Following the 31 December 2014 valuation, regular contributions to the UK Fund were set at 32 per cent of pensionable salary for all members. The next valuation is due on 31 December 2017.

With effect from 1 July 1998, the UK Fund was closed to new entrants and new employees are offered membership of a defined contribution plan. Over 85 per cent of the Fund's liabilities now relate to pensioners or ex-employees who have left the Group but have not yet retired. As at 31 December 2015, the weighted-average duration of the UK Fund was 15 years (2014: 15 years).

Overseas plans

The principal overseas defined benefit arrangements operated by the Group are in Germany, Hong Kong, India, Jersey, Korea, Taiwan and the United States (US).

The Group's expected contribution to its defined benefit pension plans in 2016 is $90 million.

The principal financial assumptions used at 31 December 2015 were:

	Funded plans			
	UK Fund[1]		Overseas plans[2]	
	2015 %	2014 %	2015 %	2014 %
Price inflation	**1.9**	1.9	**1.0 – 5.0**	1.3 – 5.0
Salary increases	**1.9**	1.9	**1.9 – 6.5**	1.9 – 6.5
Pension increases	**1.9**	1.9	**1.3 – 3.0**	1.1 – 3.0
Discount rate	**3.7**	3.6	**1.0 – 8.1**	1.6 – 8.2

1. The assumptions for life expectancy for the UK Fund are that a male member currently aged 60 will live for 28 years (2014: 28 years) and a female member 29 years (2014: 29 years) and a male member currently aged 40 will live for 30 years (2014: 30 years) and a female member 31 years (2014: 31 years) after their 60th birthdays
2. The range of assumptions shown is for the main funded defined benefit overseas plans in Germany, Hong Kong, India, Jersey, Korea, Taiwan and the US. These comprise over 85 per cent of the total liabilities of funded overseas plans

32. Retirement benefit obligations continued

These assumptions are likely to change in the future and this will affect the value placed on the liabilities. For example, changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

- If the discount rate for the UK Fund increased by 25 basis points (bps) the liability would reduce by approximately $60 million
- If the rate of inflation and pension increases for the UK Fund increased by 25 bps the liability would increase by approximately $60 million
- If the rate salaries increase compared to inflation for the UK Fund increased by 25 bps the liability would increase by approximately $5 million
- If longevity expectations increased by one year for the UK Fund the liability would increase by approximately $45 million

Although this analysis does not take account of the full distribution of cash flows expected under the UK Fund, it does provide an approximation of the sensitivity to the main assumptions. While changes in other assumptions would also have an impact, the effect would not be as significant.

	Unfunded plans			
	Post-retirement medical[1]		Other[2]	
	2015 %	2014 %	**2015 %**	2014 %
Price inflation	**2.5**	2.5	**1.9 – 5.0**	2.5 – 5.0
Salary increases	**4.0**	4.0	**1.9 – 6.5**	1.9 – 6.5
Pension increases	**N/A**	N/A	**0.0 – 1.9**	0.0 – 1.9
Discount rate	**4.6**	4.2	**2.5 – 8.2**	2.8 – 8.2
Post-retirement medical rate	**8% in 2015 reducing by 1% per annum to 5% in 2018**	7% in 2014 reducing by 1% per annum to 5% in 2016	**N/A**	N/A

1. The post-retirement medical plan is in the US
2. The range of assumptions shown is for the main unfunded plans in India, Indonesia, Korea, Thailand, UAE and the UK. They comprise over 85 per cent of the total liabilities of unfunded plans

The fair value of assets and present value of liabilities of the plans attributable to defined benefit members were:

	2015				2014			
	Funded plans		Unfunded plans		Funded plans		Unfunded plans	
As at 31 December	**UK Fund $million**	**Overseas plans $million**	**Post-retirement medical $million**	**Other $million**	UK Fund $million	Overseas plans $million	Post-retirement medical $million	Other $million
Equities	**176**	**267**	**N/A**	**N/A**	367	287	N/A	N/A
Government bonds	**686**	**164**	**N/A**	**N/A**	852	169	N/A	N/A
Corporate bonds	**192**	**68**	**N/A**	**N/A**	199	73	N/A	N/A
Absolute return fund	**187**	**–**	**N/A**	**N/A**	–	–	N/A	N/A
Hedge funds[1]	**189**	**–**	**N/A**	**N/A**	191	–	N/A	N/A
Insurance linked funds[1]	**56**	**–**	**N/A**	**N/A**	53	–	N/A	N/A
Opportunistic credit[1]	**79**	**–**	**N/A**	**N/A**	79	–	N/A	N/A
Property	**71**	**5**	**N/A**	**N/A**	78	5	N/A	N/A
Derivatives	**(11)**	**–**	**N/A**	**N/A**	(5)	2	N/A	N/A
Cash and equivalents	**49**	**197**	**N/A**	**N/A**	23	218	N/A	N/A
Others[1]	**9**	**25**	**N/A**	**N/A**	12	31	N/A	N/A
Total fair value of assets[2]	**1,683**	**726**	**N/A**	**N/A**	1,849	785	N/A	N/A
Present value of liabilities[3]	**(1,719)**	**(901)**	**(24)**	**(187)**	(1,839)	(963)	(27)	(196)
Net pension (liability)/asset	**(36)**	**(175)**	**(24)**	**(187)**	10	(178)	(27)	(196)

1. Unquoted assets
2. Self investment is monitored closely and is less than $2 million of Standard Chartered equities and bonds for 2015 (2014: $1 million). Self investment is only allowed where it is not practical to exclude it, for example, through investment in index-tracking funds where the Group is a constituent of the relevant index
3. Includes $nil (2014: $1 million) impact as a result of unrecognisable surplus in Kenya

32. Retirement benefit obligations continued

The pension cost for defined benefit plans was:

2015	Funded plans		Unfunded plans		
	UK Fund $million	Overseas plans $million	Post-retirement medical $million	Other $million	Total $million
Current service cost	7	62	1	21	91
Past service cost and curtailments	–	(2)	–	–	(2)
Gain on settlements[1]	–	(7)	–	–	(7)
Interest income on pension plan assets	(64)	(24)	–	–	(88)
Interest on pension plan liabilities	63	29	1	9	102
Total charge to loss before deduction of tax	6	58	2	30	96
Return on plan assets excluding interest income[2]	45	22	–	–	67
Losses/(gains) on liabilities	2	7	(4)	(15)	(10)
Total losses/(gains) recognised directly in statement of comprehensive income before tax	47	29	(4)	(15)	57
Deferred taxation	15	(5)	–	–	10
Total losses/(gains) after tax	62	24	(4)	(15)	67

1. These movements reflect a reduction in workforce in a number of geographies as a result of the restructuring actions of the Group
2. The actual return on the UK Fund assets was $19 million and on overseas plan assets was $2 million

2014	Funded plans		Unfunded plans		
	UK Fund $million	Overseas plans $million	Post-retirement medical $million	Other $million	Total $million
Current service cost	8	65	1	20	94
Past service cost and curtailments	–	(1)	–	–	(1)
Gain on settlements	–	(1)	–	–	(1)
Interest income on pension plan assets	(80)	(28)	–	–	(108)
Interest on pension plan liabilities	81	31	1	8	121
Total charge to profit before deduction of tax	9	66	2	28	105
Return on plan assets excluding interest income[1]	(138)	(15)	–	–	(153)
Losses/(gains) on liabilities	105	89	(1)	21	214
Total (gains)/losses recognised directly in statement of comprehensive income before tax	(33)	74	(1)	21	61
Deferred taxation	5	(18)	–	–	(13)
Total (gains)/losses after tax	(28)	56	(1)	21	48

1. The actual return on the UK Fund assets was $218 million and on overseas plan assets was $43 million

32. Retirement benefit obligations continued

Movement in the defined benefit pension plans and post-retirement medical deficit during the year comprise:

	Funded plans		Unfunded plans		
	UK Fund $million	Overseas plans $million	Post-retirement medical $million	Other $million	Total $million
Deficit as at 1 January 2015	10	(178)	(27)	(196)	(391)
Contributions	7	81	1	20	109
Current service cost	(7)	(62)	(1)	(21)	(91)
Past service cost and curtailments	–	2	–	–	2
Settlement costs and transfers impact	–	7	–	–	7
Net interest on the net defined benefit asset/liability	1	(5)	(1)	(9)	(14)
Actuarial (losses)/gains	(47)	(29)	4	15	(57)
Exchange rate adjustment	–	9	–	4	13
Deficit as at 31 December 2015	(36)	(175)	(24)	(187)	(422)

	Funded plans		Unfunded plans		
	UK Fund $million	Overseas plans $million	Post-retirement medical $million	Other $million	Total $million
Deficit as at 1 January 2014	(23)	(122)	(26)	(170)	(341)
Contributions	9	75	–	14	98
Current service cost	(8)	(65)	(1)	(20)	(94)
Past service cost and curtailments	–	1	–	–	1
Settlement costs	–	1	–	–	1
Net interest on the net defined benefit asset/liability	(1)	(3)	(1)	(8)	(13)
Actuarial gains/(losses)	33	(74)	1	(21)	(61)
Exchange rate adjustment	–	9	–	9	18
Deficit as at 31 December 2014	10	(178)	(27)	(196)	(391)

	2015			2014		
	Assets $million	Obligations $million	Total $million	Assets $million	Obligations $million	Total $million
Deficit as at 1 January	2,634	(3,025)	(391)	2,585	(2,926)	(341)
Contributions[1]	110	(1)	109	100	(2)	98
Current service cost[2]	–	(91)	(91)	–	(94)	(94)
Past service cost and curtailments	–	2	2	–	1	1
Settlement costs	(46)	53	7	(11)	12	1
Interest cost on pension plan liabilities	–	(102)	(102)	–	(121)	(121)
Interest income on pension plan assets	88	–	88	108	–	108
Benefits paid out[2]	(196)	196	–	(167)	167	–
Actuarial (losses)/gains[3]	(67)	10	(57)	153	(214)	(61)
Exchange rate adjustment	(114)	127	13	(134)	152	18
Deficit as at 31 December	2,409	(2,831)	(422)	2,634	(3,025)	(391)

1. Includes employee contributions of $1 million (2014: $2 million)
2. Includes administrative expenses paid out of plan assets of $1 million (2014: $1 million)
3. Actuarial gain on obligation comprises $42 million gain (2014: $205 million loss) from financial assumption changes, $5 million gain (2014: $12 million loss) from demographic assumption changes and $37 million loss (2014: $3 million gain) from experience

33. Share capital, other equity instruments and reserves

Group and Company

	Number of ordinary shares millions	Ordinary share capital[1] $million	Preference share capital $million	Total share capital $million	Other equity instruments $million
As at 1 January 2014	2,427	1,214	–	1,214	–
Capitalised on scrip dividend	38	19	–	19	–
Shares issued	8	3	–	3	–
As at 31 December 2014	**2,473**	**1,236**	**–**	**1,236**	**–**
Capitalised on scrip dividend	**71**	**36**	**–**	**36**	**–**
Shares issued	**734**	**367**	**–**	**367**	**–**
Additional Tier 1 equity issuance	**–**	**–**	**–**	**–**	**1,987**
As at 31 December 2015	**3,278**	**1,639**	**–**	**1,639**	**1,987**

1. Issued and fully paid ordinary shares of 50 cents each

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.

On 14 May 2015, the Company issued 69,186,004 new ordinary shares instead of the final dividend and on 19 October 2015 the Company issued 2,154,390 new ordinary shares instead of the 2015 interim dividend.

During the year, 5,694,811 shares were issued under employee share plans at prices between nil and 1,140 pence.

On 3 November 2015, the Company announced the issue of 728,432,451 new ordinary shares by way of rights to qualifying shareholders at 465 pence per new ordinary share.

The issue was on the basis of two ordinary shares for every seven ordinary shares held on 18 November 2015. The rights issue raised $5.1 billion (£3.3 billion) in additional capital for the Company, net of expenses of $107 million. The proceeds will be used in the ordinary course of business. The rights issue used a cash box structure involving a Jersey subsidiary (JerseyCo), which was fully owned by the Company prior to the transaction. In return for an issue of shares by the Company to the investors, the net proceeds of the share issue were paid to JerseyCo. Pursuant to the issue of those shares, the Company acquired the remaining share capital of JerseyCo, being all of its redeemable preference shares it did not own. Under this structure, merger relief applies under Section 612 of the Companies Act 2006, which provides relief from the requirements under Section 610 of the Companies Act 2006 to create a share premium account. JerseyCo then redeemed its redeemable shares in exchange for the share issue proceeds.

Preference share capital

At 31 December 2015 and 2014, 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 accrued and/or payable 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

On 2 April 2015, Standard Chartered PLC issued $2,000 million Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities as Additional Tier 1 (AT1) securities, raising $1,987 million after issue costs for general business purposes and to increase the regulatory capital base of the Group.

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 call date or on any fifth anniversary after the first call 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 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
- The interest rate in respect of the securities for the period from (and including) the issue date to (but excluding) 2 April 2020 is a fixed rate of 6.50 per cent per annum. The reset date for the interest rate is 2 April 2020 and each date falling five years, or an integral multiple of five years, after the first reset date
- The interest rate on the securities will be payable semi-annually in arrears on 2 April and 2 October in each year, with commencement date of 2 October 2015, accounted for as a dividend

33. Share capital, other equity instruments and reserves continued

- 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, should the fully loaded Common Equity Tier 1 ratio of the Group fall below 7.0 per cent. Approximately 184 million ordinary shares would be required to satisfy the conversion
- 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

Reserves

The cumulative amount of goodwill on the acquisition of subsidiary and associated undertakings written off against Group reserves since 1973 is $27 million (2014: $27 million).

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.

The 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 certain acquisitions, in 2008, 2010 and 2015, for the shares issued by way of a rights issue, and for the shares issued in 2009 in the placing. The funding raised by the 2008 and 2010 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.

The available-for-sale reserve represents the unrealised fair value gains and losses in respect of financial assets classified as available-for-sale, net of 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.

The 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.

The 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 represent 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 and own shares held (treasury shares).

A substantial part of the Group's reserves are 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 31 December 2015, the distributable reserves of Standard Chartered PLC (the Company) were $15.2 billion (2014: $12 billion). These comprised retained earnings and $12.5 billion of the merger reserve account. Distribution of reserves is subject to maintaining minimum capital requirements.

Own shares

Bedell Trustees Limited is the trustee of the 1995 Employees' Share Ownership Plan Trust (1995 Trust), and was the trustee of the Standard Chartered 2004 Employee Benefit Trust (2004 Trust) until retiring in October 2015. Computershare Trustees (Jersey) Limited was appointed as the new trustee of the 2004 Trust on 20 October 2015. The 2004 Trust is used in conjunction with the Group's employee share schemes and the 1995 Trust is used for the delivery of other employee share-based payments (such as upfront shares and fixed pay allowances). The Group companies fund the trusts, from time-to-time, to enable the trustees to acquire shares to satisfy these arrangements.

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. Details of the shares purchased and held by the trusts are set out below, including rights issue take up as applicable.

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

34. Non-controlling interests

	$300 million 7.267% Hybrid Tier 1 securities $million	Other non-controlling interests $million	Total $million
As at 1 January 2014	320	275	595
Expenses in equity attributable to non-controlling interests	–	(29)	(29)
Profits attributable to non-controlling interests	4	88	92
Comprehensive income for the year	4	59	63
Distributions	(11)	(49)	(60)
Other (decreases)/increases[1]	(313)	21	(292)
As at 31 December 2014	**–**	**306**	**306**
Expense in equity attributable to non-controlling interests	**–**	**(38)**	**(38)**
Loss attributable to non-controlling interests	**–**	**(2)**	**(2)**
Comprehensive loss for the year	**–**	**(40)**	**(40)**
Distributions	**–**	**(26)**	**(26)**
Other increases[2]	**–**	**81**	**81**
As at 31 December 2015	**–**	**321**	**321**

1. The $300 million 7.267% Hybrid Tier 1 securities issued by Standard Chartered Bank Korea Limited, a wholly owned subsidiary of the Group, were redeemed during 2014. The Group had no interest in these securities
2. Additional investment from non-controlling interests in one of the Group's undertakings

35. Share-based payments

The Group operates a number of share-based arrangements for its executive directors and employees. Details of the share-based payment charge are set out below.

	2015[2]			2014[2]		
	Cash[1] $million	Equity $million	Total $million	Cash $million	Equity $million	Total $million
Deferred share awards	**(18)**	**119**	**101**	(5)	191	186
Other share awards	**(5)**	**50**	**45**	(14)	62	48
Total share based payments	**(23)**	**169**	**146**	(19)	253	234

1. The credit charge for cash settled awards reflects a reduction in expected liability in line with the movement in share price
2. No forfeiture assumed

2011 Standard Chartered Share Plan

Approved by shareholders in May 2011, the 2011 Standard Chartered Share Plan (the 2011 Plan), is the Group's main share plan; applicable to all employees with the flexibility to provide a variety of award types. The 2011 Plan is designed to deliver various types of share awards including those subject to long-term performance conditions, giving the Group sufficient flexibility to meet the challenges of the changing regulatory and competitive environment. Share awards are a key part of both executive directors' and senior management's variable compensation. Such awards ensure that there is an appropriate return for the risk taken and that the measure is aligned with the Group's risk appetite.

- **Performance shares** are subject to a combination of three performance measures: relative total shareholder return (TSR), earnings per share (EPS) growth and return on risk-weighted assets (RoRWA). The weighting between the three elements is split equally, one-third of the award depending on each measure, assessed independently. Performance share awards form part of the variable compensation awarded to executive directors
- **Deferred awards** are used to deliver the deferred portion of total variable compensation, in line with both market practice and regulatory requirements. These awards are subject to a three- or five-year deferral period, vesting equally on each anniversary of the award date. Deferred awards are not subject to any plan limit. This enables the Group to meet regulatory requirements relating to deferral levels, and is in line with market practice
- **Underpin shares** are subject to a combination of two performance measures: EPS growth and RoRWA. The weighting between the two elements is split equally, one-half of the award depending on each measure, assessed independently. Underpin shares formed part of the variable compensation awarded to executive directors and senior management in respect of 2014 performance
- **Restricted share awards** which are made outside of the annual performance process, as additional incentive, retention mechanisms or as replacement awards to new joiners who forfeit awards on leaving their previous employers, are provided as restricted shares under the 2011 Plan. These awards typically vest in equal instalments on the second and third anniversaries of the award date. In line with similar plans operated by our competitors, restricted share awards are not subject to an annual limit and do not have any performance conditions

35. Share-based payments continued

Valuation – performance shares

The fair value of the TSR component is derived by discounting one-third of the award by the loss of expected dividends over the vesting period together with the probability of meeting the relative TSR condition, which is calculated by the area under the TSR vesting schedule curve. The EPS growth fair value is derived by discounting one-third of the award respectively by the loss of expected dividends over the vesting period. The same approach is applied to calculate the RoRWA fair value for one-third of the award. In respect of the EPS growth and RoRWA components, the number of shares expected to vest is adjusted for actual performance when calculating the share-based payment charge for the year. The same fair value applies to all employees including executive directors.

The remaining life of the plan during which new awards can be made is five years.

	2015	2014			
Grant date	**19 March**	10 December	17 September	18 June	13 March
Share price at grant date (£)	**10.51**	9.34	12.28	12.83	11.92
Vesting period (years)	**5**	3	3	3	3
Expected dividend yield (%)	**5.7**	5.7	5.8	5.6	5.3
Fair value (EPS) (£)	**2.65**	2.64	3.45	3.63	3.40
Fair value (RoRWA) (£)	**2.65**	2.64	3.45	3.63	3.40
Fair value (TSR) (£)	**1.08**	1.07	1.41	1.48	1.38

The expected dividend yield assumption is based on a historical average over a period commensurate with this period until vesting, or over one year if the period until vesting is less than one year.

Valuation – deferred shares, underpin shares and restricted shares

The fair value, for all employees including executive directors, is based on 100 per cent of the face value of the shares at the date of grant as the share price will reflect expectations of all future dividends.

Deferred shares and underpin shares accrue dividend equivalent payments during the vesting period. The expected dividend yield assumption is based on a historical average over a period commensurate with this 'average' period until vesting, or over one year if the average period until vesting is less than one year.

Details of deferred, underpin and performance shares awards for executive directors can be found in the Directors' remuneration report on page 127 to 129. All awards are subject to the Group's claw-back policy.

Deferred share awards[1]

	2015		2014	
Grant date	**17 June**	**19 March**	18 June	13 March
Share price at grant date (£)	**10.28**	**10.51**	12.83	11.92
Vesting period (years)	**1/2/3, 1/2/3/4/5**	**1/2/3, 3,1/2/3/4/5, 5**	1/2/3	1/2/3
Expected dividend yield (%)	**N/A**	**N/A**	N/A	N/A
Fair value (£)	**10.28**	**10.51**	12.83	11.92

1. Deferred shares include 88,024 underpin shares, granted on 19 March 2015, with three- and five-year cliff vesting. Valuation as per deferred shares granted on the same date

Deferred awards accrue dividend equivalent payments during the vesting period.

Other restricted share awards

	2015				2014			
Grant date	**1 December**	**22 September**	**17 June**	**19 March**	10 December	17 September	18 June	13 March
Share price at grant date (£)	**5.57**	**6.73**	**10.28**	**10.51**	9.34	12.28	12.83	11.92
Vesting period (years)	**2/3**	**2/3, 1/2/3/4, 2/3/4**	**2/3**	**2/3**	2/3, 1/2/3/4	2/3, 1/2/3/4	2/3, 1/2/3/4	2/3
Expected dividend yield (%)	**6.4**	**6.4**	**7.0**	**7.0**	5.5	5.7	6.1	5.8
Fair value (£)	**4.77**	**5.77**	**8.68**	**8.88**	8.17	10.69	11.08	10.37

2001 Performance Share Plan (2001 PSP) – now closed to new grants

The Group's previous plan for delivering performance shares was the 2001 PSP and there remain outstanding vested awards. Under the 2001 PSP half the award is dependent upon TSR performance and the balance is subject to a target of defined EPS growth. Both measures use the same three-year period and are assessed independently.

2006 Restricted Share Scheme (2006 RSS)/2007 Supplementary Restricted Share Scheme (2007 SRSS)

The Group's previous plans for delivering restricted shares were the 2006 RSS and 2007 SRSS, both now replaced by the 2011 Plan. There remain outstanding vested awards under these plans. Awards were generally in the form of nil cost options and do not have any performance conditions. Generally deferred restricted share awards vest equally over three years and for non-deferred awards half vests two years after the date of grant and the balance after three years. No further awards will be granted under the 2006 RSS and 2007 SRSS.

35. Share-based payments continued

All Employee Sharesave Plan (2004 International Sharesave, 2004 UK Sharesave and 2013 Sharesave)
Under the Sharesave plans, employees have the choice of opening a savings contract. Within a period of six months after the third or fifth anniversary, as appropriate, 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 conditions attached to options granted under the Sharesave plans. In some countries in which the Group operates, it is not possible to operate Sharesave plans, typically due to securities law and regulatory restrictions. In these countries the Group offers an equivalent cash-based plan to its employees. The 2004 Sharesave plans are now closed and no further awards will be granted under these plans.

The Standard Chartered 2013 Sharesave Plan was approved by shareholders in May 2013 and all future Sharesave invitations are made under this plan. The remaining life of the 2013 Sharesave Plan is seven years.

Valuation – Sharesave
Options under the Sharesave plans are valued using a binomial option-pricing model. The same fair value is applied to all employees including executive directors. The fair value per option granted and the assumptions used in the calculation are as follows:

All Employee Sharesave Plan (Sharesave)

	2015	2014
Grant date	**7 October**	8 October
Share price at grant date (£)	**7.41**	11.12
Exercise price (£)[1]	**5.86**	9.85
Vesting period (years)	**3**	3
Expected volatility (%)	**28.0**	25.1
Expected option life (years)	**3.33**	3.33
Risk-free rate (%)	**0.9**	1.19
Expected dividend yield (%)	**6.3**	5.8
Fair value (£)	**1.40**	1.61

1. For Sharesave granted in 2015 and 2014 the exercise prices have been adjusted downwards to reflect the rights issue by approximately 5.06 per cent (the adjusted exercise prices are £5.58 for 2015 and £9.38 for 2014)

The expected volatility is based on historical volatility over the last three years, or three years prior to grant. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on historical dividend for three years prior to grant.

Reconciliation of option movements for the year to 31 December 2015

	2011 Plan[1]						
	Performance shares	Deferred/ restricted shares	PSP[1]	RSS[1]	SRSS[1]	Sharesave	Weighted average exercise price (£)
Outstanding as at 1 January	14,277,137	18,235,300	249,645	2,245,347	663,148	14,017,543	10.91
Granted[2]	83,787[4]	11,654,081[5]	–	–	–	7,744,134	5.86
Additional shares for rights issue[3]	466,018	1,114,589	4,986	55,669	6,761	782,130	–
Lapsed	(4,696,340)	(840,478)	(78,787)	(472,152)	(386,668)	(6,979,307)	10.74
Exercised	(471,869)	(7,054,938)	(72,076)	(677,998)	(143,131)	(222,692)	10.66
Outstanding as at 31 December	9,658,733	23,108,554	103,768	1,150,866	140,110	15,341,808	7.87
Exercisable as at 31 December	324,373	3,475,711	103,768	1,150,866	140,110	1,685,205	11.31
Range of exercise prices (£)[2]	–	–	–	–	–	5.58-13.93	–
Intrinsic value of vested but not exercised options ($ million)	0.1	1.7	0.2	0.5	0.1	–	–
Weighted average contractual remaining life (years)	7.7	5.4	2.6	1.6	1.4	2.6	–
Weighted average share price for options exercised during the period (£)	10.02	9.78	9.13	9.66	10.00	10.82	–

1. Employees do not contribute towards the cost of these awards
2. For Sharesave granted in 2015 the exercise price has been adjusted downwards to reflect the rights issue by approximately 5.06 per cent (the adjusted exercise price is £5.58)
3. For grants awarded prior to the announcement of the rights issue and which had not been exercised or lapsed as of 23 November 2015, the number of shares under award has been adjusted upwards to reflect the rights issue by approximately 5.06 per cent. The adjustment follows the standard approach that companies apply to employee shares awards in the event of a rights issue. The adjustment compensates participants for their inability to participate in the rights issue in relation to their outstanding employee share awards
4. 83,787 granted on 19 March 2015
5. 9,426,009 granted on 19 March 2015, 781,538 (notional dividend) granted on 13 March 2015, 140,722 granted on 17 June 2015, 2,572 (notional dividend) granted on 18 June 2015, 261 (notional dividend) granted on 19 September 2015, 1,215,196 granted on 22 September 2015, and 87,783 granted on 1 December 2015

35. Share based payments continued

Reconciliation of option movements for the year to 31 December 2014

	2011 Plan[1]								
	Performance shares	Deferred/ restricted shares	PSP[1]	RSS[1]	SRSS[1]	ESOS	Weighted average exercise price (£)	Sharesave	Weighted average exercise price (£)
Outstanding as at 1 January	13,315,596	15,493,384	535,629	7,091,740	980,352	36,156	7.89	14,596,338	11.62
Granted	4,856,656[2]	8,741,868[3]	–	147,942[4]	–	–	–	4,498,832	9.85
Lapsed	(2,919,405)	(664,974)	(1,321)	(179,307)	(4,054)	–	–	(4,733,743)	12.10
Exercised	(975,710)	(5,334,978)	(284,663)	(4,815,028)	(313,150)	(36,156)	7.89	(343,884)	10.81
Outstanding as at 31 December	14,277,137	18,235,300	249,645	2,245,347	663,148	–	–	14,017,543	10.91
Exercisable as at 31 December	335,245	1,488,503	249,645	2,245,347	663,148	–	–	2,986,185	10.67
Range of exercise prices (£)	–	–	–	–	–	–	–	9.80-14.63	–
Intrinsic value of vested but not exercised options ($ million)	0.3	1.3	0.5	2.4	0.5	–	–	–	–
Weighted average contractual remaining life (years)	8.2	5.4	3.6	2.4	1.9	–	–	2.0	–
Weighted average share price for options exercised during the period (£)	12.58	12.21	12.55	12.32	12.24	12.57	–	12.74	–

1. Employees do not contribute towards the cost of these awards
2. 4,687,363 granted on 13 March 2014, 128,616 granted on 18 June 2014, 33,896 granted on 17 September 2014 and 6,781 granted on 10 December 2014
3. 7,738,315 granted on 13 March 2014, 268,035 (notional dividend) granted on 11 March 2014, 231,006 (notional dividend) granted on 13 March 2014, 81,432 granted on 18 June 2014, 263 (notional dividend) granted on 19 June 2014, 3,101 (notional dividend) granted on 20 June 2014, 40 (notional dividend) granted on 22 June 2014, 223,209 granted on 17 September 2014, 368 (notional dividend) granted on 17 September 2014 and 196,099 granted on 10 December 2014
4. Granted on 10 March 2014 and relates to notional dividend applied to unvested portion of awards

36. Cash flow statement

Adjustment for non-cash items and other adjustments included within income statement

	Group		Company	
	2015 $million	2014 $million	**2015 $million**	2014 $million
Amortisation of discounts and premiums of investment securities	**(241)**	(207)	**–**	–
Interest expense on subordinated liabilities	**565**	738	**428**	394
Interest expense on senior debt securities in issue	**436**	498	**308**	337
Other non-cash items	**304**	33	**(9)**	16
Pension costs for defined benefit schemes	**96**	105	**–**	–
Share-based payment costs	**146**	234	**–**	–
Impairment losses on loans and advances and other credit risk provisions	**4,976**	2,141	**–**	–
Dividend income from subsidiaries	**–**	–	**(973)**	(1,494)
Other impairment	**855**	1,161	**–**	–
Loss on business classified as held for sale	**4**	15		
Profit from associates and joint ventures	**(192)**	(248)	**–**	–
Total	**6,949**	4,470	**(246)**	(747)

36. Cash flow statement continued

Change in operating assets

	Group		Company	
	2015 $million	2014 $million	**2015 $million**	2014 $million
Decrease/(increase) in derivative financial instruments	**730**	(4,631)	**226**	187
Decrease/(increase) in debt securities, treasury bills and equity shares held at fair value through profit or loss	**9,575**	(1,965)	**–**	–
Decrease/(increase) in loans and advances to banks and customers	**20,979**	(271)	**–**	–
Net decrease/(increase) in pre-payments and accrued income	**383**	(187)	**–**	–
Net decrease/(increase) in other assets	**5,145**	(6,603)	**(17)**	(98)
Total	**36,812**	(13,657)	**209**	89

Change in operating liabilities

	Group		Company	
	2015 $million	2014 $million	**2015 $million**	2014 $million
(Decrease)/increase in derivative financial instruments	**(304)**	2,650	**961**	131
Net (decrease)/increase in deposits from banks, customer accounts, debt securities in issue, Hong Kong notes in circulation and short positions	**(69,958)**	51,273	**(585)**	(392)
(Decrease)/increase in accruals and deferred income	**(198)**	1,417	**(18)**	(9)
Increase/decrease in other liabilities	**216**	3,981	**(415)**	535
Total	**(70,244)**	59,321	**(57)**	265

37. Cash and cash equivalents

The following balances with less than three months' maturity from the date of acquisition have been identified by the Group as being cash and cash equivalents.

	Group		Company	
	2015 $million	2014 $million	**2015 $million**	2014 $million
Cash and balances at central banks	**65,312**	97,282	**–**	–
Less: restricted balances	**(9,112)**	(10,073)	**–**	–
Treasury bills and other eligible bills	**10,280**	7,495	**–**	–
Loans and advances to banks	**18,946**	31,204	**–**	–
Trading securities	**3,002**	3,962	**–**	–
Amounts owed by and due to subsidiary undertakings	**–**	–	**20,517**	17,583
Total	**88,428**	129,870	**20,517**	17,583

Restricted balances comprise minimum balances required to be held at central banks.

38. Capital commitments

Capital expenditure approved by the directors but not provided for in these accounts amounted to:

	2015 $million	2014 $million
Contracted	**1**	6

39. Operating lease commitments

	2015		2014	
	Premises $million	**Equipment $million**	Premises $million	Equipment $million
Commitments under non-cancellable operating leases expiring:				
Within one year	**282**	**3**	317	3
Later than one year and less than five years	**674**	**2**	735	4
After five years	**383**	**–**	578	–
	1,339	**5**	1,630	7

During the year $433 million (2014: $406 million) was recognised as an expense in the income statement in respect of operating leases. The Group leases various premises and equipment under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The total future minimum sublease payments expected to be received under non-cancellable subleases as at 31 December 2015 is $116 million (2014: $144 million).

40. Contingent liabilities and commitments

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

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

1. 2014 balances have been restated

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

Contingent liabilities

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

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

Commitments

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

41. Legal and regulatory matters

The Group seeks to comply with all applicable laws and regulations, but may be subject to regulatory actions and investigations across our markets, the outcome of which are generally difficult to predict and can be material to the Group.

Further details on regulatory compliance, reviews, request for information, investigation and risk of fraud and other criminal acts are set out in pages 200 and 201 of the Risk and capital review.

In addition to these matters, the Group receives legal claims against it in a number of jurisdictions arising in the normal course of business. The Group considers none of these claims as material.

Where appropriate, the Group recognises a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation. The uncertainties inherent in legal and regulatory matters affect the amount and timing of any potential outflows with respect to which provisions have been established.

42. Post-balance sheet events

Tax

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

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

43. Related party transactions

Directors and officers

Details of directors' remuneration and interests in shares are disclosed in the Directors' remuneration report on pages 116 to 132.

IAS 24 *Related party disclosures* requires the following additional information for key management compensation. Key management comprises non-executive directors, executive directors of Standard Chartered PLC, the Court Directors of Standard Chartered Bank and the Persons Discharging Managerial Responsibilities (PDMR) of Standard Chartered PLC.

	2015 $million	2014 $million
Salaries, allowances and benefits in kind	**42**	28
Pension contributions	**3**	9
Bonuses paid or receivable	**–**	1
Share-based payments	**40**	37
	85	75

Transactions with directors and others

As at 31 December 2015, the total amounts to be disclosed under the Companies Act 2006 (the Act) and the Listing Rules of the Hong Kong Stock Exchange Limited (HK Listing Rules) about loans to directors were as follows:

	2015		2014	
	Number	**$million**	Number	$million
Directors	**1**	**–**	3	6

The loan transaction provided to the director of Standard Chartered PLC was a connected transaction under Chapter 14A of the HK Listing Rules. It was fully exempt as financial assistance under Rule 14A.87(1), as it was provided in our ordinary and usual course of business and on normal commercial terms.

As at 31 December 2015, Standard Chartered Bank had created a charge over $74 million (2014: $68 million) of cash assets in favour of the independent trustee of its employer-financed retirement benefit scheme.

Other than as disclosed in the Annual Report and Accounts, there were no other transactions, arrangements or agreements outstanding for any director, connected person or officer of the Company which have to be disclosed under the Act, the rules of the UK Listing Authority or the HK Listing Rules.

Company

The Company has received $627 million (2014: $633 million) of interest income from Standard Chartered Bank. The Company issues debt externally and lends proceeds to Group companies. As at 31 December 2015, it had loans to and debt instruments issued by Standard Chartered Bank of $16,209 million (2014: $13,308 million), derivative financial assets of $639 million (2014: $865 million) and $1,438 million derivative financial liabilities (2014: $477 million) with Standard Chartered Bank, loans of $130 million (2014: $130 million) to Standard Chartered Holdings Limited. At 31 December 2015, it had loans to Standard Chartered International Holdings of $1,801 million ((2014: $1,925 million).

43. Related party transactions continued

The Company has an agreement with Standard Chartered Bank that in the event of Standard Chartered Bank defaulting on its debt coupon interest payments, where the terms of such debt requires it, the Company shall issue shares as settlement for non-payment of the coupon interest.

Associate and joint ventures

	2015				2014			
	China Bohai Bank $million	**Asia Commercial Bank $million**	**Clifford Capital $million**	**PT Bank Permata $million**	China Bohai Bank[1] $million	Asia Commercial Bank $million	Clifford Capital $million	PT Bank Permata $million
Assets								
Loans and advances	**11**	**–**	**–**	**69**	–	–	30	136
Debt securities	**–**	**–**	**–**	**112**	–	–	–	120
Derivative assets	**18**	**–**	**6**	**–**	18	–	–	
Total assets	**29**	**–**	**6**	**181**	18	–	30	256
Liabilities								
Deposits	**70**	**–**	**–**	**16**	89	–	4	40
Derivative liabilities	**3**	**–**	**–**	**–**	1	–	–	–
Total liabilities	**73**	**–**	**–**	**16**	90	–	4	40
Loan commitments and other guarantees	**–**	**–**	**50**	**–**	–	–	50	–

1. Balances have been restated

44. Restatement of prior year

Earnings per share

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

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

Dividend per share

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

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

45. Standard Chartered PLC (Company)

Classification and measurement of financial instruments

Financial assets	2015 Derivatives held for hedging $million	2015 Amortised cost $million	2015 Total $million	2014 Derivatives held for hedging $million	2014 Amortised cost $million	2014 Total $million
Derivatives	639	–	639	865	–	865
Debt securities	–	12,309	12,309	–	12,309	12,309
Amounts owed by subsidiary undertakings	–	20,517	20,517	–	17,583	17,583
Total	639	32,826	33,465	865	29,892	30,757

Derivatives held for hedging are held at fair value, are classified as Level 2 and the counterparty is Standard Chartered Bank.

Debt securities comprise corporate securities issued by Standard Chartered Bank with a fair value of $12,309 million (2014: $12,309 million).

In 2015 and 2014, amounts owed by subsidiary undertakings have a fair value equal to carrying value.

Financial liabilities	2015 Derivatives held for hedging $million	2015 Amortised cost $million	2015 Total $million	2014 Derivatives held for hedging $million	2014 Amortised cost $million	2014 Total $million
Derivatives	1,438	–	1,438	477	–	477
Debt securities in issue	–	17,293	17,293	–	18,638	18,638
Subordinated liabilities and other borrowed funds	–	13,736	13,736	–	14,177	14,177
Total	1,438	31,029	32,467	477	32,815	33,292

Derivatives held for hedging are held at fair value, classified as Level 2 and the counterparty is Standard Chartered Bank.

The fair value of debt securities in issue is $17,293 million (2014: $18,638 million).

The fair value of subordinated liabilities and other borrowed funds is $12,920 million (2014: $13,774 million).

Derivative financial instruments

Derivatives	2015 Notional principal amounts $million	2015 Assets $million	2015 Liabilities $million	2014 Notional principal amounts $million	2014 Assets $million	2014 Liabilities $million
Foreign exchange derivative contracts:						
Currency swaps	10,528	58	1,426	13,084	338	464
Interest rate derivative contracts:						
Swaps	14,748	581	12	12,750	527	13
Total	25,276	639	1,438	25,834	865	477

Credit risk

Maximum exposure to credit risk

	2015 $million	2014 $million
Derivative financial instruments	639	865
Debt securities	12,309	12,309
Amounts owed by subsidiary undertakings	20,517	17,583
Total	33,465	30,757

In 2014 and 2015, amounts owed by subsidiary undertakings were neither past due nor impaired; the Company had no individually impaired loans.

In 2014 and 2015, the Company had no impaired debt securities. The debt securities held by the Group are issued by Standard Chartered Bank, a wholly owned subsidiary undertaking with credit ratings of A+/A+/Aa2.

45. Standard Chartered PLC (Company) continued

Liquidity risk

The following table analyses the residual contractual maturity of the assets and liabilities of the Company on a discounted basis:

	2015								
	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
Assets									
Derivative financial instruments	–	–	13	–	–	19	20	587	639
Investment securities	–	–	1,300	–	–	2,850	1,698	6,461	12,309
Amount owed by subsidiary undertakings	293	584	2,779	506	2,958	3,950	8,663	784	20,517
Investments in subsidiary undertakings	–	–	–	–	–	–	–	28,381	28,381
Total assets	293	584	4,092	506	2,958	6,819	10,381	36,213	61,846
Liabilities									
Derivative financial instruments	–	–	–	–	339	242	384	473	1,438
Senior debt	–	–	1,913	–	1,371	3,956	6,800	3,253	17,293
Other liabilities	202	56	76	–	33	23	20	–	410
Subordinated liabilities and other borrowed funds	–	–	–	–	–	1,247	1,420	11,069	13,736
Total liabilities	202	56	1,989	–	1,743	5,468	8,624	14,795	32,877
Net liquidity gap	91	528	2,103	506	1,215	1,351	1,757	21,418	28,969

	2014								
	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
Assets									
Derivative financial instruments	–	–	24	–	5	39	65	732	865
Investment securities	–	–	–	–	–	–	1,250	11,059	12,309
Amount owed by subsidiary undertakings	78	21	1,500	–	2,692	3,783	7,306	2,203	17,583
Investments in subsidiary undertakings	–	–	–	–	–	–	–	24,881	24,881
Total assets	78	21	1,524	–	2,697	3,822	8,621	38,875	55,638
Liabilities									
Derivative financial instruments	–	–	–	–	161	83	233	–	477
Senior debt	–	–	2,015	–	2,572	3,491	8,007	2,553	18,638
Other liabilities	208	43	89	–	48	–	87	–	475
Subordinated liabilities and other borrowed funds	–	–	–	–	–	–	1,242	12,935	14,177
Total liabilities	208	43	2,104	–	2,781	3,574	9,569	15,488	33,767
Net liquidity gap	(130)	(22)	(580)	–	(84)	248	(948)	23,387	21,871

45. Standard Chartered PLC (Company) continued

Financial liabilities excluding derivative financial instruments on an undiscounted basis

	2015								
	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
Debt securities in issue	70	21	1,999	46	1,537	4,259	7,421	4,317	19,670
Subordinated liabilities and other borrowed funds	150	57	79	207	83	1,822	3,146	17,429	22,973
Other liabilities	202	56	76	–	33	23	4	–	394
Total liabilities	422	134	2,154	253	1,653	6,104	10,571	21,746	43,037

	2014								
	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
Debt securities in issue	75	23	2,107	48	2,803	3,832	8,640	3,664	21,192
Subordinated liabilities and other borrowed funds	150	69	72	207	91	590	2,916	18,790	22,885
Other liabilities	208	43	80	–	39	–	89	–	459
Total liabilities	433	135	2,259	255	2,933	4,422	11,645	22,454	44,536

Derivative financial instruments on an undiscounted basis

Derivative financial instruments include those net settled derivative contracts in a net liability position, together with the pay leg of gross settled contracts regardless of whether the overall contract is in an asset or liability position. The receiving leg is not shown in this table and as a result the derivative amounts in this table are inflated by their exclusion.

	2015								
	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
Derivative financial instruments	59	25	94	102	108	424	1,218	2,338	4,368

	2014								
	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
Derivative financial instruments	60	31	92	96	104	468	1,498	2,422	4,771

46. Related undertakings of the Group

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 31 December 2015 is disclosed below. Refer to note 23 for undertakings that have a significant contribution to the Group's net profit or net assets.

Subsidiaries

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
BWA Dependents Limited	United Kingdom	£1.00 Ordinary shares	100
Chartered Financial Holdings Limited	United Kingdom	£5.00 Ordinary shares	100
		£1.00 Preference shares	100
Compass Estates Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
FinVentures UK Limited	United Kingdom	$1.00 Ordinary shares	100
Harrison Lovegrove & Co. Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
Pembroke Aircraft Leasing (UK) Limited	United Kingdom	£1.00 Ordinary shares	100
SC (Secretaries) Limited	United Kingdom	£1.00 Ordinary shares	100
SC Leaseco Limited	United Kingdom	$1.00 Ordinary shares	100
SC Overseas Investments Limited	United Kingdom	AUD1.00 Ordinary shares	100
		$1.00 Ordinary shares	100
SC Transport Leasing 1 LTD	United Kingdom	£1.00 Ordinary shares	100
SC Transport Leasing 2 Limited	United Kingdom	£1.00 Ordinary shares	100
SCMB Overseas Limited	United Kingdom	£0.10 Ordinary shares	100
St. Helens Nominees Limited[1]	United Kingdom	£1.00 Ordinary shares	99
Stanchart Nominees Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered (CT) Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered (GCT) Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Africa Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered APR Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Bank	United Kingdom	$0.01 Non-Cumulative Irredeemable Preference shares	100
		$5.00 Non-Cumulative Redeemable Preference shares[1]	100
		$1.00 Ordinary shares	100
Standard Chartered Capital Markets Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
		$1.00 Ordinary shares	100
Standard Chartered Corporate Finance (Canada) Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Corporate Finance (Eurasia) Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Debt Trading Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Equitor Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Financial Investments Limited (in liquidation)	United Kingdom	£1.00 Ordinary A shares	100
Standard Chartered FURBS Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Health Trustee (UK) Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Holdings Limited[1]	United Kingdom	$2.00 Ordinary shares	100
Standard Chartered I H Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Lease Trustee Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Leasing (UK) 2 Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Leasing (UK) 3 Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Leasing (UK) Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Masterbrand Licensing Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered NEA Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Nominees Limited[1]	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Overseas Holdings Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Portfolio Trading (UK) Limited (in liquidation)	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered Receivables (UK) Limited (in liquidation)	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Securities (Africa) Holdings Limited	United Kingdom	$1.00 Ordinary shares	100
Standard Chartered Trustees (UK) Limited	United Kingdom	£1.00 Ordinary shares	100
Standard Chartered UK Holdings Limited	United Kingdom	£10.00 Ordinary shares	100
The SC Transport Leasing Partnership 1[2]	United Kingdom	Partnership interest	100
The SC Transport Leasing Partnership 2[2]	United Kingdom	Partnership interest	100
The SC Transport Leasing Partnership 3[2]	United Kingdom	Partnership interest	100
The SC Transport Leasing Partnership 4[2]	United Kingdom	Partnership interest	100
The BW Leasing Partnership 1 LP[3]	United Kingdom	Partnership interest	99.9
The BW Leasing Partnership 2 LP[3]	United Kingdom	Partnership interest	99.9

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
The BW Leasing Partnership 3 LP[3]	United Kingdom	Partnership interest	99.9
The BW Leasing Partnership 4 LP[3]	United Kingdom	Partnership interest	99.9
The BW Leasing Partnership 5 LP[3]	United Kingdom	Partnership interest	99.9
The New Herald LLP[3]	United Kingdom	Partnership interest	99.9
The New Joy Leasing LLP[3]	United Kingdom	Partnership interest	99.9
The Ocean Master LLP[3]	United Kingdom	Partnership interest	99.9
The Tooley Investment LLP[3]	United Kingdom	Partnership interest	99.9
Standard Chartered Bank Angola S.A.	Angola	AOK4,825.00 Ordinary shares	60
Standard Chartered Grindlays Pty Limited	Australia	AUD Ordinary shares	100
Standard Chartered Bank Botswana Insurance Agency (Proprietary) Limited	Botswana	BWP1.00 Ordinary shares	100
Standard Chartered Bank Botswana Investment Services (Pty) Limited	Botswana	BWP1.00 Ordinary shares	100
Standard Chartered Bank Botswana Limited	Botswana	BWP1.00 Ordinary shares	75.827
Standard Chartered Botswana Education Trust[4]	Botswana	–	100
Standard Chartered Botswana Nominees (Proprietary) Limited	Botswana	BWP Ordinary shares	100
Standard Chartered Bank (Brasil) S.A. – Banco de Investimento	Brazil	BRL Ordinary shares	100
Standard Chartered Participações E Assessoria Economica Ltda	Brazil	BRL0.51 Common shares	100
Standard Chartered Finance (Brunei) Bhd	Brunei Darussalam	BND1.00 Ordinary shares	100
Standard Chartered Bank Cameroon S.A.	Cameroon	XAF10,000.00 shares	100
Standard Chartered (Canada) Limited	Canada	CAD1.00 Ordinary shares	100
SCB Investment Holding Company Limited	Cayman Islands	$0.01 A Ordinary shares	100
Sirat Holdings Limited	Cayman Islands	$0.01 Ordinary shares	91
		$0.01 Preference shares	66.7
Standard Chartered Asia Real Estate Fund Company Limited	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered Corporate Private Equity (Cayman) Limited	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered International Partners	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered Principal Finance (Cayman) Limited	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered Private Equity (Cayman) Limited	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered Saadiq Certificate Company Limited	Cayman Islands	$1.00 Ordinary shares	100
Standard Chartered Saadiq Mudarib Company Limited	Cayman Islands	$1.00 Ordinary shares	100
Sunflower Cayman SPC[5]	Cayman Islands	$1.00 Management shares	100
Cerulean Investments LP	Cayman Islands	Partnership interest	100
Gettysburg Investments LP	Cayman Islands	Partnership interest	100
Inner Mongolia Helingeer Standard Chartered Village Bank Limited	China	CNY1.00 Ordinary shares	100
SCL Consulting (Shanghai) Co. Ltd (In Liquidation)	China	$ Ordinary shares	100
Scope International (China) Co., Ltd.	China	$ Ordinary shares	100
Standard Chartered Bank (China) Limited	China	CNY Ordinary shares	100
Standard Chartered Corporate Advisory Co. Ltd	China	$1.00 Ordinary shares	100
Standard Chartered Trading (Shanghai) Limited	China	$15,000,000.00 Ordinary shares	100
Sociedad Fiduciaria Extebandes S.A. (in liquidation)	Colombia	COP1.00 Ordinary shares	100
Standard Chartered Bank Côte d'Ivoire SA	Cote d'Ivoire	XOF100,000.00 Ordinary shares	100
American Express International Finance Corp. N.V. (in liquidation)	Curaçao	$1,000.00 Ordinary shares	100
Ricanex Participations N.V. (In Liquidation)	Curaçao	$1,000.00 Ordinary shares	100
Pembroke Lease France SAS	France	€1.00 Ordinary shares	100
Standard Chartered Bank Gambia Limited	Gambia	GMD1.00 Ordinary shares	74.9
		GHC Ordinary shares	69.4
		GHC5,200.00 Preference shares	87.1
Standard Chartered Ghana Nominees Limited	Ghana	GHS Ordinary shares	100
Birdsong Limited	Guernsey	£1.00 Ordinary shares	100
Nominees One Limited	Guernsey	£1.00 Ordinary shares	100
Nominees Two Limited	Guernsey	£1.00 Ordinary shares	100
Songbird Limited	Guernsey	£1.00 Ordinary shares	100
Standard Chartered Secretaries (Guernsey) Limited	Guernsey	£1.00 Ordinary shares	100
Standard Chartered Trust (Guernsey) Limited	Guernsey	£1.00 Ordinary shares	100
Double Wings Limited	Hong Kong	HKD1.00 Ordinary shares	100
GE Capital (Hong Kong) Limited (in liquidation)	Hong Kong	HKD10.00 Ordinary shares	100
Grimes Golden Limited (in liquidation)	Hong Kong	HKD Ordinary shares	100
		$ Ordinary shares	100
Horsford Nominees Limited	Hong Kong	HKD Ordinary shares	100

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Kozagi Limited	Hong Kong	HKD10.00 Ordinary shares	100
Larne Limited (In Liquidation)	Hong Kong	HKD Ordinary shares	100
Leopard Hong Kong Limited (in liquidation)	Hong Kong	$ Ordinary shares	100
Majestic Legend Limited	Hong Kong	HKD1.00 Ordinary shares	100
Marina Acacia Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Amaryllis Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Amethyst Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Ametrine Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Angelite Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Apollo Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Beryl Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Carnelian Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Emerald Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Flax Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Gloxinia Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Hazel Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Honor Shipping Limited	Hong Kong	HKD Ordinary shares	100
		$ Ordinary shares	100
Marina Ilex Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Iridot Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Kunzite Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Leasing Limited	Hong Kong	$ Ordinary shares	100
Marina Mimosa Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Moonstone Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Peridot Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Ruby Shipping Limited (in liquidation)	Hong Kong	$ Ordinary shares	100
Marina Sapphire Shipping Limited	Hong Kong	$ Ordinary shares	100
Marina Splendor Shipping Limited	Hong Kong	HKD Ordinary shares	100
		$ Ordinary shares	100
Marina Tourmaline Shipping Limited	Hong Kong	$ Ordinary shares	100
Ori Private Limited	Hong Kong	$1.00 Ordinary shares	100
		$1.00 A Ordinary shares	90.8
Prime Financial Limited (In Liquidation)	Hong Kong	HKD Ordinary shares	100
Rivendell Private Limited	Hong Kong	$1.00 A Ordinary shares	84.8
S C Learning Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Asia Limited	Hong Kong	HKD Deferred shares	100
		HKD Ordinary shares	100
Standard Chartered Bank (Hong Kong) Limited	Hong Kong	HKD A Ordinary shares	100
		HKD B Ordinary shares	100
		$ Preference shares	100
Standard Chartered Global Trading Investments Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Investment Services Limited	Hong Kong	HKD10.00 Ordinary shares	100
Standard Chartered Leasing Group Limited	Hong Kong	$ Ordinary shares	100
Standard Chartered PF Real Estate (Hong Kong) Limited	Hong Kong	HKD10.00 Ordinary shares	100
Standard Chartered Private Equity Limited	Hong Kong	HKD1.00 Ordinary shares	100
		HKD Ordinary shares	100
Standard Chartered Private Equity Managers (Hong Kong) Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Sherwood (HK) Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Trade Support (HK) Limited	Hong Kong	HKD Ordinary shares	100
Standard Chartered Trust (Hong Kong) Limited	Hong Kong	HKD10.00 Ordinary shares	100
Union Town Limited	Hong Kong	HKD1.00 Ordinary shares	100
Scope International Private Limited	India	INR10.00 Equity shares	100
St Helen's Nominees India Private Limited	India	INR10.00 Equity shares	99
Standard Chartered (India) Modeling and Analytics Centre Private Limited	India	INR10.00 Ordinary shares	100
Standard Chartered Finance Limited	India	INR10.00 Ordinary shares	98.7

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Standard Chartered Investments and Loans (India) Limited	India	INR10.00 Ordinary shares	100
Standard Chartered Private Equity Advisory (India) Private Limited	India	INR1,000.00 Ordinary shares	100
Standard Chartered Securities (India) Limited	India	INR10.00 Ordinary shares	100
PT Standard Chartered Securities Indonesia	Indonesia	IDR100,000,000.00 Ordinary shares	99
PT. Price Solutions Indonesia	Indonesia	$100.00 Ordinary shares	100
Inishbrophy Leasing Limited	Ireland	€1.00 Ordinary shares	100
Inishcannon Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishcorky Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishcrean Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishdasky Leasing Limited (in liquidation)	Ireland	$1.00 Ordinary shares	100
Inishdawson Leasing Limited	Ireland	€1.00 Ordinary shares	100
Inisherkin Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishgort Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishilra Leasing Limited (in liquidation)	Ireland	$1.00 Ordinary shares	100
Inishlynch Leasing Limited	Ireland	€1.00 Ordinary shares	100
Inishmullen Leasing Limited (in liquidation)	Ireland	$1.00 Ordinary shares	100
Inishoo Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishquirk Leasing Limited	Ireland	$1.00 Ordinary shares	100
Inishroe Leasing Limited (in liquidation)	Ireland	$1.00 Ordinary shares	100
Inishtubrid Leasing Limited	Ireland	$1.00 Ordinary shares	100
Nightjar Limited	Ireland	$1.00 Ordinary shares	100
Pembroke 7006 Leasing Limited	Ireland	€1.25 Ordinary shares	100
Pembroke 717 Leasing Limited (in liquidation)	Ireland	€1.00 Ordinary shares	100
Pembroke Aircraft Leasing 1 Limited	Ireland	€1.00 Ordinary shares	100
Pembroke Aircraft Leasing 2 Limited	Ireland	€1.00 Ordinary shares	100
Pembroke Aircraft Leasing 3 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 4 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 5 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 6 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 7 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 8 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 9 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 10 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 11 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 12 Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Aircraft Leasing Holdings Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Alpha Limited	Ireland	€1.00 Ordinary shares	100
Pembroke Capital Limited	Ireland	€1.25 Ordinary shares $1.00 Ordinary shares	100 100
Pembroke Capital Shannon Limited	Ireland	€1.25 Ordinary shares	100
Pembroke Nominees Limited (In liquidation)	Ireland	€1.25 Ordinary shares	100
Skua Limited	Ireland	$1.00 Ordinary shares	100
Pembroke Group Limited	Isle of Man	$0.01 Ordinary shares	100
Standard Chartered Assurance Limited	Isle of Man	$1.00 Ordinary shares $1.00 Redeemable Preference shares	100 100
Standard Chartered Insurance Limited	Isle of Man	$1.00 Ordinary shares	100
Standard Chartered Securities (Japan) Preparation Limited	Japan	JPY50,000 Ordinary shares	100
Ocean Horizon Holdings East Limited	Jersey	$1.00 Ordinary shares	100
Ocean Horizon Holdings West Limited	Jersey	$1.00 Ordinary shares	100
SCB Nominees (CI) Limited	Jersey	$1.00 Ordinary shares	100
Standard Chartered Funding (Jersey) Limited[1]	Jersey	£1.00 Ordinary shares	100
Standard Chartered Bank Kenya Limited	Kenya	KES5.00 Ordinary shares KES5.00 Preference shares	74.3 100
Standard Chartered Securities (Kenya) Limited	Kenya	KES10.00 Ordinary shares	100
Standard Chartered Financial Services Limited	Kenya	KES20.00 Ordinary shares	100
Standard Chartered Insurance Agency Limited	Kenya	KES100.00 Ordinary shares	100
Standard Chartered Investment Services Limited	Kenya	KES1.00 Ordinary shares	100
Standard Chartered Kenya Nominees Limited	Kenya	KES20.00 Ordinary shares	100

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Standard Chartered Management Services Limited (in liquidation)	Kenya	KES20.00 Ordinary shares	100
Resolution Alliance Korea Ltd	Korea, Republic of	KRW5,000.00 Ordinary shares	100
Standard Chartered Bank Korea Limited	Korea, Republic of	KRW5,000.00 Ordinary shares	100
Standard Chartered Private Equity Korea II	Korea, Republic of	KRW1,000,000.00 Ordinary shares	52.2
Standard Chartered Private Equity Managers Korea Limited	Korea, Republic of	KRW5,000.00 Ordinary shares	100
Standard Chartered Securities Korea Limited	Korea, Republic of	KRW5,000.00 Ordinary shares	100
Standard Chartered Metropolitan Holdings SAL	Lebanon	$10.00 Ordinary A shares	100
Standard Chartered Financial Services (Luxembourg) S.A. (in liquidation)	Luxembourg	€25.00 Ordinary shares	100
Amphissa Corporation Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Cartaban (Malaya) Nominees Sdn Berhad	Malaysia	RM10.00 Ordinary shares	100
Cartaban Nominees (Asing) Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Cartaban Nominees (Tempatan) Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Golden Maestro Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Marina Morganite Shipping Limited	Malaysia	$ Ordinary shares	100
Marina Moss Shipping Limited	Malaysia	$1.00 Ordinary shares	100
Marina Tanzanite Shipping Limited	Malaysia	$ Ordinary shares	100
Pembroke Leasing (Labuan) 2 Berhad	Malaysia	$1.00 Ordinary shares	100
Pembroke Leasing (Labuan) 3 Berhad	Malaysia	$1.00 Ordinary shares	100
Pembroke Leasing (Labuan) Pte Limited	Malaysia	$1.00 Ordinary shares	100
Popular Ambience Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Price Solutions Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Resolution Alliance Sdn Bhd[6]	Malaysia	RM1.00 Ordinary shares	91
SCBMB Trustee Berhad	Malaysia	RM10.00 Ordinary shares	100
Scope International (M) Sdn Bhd	Malaysia	RM1.00 Ordinary shares	100
Standard Chartered Bank Malaysia Berhad	Malaysia	RM0.10 Irredeemable Cumulative Preference shares	100
		RM1.00 Ordinary shares	100
Standard Chartered Saadiq Berhad	Malaysia	RM1.00 Ordinary shares	100
Marina Alysse Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Amandier Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Ambroisee Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Angelica Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Aquamarine Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Aventurine Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Buxus Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Celsie Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Citrine Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Dahlia Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Dittany Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Dorado Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Jessamine Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Lilac Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Lolite Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Obsidian Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Pissenlet Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Poseidon Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Protea Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Quartz Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Remora Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Turquoise Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Zeus Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Marina Zircon Shipping Limited	Marshall Islands	$1.00 Ordinary shares	100
Standard Chartered Bank (Mauritius) Limited	Mauritius	$10.00 Ordinary shares	100
Standard Chartered Financial Holdings	Mauritius	$1.00 Ordinary shares	100
Standard Chartered Private Equity (Mauritius) II Limited	Mauritius	$1.00 Ordinary shares	100
Standard Chartered Private Equity (Mauritius) Limited	Mauritius	$1.00 Ordinary shares	100
		$ Redeemable Preference shares	100
Standard Chartered Private Equity (Mauritius) III Limited	Mauritius	$1.00 Ordinary shares	100

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Subcontinental Equities Limited	Mauritius	$1.00 Ordinary shares	100
Standard Chartered Bank Mozambique, S.A.	Mozambique	$1.00 Ordinary shares	100
Standard Chartered Bank Nepal Limited	Nepal	NPR100.00 Ordinary shares	75
Pembroke B717 Holdings B.V.	Netherlands	€1.00 Ordinary shares	100
Pembroke Funding B.V.	Netherlands	€100.00 Ordinary shares	100
Pembroke Holland B.V.	Netherlands	€450.00 Ordinary shares	100
Pembroke Thai Aircraft II B.V.	Netherlands	€100.00 Ordinary shares	100
Smart Application Investment B.V.	Netherlands	€45.00 Ordinary shares	100
Standard Chartered Holdings (Africa) B.V.	Netherlands	€4.50 Ordinary shares	100
Standard Chartered Holdings (Asia Pacific) B.V.	Netherlands	€4.50 Ordinary shares	100
Standard Chartered Holdings (International) B.V.	Netherlands	€4.50 Ordinary A Shares	100
		€4.50 Ordinary B Shares	100
		€4.50 Ordinary C Shares	100
		€4.50 Ordinary D Shares	100
		€4.50 Ordinary E Shares	100
		€4.50 Ordinary F Shares	100
		€4.50 Ordinary G Shares	100
Standard Chartered MB Holdings B.V.	Netherlands	€4.50 Ordinary shares	100
Cherroots Nigeria Limited	Nigeria	NGN1.00 Ordinary shares	100
Standard Chartered Bank Nigeria Limited	Nigeria	NGN1.00 Irredeemable Non Cumulative Preference shares	100
		NGN1.00 Ordinary shares	100
		NGN1.00 Redeemable Preference shares	100
Standard Chartered Capital & Advisory Nigeria Limited	Nigeria	NGN1.00 Ordinary shares	100
Standard Chartered Nominees (Nigeria) Limited	Nigeria	NGN1.00 Ordinary shares	100
Price Solution Pakistan (Private) Limited[1]	Pakistan	PKR10.00 Ordinary shares	100
Standard Chartered Bank (Pakistan) Limited	Pakistan	PKR10.00 Ordinary shares	99
Standard Chartered Leasing Limited	Pakistan	PKR10.00 Ordinary shares	86.5
Standard Chartered Modaraba[7]	Pakistan	PKR10.00 Modaraba Certificates	20
Standard Chartered Services of Pakistan (Private) Limited	Pakistan	PKR10.00 Ordinary shares	100
Banco Standard Chartered en Liquidacion (in liquidation)	Peru	$75.133 Ordinary shares	100
Assurance Solutions Insurance Agency Inc.	Philippines	PHP1.00 Ordinary shares	100
Price Solutions Philippines, Inc.	Philippines	PHP1.00 Ordinary shares	100
Standard Chartered Nominees (Western Samoa) Limited	Samoa	$1.00 Ordinary shares	100
Standard Chartered Capital (Saudi Arabia)	Saudi Arabia	SAR10.00 Ordinary shares	100
Standard Chartered Bank Sierra Leone Limited	Sierra Leone	SLL1.00 Ordinary shares	80.7
Marina Aquata Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Marina Aruana Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
		$ Ordinary shares	100
Marina Aster Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
Marina Cobia Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
		$ Ordinary shares	100
Marina Daffodil Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
Marina Fatmarini Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Marina Frabandari Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Marina Freesia Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
Marina Gerbera Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Marina Mars Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
Marina Mercury Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
Marina Opah Shipping Pte. Ltd.	Singapore	SGD Ordinary shares	100
		$ Ordinary shares	100
Marina Partawati Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Marina Poise Shipping Pte. Ltd.	Singapore	$ Ordinary shares	100
Price Solutions Singapore Pte. Ltd.	Singapore	SGD Ordinary shares	100
Prime Financial Holdings Limited	Singapore	SGD Ordinary shares	100
		$ Ordinary shares	100

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Raffles Nominees (Pte.) Limited	Singapore	SGD Ordinary shares	100
SC2 Investments (Singapore) Private Limited	Singapore	SGD Ordinary shares	100
SCM Real Estate (Singapore) Private Limited	Singapore	SGD1.00 Ordinary shares	100
SCTS Capital Pte. Ltd	Singapore	SGD Ordinary shares	100
SCTS Management Pte. Ltd.	Singapore	SGD Ordinary shares	100
Standard Chartered (1996) Limited	Singapore	SGD Ordinary shares	100
Standard Chartered (2000) Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Bank (Singapore) Limited	Singapore	SGD Ordinary shares	100
		SGD Preference shares	100
Standard Chartered Holdings (Singapore) Private Limited	Singapore	SGD Ordinary shares	100
Standard Chartered IL&FS Management (Singapore) Pte. Limited	Singapore	$1.00 Ordinary shares	50
Standard Chartered Investments (Singapore) Private Limited	Singapore	$ Ordinary shares	100
Standard Chartered Nominees (Singapore) Pte Ltd	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered PF Managers Pte. Limited	Singapore	$1.00 Ordinary shares	100
Standard Chartered Private Equity (Singapore) Pte. Ltd	Singapore	$ Ordinary shares	100
		$ Redeemable Preference shares	100
Standard Chartered Private Equity Managers (Singapore) Pte. Ltd	Singapore	$ Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) I Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) II Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) III Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) IV Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) V Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) VI Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) VII Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment (Singapore) VIII Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Real Estate Investment Holdings (Singapore) Private Limited	Singapore	SGD1.00 Ordinary shares	100
Standard Chartered Securities (Singapore) Pte. Limited	Singapore	SGD Ordinary shares	100
Standard Chartered Trust (Singapore) Limited	Singapore	SGD Ordinary shares	100
CMB Nominees Proprietary Limited	South Africa	ZAR1.00 Ordinary shares	100
Standard Chartered Nominees South Africa Proprietary Limited (RF)	South Africa	ZAR Ordinary shares	100
Standard Chartered Bank (Switzerland) S.A. (in liquidation)	Switzerland	CHF1,000.00 Ordinary shares	100
		CHF100.00 Participation Capital shares	100
Kwang Hua Mocatta Ltd. (Taiwan) (in liquidation)	Taiwan	TWD1,000.00 Ordinary shares	100
Standard Chartered Bank (Taiwan) Limited	Taiwan	TWD10.00 Ordinary shares	100
Standard Chartered Life Insurance Agency Company	Taiwan	TWD10.00 Ordinary shares	100
Taiwan Standard Chartered Insurance Agency Company	Taiwan	TWD10.00 Ordinary shares	100
Standard Chartered Bank Tanzania Limited	Tanzania, United Republic of	TZS1,000.00 Ordinary shares	100
Standard Chartered Tanzania Nominees Limited	Tanzania, United Republic of	TZS1,000.00 Ordinary shares	100
Standard Chartered (Thai) Asset Management Co. Ltd	Thailand	THB100.00 Statutory shares	100
Standard Chartered (Thailand) Company Limited	Thailand	THB10.00 Ordinary shares	100
Standard Chartered Bank (Thai) Public Company Limited	Thailand	THB10.00 Ordinary shares	99.9
Thai Exclusive Leasing Company Limited	Thailand	THB10.00 Ordinary shares	100
Standard Chartered Yatirim Bankasi Turk Anonim Sirketi	Turkey	TRL0.10 Ordinary shares	100
Standard Chartered Bank Uganda Limited	Uganda	UGS1,000.00 Ordinary shares	100
SC Studios, LLC	United States	$1.00 Membership Interest shares	100
StanChart Securities International, Inc.	United States	$0.01 Common shares	100
Standard Chartered Bank International (Americas) Limited	United States	$1.00 Ordinary shares	100
Standard Chartered Capital Management (Jersey), LLC	United States	$ Ordinary shares	100

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Standard Chartered Holdings Inc.	United States	$100.00 Common shares	100
Standard Chartered International (USA) Ltd.	United States	$100.00 Ordinary shares	100
Standard Chartered Overseas Investment, Inc.	United States	$10.00 Ordinary shares	100
Standard Chartered Securities (North America) Inc.	United States	$0.01 Ordinary shares	100
Standard Chartered Trade Services Corporation	United States	$0.01 Common shares	100
Standard Chartered Uruguay Representacion S.A. (in liquidation)	Uruguay	UYU1.00 Ordinary shares	100
Standard Chartered Bank (Vietnam) Limited	Vietnam	VND Charter Capital shares	100
California Rose Limited	Virgin Islands, British	$1.00 Ordinary shares	90.5
Earnest Range Limited	Virgin Islands, British	$1.00 Ordinary shares	90.5
New Group Investments Limited	Virgin Islands, British	$1.00 Ordinary shares	100
Sky Favour Investments Limited	Virgin Islands, British	$1.00 Ordinary shares	100
Sky Harmony Holdings Limited	Virgin Islands, British	$1.00 Ordinary shares	100
Standard Chartered Bank Zambia Plc	Zambia	ZMW0.25 Ordinary shares	90
Standard Chartered Zambia Nominees Limited	Zambia	ZMK2.00 Ordinary shares	100
Standard Chartered Zambia Securities Services Nominees Limited	Zambia	ZMK1.00 Ordinary shares	100
Standard Chartered Asset Management Limited	Zimbabwe	$0.001 Ordinary shares	100
Standard Chartered Bank Zimbabwe Limited	Zimbabwe	$1.00 Ordinary shares	100
Standard Chartered Nominees Zimbabwe (Private) Limited	Zimbabwe	$2.00 Ordinary shares	100

Associates

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
China Bohai Bank Co., Ltd[8]	China	CNY Ordinary shares	19.99
FAI Limited	Mauritius	$1.00 Ordinary shares	25
Seychelles International Mercantile Banking Corporation Limited	Seychelles	SCR1,000.00 Ordinary shares	22
Clifford Capital Pte. Ltd[9]	Singapore	$ Ordinary shares	9.9
MCashback Limited (in liquidation)	United Kingdom	£0.01 Ordinary shares	31.7
Asia Commercial Bank[8]	Vietnam	VND10,000.00 Ordinary shares	15

Joint Ventures

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
PT Bank Permata Tbk[10]	Indonesia	IDR125.00 B shares	44.6
Canas Leasing Limited[10]	Ireland	US$1 Ordinary shares	50
Elviria Leasing Limited[10]	Ireland	US$1 Ordinary shares	33.3

Significant investment holdings

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Abacus Eight Limited	Cayman Islands	A shares	24.5
Abacus Nine Limited	Cayman Islands	A shares	24.5
Abacus Seven Limited	Cayman Islands	A shares	24.5
Abacus Ten Limited	Cayman Islands	A shares	31.2
Asia Trading Holdings Limited	Cayman Islands	$0.01 Ordinary shares	50
ATSC Cayman Holdco Limited	Cayman Islands	$0.01 A Ordinary shares	5.3
		$0.01 B Ordinary shares	100
Etonkids Educational Group Limited	Cayman Islands	$0.001 Series A Preferred shares	100
Greathorse Chemical Limited	Cayman Islands	KYD1.00 Ordinary shares	27.7
Standard Chartered IL&FS Asia Infrastructure (Cayman) Limited	Cayman Islands	$0.01 Ordinary shares	50
Standard Chartered IL&FS Asia Infrastructure Growth Fund Company Ltd.	Cayman Islands	$1.00 Ordinary shares	50
Standard Chartered IL&FS Asia Infrastructure Growth Fund LP	Cayman Islands	Partnership interest	38.6
Guangdong Aiyingdao Children Departmental Store Co. Ltd	China	CNY1.00 Common shares	20.2
Jin Li Realty (Shanghai) Co., Ltd.	China	Registered Capital	45
Ningbo Xingxin Real Estate Development Co. Ltd	China	Registered Capital	36
Shu Li Realty (Shanghai) Limited	China	Registered Capital	45
Yunnan Golden Shiner Property Development Co., Ltd.	China	Registered Capital	50
Fast Great Investment Limited	Hong Kong	HKD1.00 Ordinary shares	28
Origin Direct Asia Limited	Hong Kong	HKD1.00 Ordinary shares	32
Joyville Shapoorji Housing Private Limited	India	INR10.00 Common Equity shares	25.8

46. Related undertakings of the Group continued

Name	Country of Incorporation	Description of shares	Proportion of shares held (%)
Mahindra Homes Private Limited	India	INR10.00 A Ordinary shares	50
Privi Organics Limited	India	INR10.00 B Ordinary shares	100
		INR10.00 Compulsorily Convertible Preference shares	100
		INR10.00 Ordinary shares	24.1
Omni Centre Pte. Ltd.	Indonesia	$ Redeemable Convertible Preference shares	100
PT Travira Air	Indonesia	IDR1.00 Ordinary shares	30
Al-Jazeera Agricultural Company PSC	Jordan	JOD1.00 Ordinary shares	33.1
Daiyang Metal Company Ltd	Korea, Republic of	KRW500 Common shares	23.1
		Convertible Preference shares	100
Fountain Valley PFV Limited	Korea, Republic of	KRW5,000.00 Ordinary shares	47.3
Kolon Water	Korea, Republic of	KRW5,000 Ordinary shares	35
		KRW5,000 Redeemable Convertible Preference shares	100
Kolon Water & Energy	Korea, Republic of	KRW5,000 Ordinary shares	35
		KRW5,000 Redeemable Convertible Preference shares	100
Samyang Packaging	Korea, Republic of	KRW5,000.00 Ordinary shares	22
Smoothie King Korea Inc	Korea, Republic of	KRW5,000 Ordinary shares	20.3
Standard Chartered Private Equity Korea III	Korea, Republic of	KRW1,000,000.00 Ordinary shares	31
West Point PFV Co., Ltd.	Korea, Republic of	KRW50,000.00 Common shares	50
House Network SDN BHD	Malaysia	RM1.00 Ordinary shares	25
Origin Fruit Direct B.V.	Netherlands	€2.27 Ordinary shares	32
GZ Industries Limited	Nigeria	NGN1.00 Ordinary shares	37
Crystal Jade Group Holdings Pte Ltd	Singapore	$1.00 Ordinary shares	42.3
Interplex Holdings Ltd	Singapore	SGD Ordinary shares	29.7
MMI Technoventures Pte Ltd	Singapore	SGD Ordinary shares	50
Polaris Limited	Singapore	SGD Ordinary shares	25.8
Afrifresh Group (Proprietary) Limited	South Africa	ZAR1.00 Ordinary shares	45.1
Loc Troi Group Joint Stock Company	Vietnam	VND10,000.00 Ordinary shares	34.4

1. Directly held by parent company of the Group
2. These entities have the same registered address of 1 Basinghall Avenue, London, EC2V 5DD United Kingdom. These partnerships are included within the consolidated financial statements in accordance with note 1(h). Consequently, they have taken advantage of the exemption within the Partnerships (Accounts) Regulations 2008 (regulation 7) from filing annual financial statements
3. These entities have the same registered address of 1 Basinghall Avenue, London EC2V 5DD United Kingdom. These partnerships are not included within the consolidated financial statements because the Group indirectly controls the General Partners, but its management role is limited to defined administrative functions over which it has no discretion. Copies of the latest financial statements will be filed with Companies House
4. No share capital by virtue of being a trust
5. Not consolidated because the Group does not actively manage the funds and activities are limited to finding funds to market. As the entity does not invest on its own account the Group gets no benefit and suffers no risk from the investments
6. Not consolidated because the Group does not control the entity by virtue of the shareholder agreement with Orix Leasing Malaysia Bhd
7. Included within the consolidated financial statements in accordance with note 1(h) as the Group wholly controls the managing entity, Standard Chartered Services of Pakistan (Private) Limited
8. Both are considered to be associates as described in note 23
9. Accounted for as an associate because the Group has significant influence over the management and their financial and operational policies through our representation on their board
10. Joint management is based on significant influence over the management and their financial and operational policies derived from the joint venture agreements