Standard Chartered PLC - preparedness for resolution

6 August 2024

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1. Introduction

Resolution is the process by which the Bank of England (BoE), as the UK's resolution authority, would manage the failure of a financial institution in a way that minimises the impact on depositors, the financial system and public finances.

In the years since the financial crisis of 2008/9, Standard Chartered PLC and its subsidiaries (Standard Chartered or the Group) have worked closely with regulators to enhance the Group's resilience and ensure it is prepared to respond effectively to stress. Preparations for resolution run alongside the Group's extensive crisis and recovery planning frameworks, which have been subject to regulatory review and continuous improvement over a number of years.

The Group maintains a comprehensive recovery plan which sets out the actions available in stress to restore the Group to a stable and sustainable position. The BoE would only use its powers under the UK resolution framework to place the Group into resolution if the BoE, Prudential Regulation Authority (PRA) and His Majesty's Treasury determined that the Group was failing or likely to fail and it was not reasonably likely that action would be taken to change this.

While the BoE is responsible for identifying resolution strategies for financial institutions and for executing any resolution, the Group is responsible for ensuring it has the capabilities in place to support an effective resolution. The BoE has identified single-point-of-entry (SPE) bail-in as the preferred resolution strategy for the Group. The Group agrees that this is a credible strategy and maintains resolution capabilities to enable it to be resolved in accordance with this strategy. The Group has devoted substantial resources to its multiyear effort to become resolvable, building sustainable capabilities that are embedded in the Group's business-as-usual frameworks.

In its 2022 resolvability assessment, the BoE confirmed that the UK's robust resolution regime and the work done by firms to prepare for resolution meant the major UK banks, including Standard Chartered, could enter resolution safely, remaining open for business and continuing to provide vital banking services to the economy, with investors not taxpayers first in line to bear the costs. At the same time, the BoE's 2022 assessment identified certain issues which may impact the BoE's ability to execute a firm's preferred resolution strategy and areas where continued work is needed by the firm to reduce execution risks associated with resolution.

The Group continues to maintain resolution capabilities which enable it to achieve the resolvability outcomes set out in the BoE's Statement of Policy on its approach to assessing resolvability[1]. Since 2022, the Group has undertaken a significant amount of work to further improve its preparations for resolution and address the findings of the BoE's 2022 assessment. It has robust arrangements in place to maintain, test and continuously improve its resolution capabilities and to provide the Standard Chartered PLC board (the Board) and senior management with assurance that its capabilities are ready to be executed if required.

This report sets out how the Group has prepared for and could support the BoE and overseas authorities in executing a resolution. It summarises the second resolvability assessment report the Group has submitted to the PRA and is published in compliance with the Resolution Assessment Part of the PRA Rulebook. Alongside this disclosure, the BoE is publishing its own assessment of the Group's resolvability, concluding the second cycle under the BoE's Resolvability Assessment Framework.

[1] Statement of Policy: The Bank of England's Approach to Assessing Resolvability (May 2021, updating July 2019)

2. The UK resolution framework

2.1 The purpose of resolution

The 2008 financial crisis highlighted the disruptive and costly nature of disorderly bank failure. As part of the subsequent global regulatory reforms, regulators have called on large, systemically important financial institutions such as Standard Chartered to improve their recovery plans for restoring their capital, liquidity and balance sheet positions during times of severe stress, and, in the event of the failure of recovery plans, to ensure they have capabilities to support their resolution.

The BoE describes the purpose of resolution in the following way:

"Resolution imposes losses on failed banks' shareholders and investors, not taxpayers. It ensures larger firms' services can continue to operate for a sufficient period, allowing authorities or new management to restructure them or wind them down."

"By ensuring losses will fall on a failed bank's investors, resolution can reduce the risk of bank failures by encouraging more responsible risk-taking. This can limit the impact of bank failures when they do occur, by placing the cost of failure on shareholders and investors, not public finances."[2]

2.2 The UK resolution framework

The Banking Act 2009 gives the BoE, as the authority responsible for the resolution of banking groups and building societies in the UK, a number of resolution powers. These powers include the ability to resolve a financial institution by bailing-in certain of its liabilities to recapitalise the entity or the group.

In July 2019, the BoE published the final major piece of the UK resolution regime, the Resolvability Assessment Framework[3]. The *Statement of Policy: The Bank of England's Approach to Assessing Resolvability (May 2021)* explains that, for a bank to be considered resolvable, it must, at a minimum, be able to achieve the following outcomes (the resolvability outcomes):

i. Have adequate financial resources available to absorb losses and recapitalise the institution, without recourse to public funds, in a resolution context;

ii. Be able to continue to do business and serve its customers through resolution and restructuring; and

iii. Be able to coordinate and communicate effectively within the firm and with the authorities and markets so that resolution and subsequent restructuring are orderly.

Historically, there have been a number of features of banking groups which might, if not adequately addressed, act as potential barriers to achieving these resolvability outcomes. In particular, the BoE has identified the following key factors that might be challenging in a resolution context and should be considered as part of the resolution planning process, and has developed policy relating to each one:

i. Adequacy of resources that could credibly and feasibly be used to absorb losses and recapitalise the firm – the minimum requirement for own funds and eligible liabilities (MREL);

ii. Capability to conduct accurate and timely valuations of assets and liabilities;

iii. Access to funding to ensure firms can continue to meet their obligations as they fall due;

iv. The risk of early termination of financial contracts;

[2] Bank of England (2018) 'Introduction to the Resolvability Assessment Framework', page 2.

[3] Available at: https://www.bankofengland.co.uk/financial-stability/resolution/resolvability-assessment-framework. On the 'Resolution' section of its website, the BoE has published further materials which describe the UK's resolution framework and how the BoE might conduct a resolution: https://www.bankofengland.co.uk/financial-stability/resolution

v. Ensuring operational continuity;

vi. Ensuring continuity of access to financial market infrastructure (FMIs);

vii. Identification, development and execution of post-stabilisation restructuring options;

viii. Ensuring key roles are appropriately staffed and incentivised;

ix. Ensuring governance arrangements provide effective oversight and enable timely decision-making; and

x. Delivery of timely and effective communications to stakeholders in resolution.

The Group achieves the resolvability outcomes and maintains capabilities which meet the BoE's policy objectives in relation to these barriers. The Group's capabilities are summarised in Section 5.

2.3 Resolution planning and this report

Resolution planning is the process of analysing a banking group, developing a resolution strategy and ensuring the bank has, or develops, the capabilities needed to support the resolution strategy. A resolution strategy identifies the resolution powers that are likely to be best suited to stabilising and restructuring a particular bank. Resolution planning to support that strategy involves removing any potential barriers to resolution. The preferred resolution strategy for a banking group is determined by the BoE based on information and analysis provided by the banking group.

As well as describing the outcomes the BoE considers necessary to support resolution, the Resolvability Assessment Framework defines how the BoE will assess firms' resolvability and requires major UK banks to periodically perform an assessment of their preparations for resolution, submit a report of that assessment to the PRA and publish a summary of that report. The BoE also periodically communicates publicly its assessment of the Group's resolvability and the resolvability of the other major UK banks.

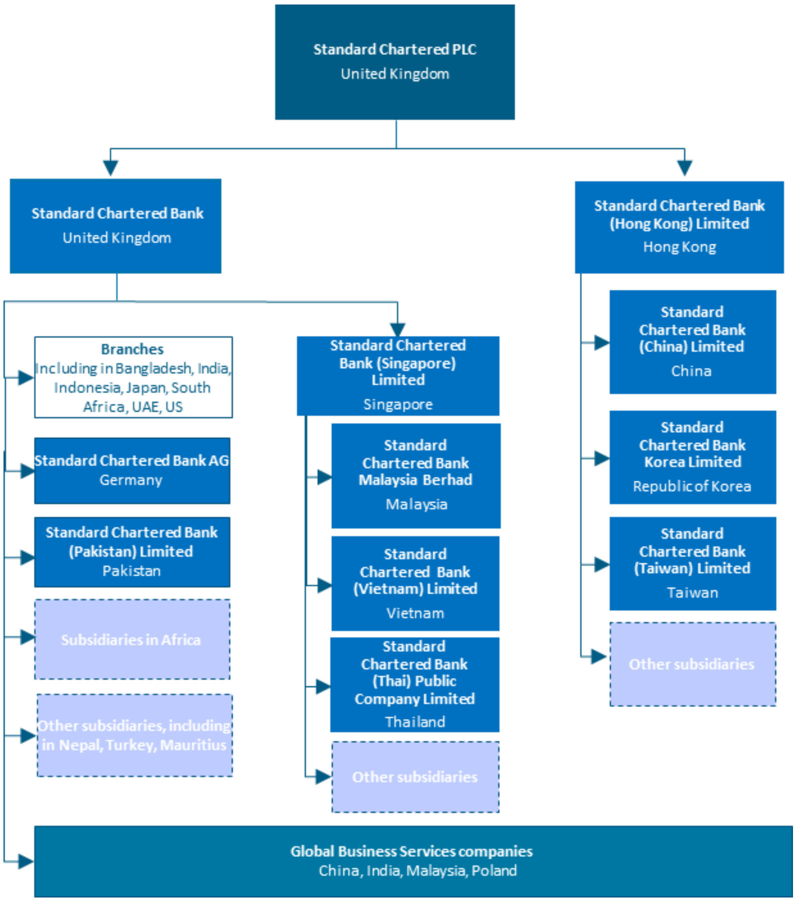
3. Overview of the Group

3.1 Business and legal entity structure

Standard Chartered is a leading international banking group which is identified by the Financial Stability Board as a Global Systemically Important Bank.

The Group has a presence in 53 markets worldwide and is comprised of two main businesses: Corporate and Investment Banking, and Wealth and Retail Banking. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges. Further information on the Group's business, purpose and strategy can be found on its website and in its annual report.

A simplified view of the Group's legal entity structure is shown below[4].



3.2 Operating model

The Group's business is supported by an operating model in which services are delivered from the following four categories of location, depending on type of process, availability of talent and the need for service provision to be geographically close to businesses and clients:

- In-country service providers which support local business activity;
- Regional service providers which support business activity in their region;
- Group hub service providers which support business activity across the Group; and

[4] The chart is a high-level overview of the Group's subsidiaries to provide context on the Group's legal entity structure for the purposes of this report. It does not show all subsidiaries or where subsidiaries are held indirectly though intermediate entities.

- Dedicated service companies (the Global Business Services companies).

The Global Business Services companies are 100% owned by the Group and provide the following services to all business units and functions globally:

- Operational services, such as transaction processing, reporting and data processing; and
- Technology services, such as platform development and support, information technology service desk, infrastructure maintenance and information technology security.

This operating model, supported by the arrangements described in Section 5, would support continuity of the banking services and critical functions the Group provides to its customers in resolution and facilitate a subsequent restructuring.

3.3 Changes to legal entity structure and resolvability

Changes to the Group's legal structure are subject to internal governance and where applicable, review by its regulators. The internal review and approval process for changes to the Group's corporate structure involves considering whether the Group's legal entity structure would continue to facilitate an orderly resolution after the proposed changes were made. Similarly, the Group uses experience from business-as-usual restructuring activity, such as the ongoing exit of onshore operations in certain markets in Africa and the Middle East, to test and improve its resolution capabilities.

4. The Group's resolution strategy

4.1 Overview of the Group's SPE bail-in strategy

As mentioned in Section 1, the BoE has identified SPE bail-in as the preferred strategy for resolving the Group. Bail-in enables a firm to be recapitalised by its own investors, without the need, over a short period, to find a buyer for its business or to have to split up its operations.

In an SPE bail-in, the BoE would use its statutory bail-in powers on a single entity in the Group – the 'resolution entity'. The Group's resolution entity is Standard Chartered PLC, its ultimate holding company and the listed parent entity. Standard Chartered PLC issues shares and debt instruments externally to the market but does not take customer deposits or have significant operating liabilities.

The statutory bail-in powers would allow the BoE to write down the claims of certain unsecured creditors (including holders of capital instruments) of Standard Chartered PLC and convert those claims into an equity interest in Standard Chartered PLC. The objective would be to restore solvency and stabilise the Group in the short term, enabling it to continue providing critical functions (activities whose failure would lead to the disruption of services that are vital for the functioning of the real economy and for financial stability in the relevant country) to customers, and then undertake an orderly restructuring of the business to address the causes of failure.

In an SPE bail-in, creditors of Standard Chartered PLC are expected to be affected in the order of priority of their claims in the relevant creditor hierarchy (as described further below). However, the Group's operating entities should not be subject to resolution, administration, insolvency or other proceedings. The SPE bail-in strategy aims to ensure that all operating entities remain well-capitalised and retain their authorisations from the relevant authorities, minimising disruption to customers. Similarly, it aims to ensure operating entities retain access to central bank facilities and payment systems and continue to meet their payment and performance obligations. As a result, in a successful SPE bail-in, depositors, counterparties and other customers and creditors of the Group's operating entities (including the vendors and counterparties which provide important services to the Group) should be unaffected, and the Group's customers should continue to have access to their deposits and banking services.

Bail-in is considered the most suitable resolution strategy for the UK's largest and most complex banks.

4.2 How SPE bail-in recapitalises the Group

To ensure the Group has resources that could credibly and feasibly be bailed-in in resolution, Standard Chartered PLC is required, as part of business-as-usual, to issue loss-absorbing shares and debt of a specified amount and type externally to the market (referred to as External MREL). Similarly, the Group's material subsidiaries[5] are required to issue loss-absorbing shares and debt of a specified amount and type directly or indirectly to Standard Chartered PLC (referred to as Internal MREL)[6]. Other subsidiaries also issue shares and other regulatory capital instruments directly or indirectly to Standard Chartered PLC. Further detail on the Group's Internal and External MREL is in Section 5.1.

If a subsidiary suffered significant losses, these internal instruments could be written down, recapitalising the subsidiary and transferring the losses to its parent company and ultimately to Standard Chartered PLC. Standard Chartered PLC would then absorb these losses to the extent it had capacity to do so. If the losses in one or more subsidiary exceeded Standard Chartered PLC's capacity to absorb losses, the BoE could put the Group into resolution, bailing-in the External MREL to facilitate a coordinated resolution of the Group.

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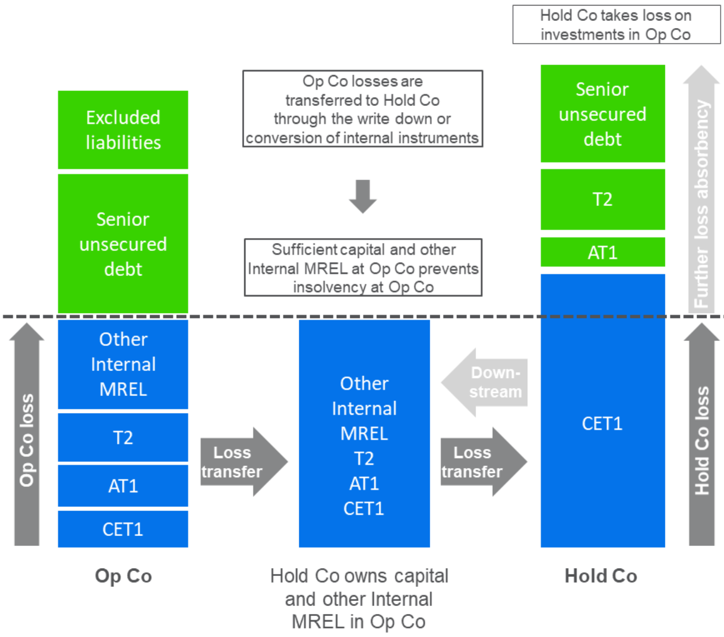
[5] The Group's material subsidiaries for MREL purposes are Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank (Singapore) Limited, Standard Chartered Bank (Korea) Limited and Standard Chartered Bank (China) Limited.
[6] The BoE's statement of policy on its approach to setting MREL is available at: https://www.bankofengland.co.uk/paper/2021/the-boes-approach-to-setting-mrel-sop.

The SPE bail-in strategy aims to impose losses on the shareholders and creditors of Standard Chartered PLC according to the order of priority of their claims in insolvency. This means that losses would first be imposed on holders of ordinary shares. Any remaining losses would be imposed on creditors of Standard Chartered PLC in a process that would involve capital instruments and other debt instruments issued by Standard Chartered PLC being written down, in an order of priority determined by the type of instrument. Creditors whose obligations were written down may receive ordinary shares in Standard Chartered PLC or 'certificates of entitlement' exchangeable for ordinary shares in due course.[7]

This process is illustrated below.



4.3 Cross-border considerations

For a cross-border group such as Standard Chartered, planning for and executing an SPE bail-in would require a high degree of coordination between the BoE and PRA (the Group's 'home' authorities) and authorities in other countries where the Group has operations ('host' authorities). This coordination is facilitated by a Crisis Management Group (CMG), which is made up of the Group's home and key host authorities[8] and led by the BoE. The CMG meets regularly to discuss resolution planning for the Group and would coordinate the execution of a resolution.

To support its SPE resolution strategy, the Group designs its resolution capabilities to address both home and host authority requirements. It engages regularly with authorities, bilaterally and through the CMG, to provide updates on its resolvability work.

Resolution of the Group would also require close coordination between Standard Chartered PLC and the Group's subsidiaries and branches globally. To facilitate this, the Group maintains a master resolution playbook which sets out the decisions and actions that would need to be taken by the Group Management Team and Board throughout resolution, and country resolution playbooks[9] which set out

[7] The precise value of ordinary shares to be allocated to MREL holders may not be known for some time after a firm is placed into resolution. It is also recognised that some investors may be restricted from holding ordinary shares and may wish to trade out of the position before such shares are allocated. Accordingly, the BoE has developed an approach whereby so-called 'certificates of entitlement' might be issued in the first instance. This approach is further described in the BoE's Operational Guide to Executing a Bail-in, available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/executing-bail-in-an-operational-guide-from-the-bank-of-england.pdf.
[8] These include the prudential and resolution authorities in Hong Kong, Singapore, Korea, China, the United States, India and the United Arab Emirates.
[9] The Group has individual country playbooks for legal entities and branches covering over 90% of the Group's balance sheet.

the actions that would be taken by local management teams and boards in resolution and how these interact with decisions and actions to be taken by the Group Management Team and Board.

4.4 Resolvability outcomes

To support its preferred resolution strategy, the Group must continue to meet the three resolvability outcomes identified in the BoE's Resolvability Assessment Framework:

i. *Have adequate financial resources in the context of resolution*: For the Group, this means having financial resources in excess of regulatory requirements which are available to absorb losses and recapitalise the Group. It also means having capabilities to provide the financial and liquidity analysis needed to inform timely decision-making, including aiding an independent valuer to carry out the requisite resolution valuations;

ii. *Be able to continue to do business through resolution and restructuring*: For the Group, this means that financial and operational contracts are not materially disrupted or terminated and that direct or indirect access to services delivered by FMIs is maintained. It also means having the capabilities to plan and execute a business reorganisation plan. Combined, this should enable the continuity of the critical functions provided to customers; and

iii. *Have the ability to coordinate and communicate effectively*: For the Group, this means key roles are suitably staffed and incentivised, governance arrangements deliver effective coordination, decision-making and oversight, and communication with staff, customers, authorities, markets and other relevant stakeholders is effective. Combined, this should enable the Group to coordinate and communicate effectively within the firm and with the authorities and markets so that resolution and subsequent restructuring are orderly.

The capabilities the Group has in place to deliver these resolvability outcomes are described in Section 5.

4.5 How the Group would facilitate a resolution

The BoE anticipates that an SPE bail-in strategy would consist of three phases, namely 'pre-resolution contingency planning'; the 'resolution weekend'; and the 'bail-in period'. The BoE's Resolvability Assessment Framework contains a stylised resolution timeline and sets out the key actions required from firms in each of these phases to achieve the resolvability outcomes.

The Group has a master resolution playbook and country and barrier-level playbooks which detail the steps it would take to effect an SPE bail-in in an orderly manner throughout the stylised resolution timeline. The playbooks set out the responsibilities for key activities throughout the resolution timeline and show how capabilities would be used.

A summary of how the Group's resolution capabilities would be deployed across the resolution timeline is set out below.

Pre-resolution contingency planning

Pre-resolution contingency planning would take place prior to the Group entering resolution, with the aim of ensuring resolution preparedness. During this phase, the Group's management would still be in control, with management actions being deployed under the recovery plan. The Group would be in stress and its crisis management structures would be operating. The Group would be subject to heightened supervision and increased engagement with the BoE, PRA and other regulators. The effectiveness of any recovery actions taken and the evolution of key regulatory metrics would be closely monitored. Alongside the Group's own monitoring, the BoE would be monitoring the need to trigger preparations for resolution.

A summary of the key actions the Group would take during the pre-resolution contingency planning phase is set out below.

Financial resources

- Identify liabilities potentially in scope of bail-in and prepare for write-down of these liabilities.
- Prepare financial information and modelling to support an independent valuer (once appointed) to determine the quantum of losses and extent of bail-in required.
- Provide cash flow projections and collateral information to relevant stakeholders, considering the impact of resolution.

Continuity and restructuring

- Generate reports on financial contracts to identify counterparties and assess early termination risk.
- Activate plans for enabling operational continuity, continued access to FMIs and continuity of financial contracts and prepare related management information to support decision-making.
- Analyse potential restructuring options and strategies and identify an optimal restructuring strategy.
- Prepare a draft business reorganisation plan, with consideration given to the appropriate combination of sale and/or wind-down of assets, entities and businesses.

Coordination and communication

- Use crisis management structures and resolution playbooks to coordinate activities and decision-making across businesses, countries and functions, ensuring effective and consistent engagement with authorities and other key stakeholders.
- Use the Group’s crisis human resources plan to formulate a strategic human resources response, considering succession plans and retention measures for key roles and critical resources.
- Use the Group’s financial crisis communications plan to prepare a master communications action plan to guide the communications strategy and response.

Resolution weekend

The resolution weekend begins when the PRA and BoE determine the Group has met the conditions for resolution and ends when relevant markets re-open. The BoE would aim to ensure this phase occurred over a weekend, with the resolution decision taking place on a Friday once the relevant markets have closed. The BoE would publish a ‘resolution instrument’, which would give effect to the resolution and specify the external instruments and liabilities subject to the bail-in. It would be accompanied by a public announcement by the BoE. It is expected the BoE would be coordinating with the relevant listing authorities, particularly in the UK and Hong Kong, to suspend trading or cancel the listing of instruments subject to the bail-in. Settlement would be frozen within the relevant central securities depositories.

A summary of the key actions the Group would take during the resolution weekend is set out below.

Financial resources

- Implement instructions from regulators to write down Internal MREL resources in the relevant material subsidiaries.

- On instruction from the BoE, liaise with the common depository of securities and related stakeholders in the custody chain to issue certificates of entitlement to holders of liabilities that have been identified for bail-in.

Continuity and restructuring

- Continue to develop a business reorganisation plan, making it available to the BoE and other authorities as appropriate.

- Where applicable, implement arrangements to give effect to the stay of termination rights in financial contracts and undertake targeted engagement with key stakeholders, including suppliers, FMI service providers and other counterparties, to provide them with accurate and up-to-date information on the resolution measures being taken.

Coordination and communication

- Work with the BoE to engage host authorities with the objective of maintaining authorisations and obtaining applicable regulatory approvals in all relevant jurisdictions.

- In coordination with the BoE announcing its resolution action, implement the master communications action plan to ensure that internal and external stakeholders are given clear and consistent information.

- Implement changes to governance arrangements in line with instructions from the BoE. This would include formally onboarding a bail-in administrator[10] and supporting the removal or replacement of directors and management if required.

- Implement retention and succession planning measures.

Bail-in period

The bail-in period covers the time between the resolution weekend and the point at which the Group is returned to private-sector control. The BoE aims for this phase to last three to six months. However, in practice, it would last until the BoE could accurately calibrate the final terms of the bail-in and safely return the firm to private sector control. Throughout this phase, the Group is expected to continue providing banking services and critical functions to its customers.

A summary of the key actions the Group would take during the bail-in period is set out below.

Financial resources

- Continue to monitor, anticipate and assess liquidity needs and available collateral balances as the resolution evolves.

- Complete the valuations, taking account of entry into resolution and the impact of restructuring actions, in order to finalise the terms of the bail-in.

- At the end of the bail-in period, instruct the transfer of Standard Chartered PLC shares to holders of certificates of entitlement and transition the Group back to private sector control under its new shareholders.

Continuity and restructuring

- Finalise the draft business reorganisation plan, carry out any further planning and preparations and begin implementing the approved plan. Full implementation of the plan is likely to take

[10] The bail-in administrator is responsible for performing functions that the BoE specifies depending on the resolution scenario. Further detail on the potential role of the bail-in administrator is available in BoE’s Operational Guide to Executing a Bail-in available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/executing-bail-in-an-operational-guide-from-the-bank-of-england.pdf.

considerable time to complete and could extend beyond exit from resolution. Implementation of the business reorganisation plan would be completed by the management and Board and supervised by the PRA and host regulators.

- Coordinate across local entities and boards, which would be responsible for ensuring that the restructuring measures proposed in relation to the relevant entities were consistent with local statutory requirements and regulatory objectives, in particular the continuity of critical functions in their respective jurisdictions.

- In line with previously identified continuity risks, carry out targeted engagement with key suppliers, FMI service providers and counterparties to continue assuring them of the Group's ability to make the required payments and continue to meet margin and collateral requirements.

Coordination and communication

- Continue to follow the master communications action plan to keep stakeholders updated on relevant developments.

- Continue to operate under resolution governance arrangements and, in preparation for exit from resolution, begin the transition to business-as-usual governance arrangements, working with the BIA and BoE to amend these as necessary.

- Work closely with the BoE to enable an orderly exit from resolution, including with respect to communications with customers, markets and staff and ongoing disclosure obligations.

5. Achieving the resolvability outcomes

The Group has capabilities in place which enable it to achieve the BoE's resolvability outcomes. An overview of the Group's resolution capabilities and a summary of how they support each resolvability outcome is set out below.

The Group maintains, tests and continuously improves its capabilities through an ongoing programme of work, in line with the assurance principles described in section 6.

5.1 Outcome 1: Adequate financial resources

Summary

For a resolution to be effective, and to secure continued authorisation by the relevant authorities and enable continuity of critical functions, the Group will need financial resources that can be used to absorb losses, recapitalise the Group and fund the subsequent restructuring. The Group must also have processes to monitor, forecast and manage its liquidity needs throughout resolution, and be able to carry out detailed and timely valuations to support an assessment of its capital position and recapitalisation needs.

The Group maintains External and Internal MREL resources in excess of regulatory requirements which could be used to absorb losses and recapitalise the Group. It has valuation capabilities which would be used to inform the extent of recapitalisation required through the independent valuation process, and capabilities that would enable it to monitor, forecast and manage its liquidity needs, taking into account the resolution scenario.

The valuations and analysis of liquidity needs would continue to be updated as the business reorganisation plan was developed and would also be used to inform the choice of restructuring strategy. The business reorganisation plan would set out how the Group intended to, if required, rebuild its MREL position and repay any central bank liquidity support.

Further information on the capabilities maintained to meet the Resolvability Assessment Framework objectives for MREL, valuation in resolution and funding in resolution is set out in paragraphs (a) to (c) below.

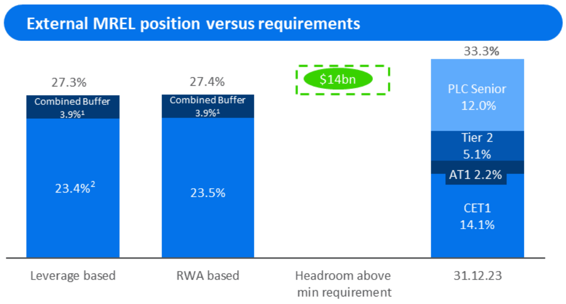
(a) MREL

Resolvability Assessment Framework objective: To be considered resolvable firms should maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses and recapitalise them to a level that enables them to continue to comply with the conditions for regulatory authorisation and sustain market confidence.

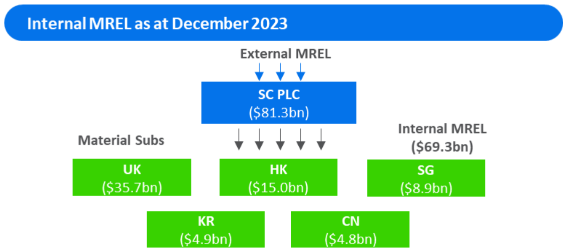
In line with the Group's capital management framework, the Group continues to hold eligible External MREL resources above the BoE's requirements and the Group's risk appetite. As at 31 December 2023, Standard Chartered PLC had a total of USD81.3 billion External MREL resources which could be used to absorb losses and recapitalise the Group in resolution. This is equivalent to 33.3% of the Group's risk weighted assets, compared to a minimum requirement of 27.4% of risk weighted assets.

To enable losses arising in material subsidiaries to be absorbed and their recapitalisation needs met, MREL resources have been downstreamed to material subsidiaries through the issuance of Internal MREL instruments directly or indirectly to Standard Chartered PLC. As at 31 December 2023, total Internal MREL resources in material subsidiaries amounted to USD69.3 billion, continuing to exceed relevant host authorities' minimum requirements and the respective risk appetite thresholds of each material subsidiary.

The Group’s MREL position as at 31 December 2023 is shown below.



1. Combined Buffer comprises the Capital Conservation Buffer, G -SII Buffer and any Countercyclical Buffer. The buffer is calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020.
2. The 6.75% of leverage exposure is $57.2bn MREL, which is equivalent to 23.4% of RWA.



Relevant Internal MREL instruments contain contractual provisions that enable them to be written down, either at the point of non-viability of the issuing material subsidiary, or when the BoE puts Standard Chartered PLC into resolution, in each case at the request of the competent authority.[11] This is to enable losses arising in material subsidiaries to be absorbed and the material subsidiaries recapitalised, facilitating continued authorisation by the relevant authorities and continuity of critical functions.

Since its External MREL resources are greater than the sum of capital and Internal MREL resources downstreamed to subsidiaries, the Group has ‘surplus’ MREL that could be used to further support and recapitalise any direct or indirect subsidiary. The Group monitors its surplus MREL and has a playbook which sets out the key steps required to make Surplus MREL available to recapitalise subsidiaries if needed.

The Group’s reporting capabilities enable it to obtain up-to-date information on liabilities potentially in scope of bail-in. These capabilities are used regularly for regulatory submissions and are subject to robust internal controls and governance.

Mismatches between the form, tenor, interest rate or currency of Internal MREL resources issued by material subsidiaries and External MREL resources issued by Standard Chartered PLC continue to be actively managed and monitored to ensure they do not present any risk to the Group’s resolvability. The Group also has robust processes in place to monitor and manage the clean holding company thresholds that apply to Standard Chartered PLC[12].

Steps that would be required to execute a bail-in of external MREL and write down internal MREL are set out in playbooks and have been tested in line with the framework described in section 6.

(b) Valuation in resolution

Resolvability Assessment Framework objective: To be considered resolvable, firms should meet the objective of having valuation capabilities that would enable a valuer to carry out sufficiently timely and robust valuations to support effective resolution.

The Group’s valuation in resolution capabilities have been designed to support an independent valuer in producing valuation analysis that meets the requisite level of timeliness and robustness, throughout the resolution timeline. This includes ensuring reliable data is readily available and models are sufficiently flexible to allow for rapid adjustment and sensitivity analysis. The Group’s capabilities

[11] One internal MREL instrument accounting for less than 1 percent of the Group’s Internal MREL resources by value does not yet contain the second part of the trigger (enabling the competent authority to write down the instruments if the BoE puts SC PLC into resolution). The Group continues to engage with the relevant host authority regarding including the trigger and does not consider this to have a material impact on the Group’s resolvability.

[12] Clean holding company thresholds aim to limit the amount of liabilities at resolution entities that rank pari passu with MREL but do not meet MREL eligibility criteria. They are set out in the BoE’s statement of policy on its approach to setting MREL at: https://www.bankofengland.co.uk/paper/2021/the-boes-approach-to-setting-mrel-sop.

leverage its existing financial reporting capabilities and include additional, resolution-specific capabilities where necessary.

The high-level approach to each of the four resolution valuations is summarised below.

- *Valuation 1 (Failing or likely to fail valuation)*: To inform whether the Group is failing or likely to fail, the Group leverages its financial and capital reporting processes.

- *Valuation 2 (Asset and liability valuation)*: To determine the extent of incurred and expected losses that need to be addressed by the resolution action, the Group uses its valuation in resolution database and business-as-usual valuation and liquidity reporting processes to produce hold and disposal valuations for assets and liabilities of the Group.

- *Valuation 3 (Equity valuation)*: To estimate the market value of the Group's equity post-resolution, the Group uses its valuation in resolution and business-as-usual stress testing tools to deliver the required forecast financial metrics. These tools allow the Group to model the effect of the bail-in and different restructuring strategies. Assumptions and sensitivities can be tailored to evaluate the impact of alternative resolution actions, different economic scenarios and alternative restructuring strategies, depending on the circumstances.

- *Valuation 4 (Estimated insolvency outcome)*: To estimate outcomes for creditors had the Group entered insolvency instead of resolution, the Group maintains creditor hierarchies for all material entities and uses its Valuation 2 capabilities and business-as-usual liquidity reporting processes to estimate potential recoveries for classes of creditor.

The Group maintains a valuation in resolution playbook, which sets out how the Group's valuation capabilities would be used by an independent valuer, including the steps required to enable an independent valuer to perform the valuations and have timely access to the necessary information and personnel.

In its 2022 assessment, the BoE identified a shortcoming in relation to the Group's valuation in resolution capabilities. To address the issues relating to that shortcoming, the Group has delivered and tested improvements to its Valuation 3 capabilities, enhancing its ability to model multiple restructuring strategies simultaneously and perform timely sensitivity analysis to support the development of a business reorganisation plan.

The BoE's 2024 assessment identifies an area for further enhancement relating to the Group's ability to produce sufficiently robust valuations in resolution that would support decision taking by the BoE. The Group's ongoing programme of work includes improvements to certain valuation controls, governance arrangements and documentation supporting decision taking to address observations arising from the Group's internal and external assurance work and the BoE's assessment activity, and a comprehensive test of the Group's capabilities across all four valuations. This activity will further improve the robustness of the Group's valuation capabilities and is expected to address the area for further enhancement identified by the BoE.

The comprehensive test is expected to take place in the second half of 2024, with findings from the test incorporated into future work plans.

(c) Funding in resolution

Resolvability Assessment Framework objective: To be considered resolvable firms should ensure they can continue to meet their obligations as they fall due, are able to estimate, anticipate and monitor their potential liquidity resources and needs and mobilise liquidity resources in the approach to and throughout resolution.

To enable the Group to monitor, forecast and manage its liquidity needs throughout the resolution timeline, the Group maintains an automated, flexible cash flow analysis tool that can forecast the Group's cash position for an extended period. Assumptions about cash outflows and liquidity generating actions can be adjusted daily (with the output available the next day) to reflect changing conditions during stress. The tool also allows the Group to determine the impact of restructuring options on its liquidity position.

To monitor sources of liquidity available to it during resolution, the Group maintains reports which identify unencumbered collateral that can be monetised with third parties, including central banks. The reports can also be used to project how collateral balances reduce over time.

The Group continues to maintain liquidity surpluses over regulatory requirements across all regulated entities. Management actions that would be available to generate liquidity throughout a stress continuum, including in resolution, have been identified and are kept under continuous review. As part of this work, the Group continues to engage with central banks and host authorities on the extent to which collateral could be used to access liquidity in the event of resolution.

The funding in resolution playbook sets out how the Group's capabilities would be used in resolution.

In its 2022 assessment, the BoE identified a shortcoming in relation to the Group's funding in resolution capabilities. Since then, the Group has made improvements to its capabilities which include: automating the production of information on the Group's cash position over an extended period; developing the ability to produce automated analysis of the Group's cash position assuming a period of pre-resolution stress followed by entry into resolution; and enhancing collateral reports to enable more timely identification and projection of available collateral balances. The improved capabilities have been tested (including through business-as-usual stress testing and during market events in 2023) and address the shortcoming identified by the BoE in its 2022 resolvability assessment.

The Group has also completed a timed exercise set by the BoE, demonstrating the robustness and flexibility of its funding in resolution capabilities.

5.2 Outcome 2: Continuity and restructuring

Summary

For resolution to be effective, as well as having adequate financial resources, the Group will need to enable continuity of the critical functions provided to customers throughout resolution and the subsequent restructuring. This means ensuring interaction with key suppliers, FMI service providers and financial counterparties is not disrupted as a result of entry into resolution. It also means being able to determine and execute a credible business reorganisation plan to address the cause of failure and restructure the business in a way that enables critical functions to be maintained in the long-term.

Under an SPE bail-in strategy, the Group's operating entities are expected to remain well-capitalised, retain their authorisations from the relevant authorities and continue to meet their payment and performance obligations, including to suppliers and counterparties. The Group has capabilities and arrangements in place to support continuity. These include arrangements designed to ensure contracts with third parties may not be terminated solely as a result of the Group entering into resolution provided the Group continues to meet its payment and margin obligations, and the capability to analyse, at a granular level, its operational, financial and FMI relationships to identify potential continuity risks and mitigating actions.

The Group must also be able to plan and execute a restructuring effectively and on a timely basis. The Group maintains a process for identifying restructuring options and an evaluation framework which would be used, together with its financial and other capabilities, to determine an optimal restructuring strategy and develop a full business reorganisation plan based on the circumstances which have led to resolution. In determining the optimal restructuring strategy and developing a full business reorganisation plan, the Group would use its operational capabilities to analyse operational and FMI dependencies and consider how these would evolve through the restructuring.

Further information on the capabilities maintained to meet the Resolvability Assessment Framework objectives for continuity of financial contracts, operational continuity in resolution, continuity of access to FMIs and restructuring planning is set out in paragraphs (a) to (d) below.

(a) Continuity of financial contracts (stays)

Resolvability Assessment Framework objective: To be considered resolvable firms should suitably address the risk of early termination of financial contracts upon entry into resolution to limit any impact on their stability and the wider financial system (i.e. market contagion) that may otherwise occur as a result of resolution.

As part of their resolution regimes, the BoE and other authorities have statutory powers to 'stay' financial contracts, temporarily preventing counterparties from exercising termination and certain other rights. To support the effectiveness of these powers in relation to contracts governed by foreign law, regulation has been introduced by the PRA and other authorities requiring relevant financial contracts to contain contractual terms by which the counterparty agrees to recognise the application of a stay applied to a firm under the relevant resolution regime.

The Group has processes and controls in place to ensure that financial contracts within the scope of applicable contractual recognition of stay regulation contain the appropriate contractual terms, addressing the risk of early termination of these contracts in resolution.

The Group also maintains reporting capabilities which enable it to identify counterparties and access key information about their financial contacts, such as their governing law and whether they contain contractual recognition of stay language.

The Group has further capabilities which enable it to identify and analyse its residual early termination risk, for example in relation to counterparties which are exempted from contractual recognition of stay requirements under applicable regulation, or financial contracts entered into by Group entities in jurisdictions where statutory stay powers and contractual recognition of stay regulation do not exist.

The process for producing these reports and assessing early termination risk has been documented and is subject to regular testing to ensure it could be performed in a timely manner.

To further support continuity of financial contracts in resolution, the Group has established processes to enable it to engage with counterparties across the resolution timeline. The steps it would take to engage with counterparties, including how it would use its reporting capabilities to do so, are documented in a playbook with supporting materials.

(b) Operational continuity in resolution (OCIR)

Resolvability Assessment Framework objective: To be considered resolvable firms should achieve the outcome of continuity by ensuring their operational continuity arrangements ensure continuity at the point of entry into resolution and permit post-stabilisation restructuring, to ensure the continuity of banking services and critical functions.

To support the continuity of banking services and critical functions throughout resolution and post-resolution restructuring, the Group has identified the critical services that need to be available to business units or entities in order to deliver those services and functions and has taken actions to ensure that, from a financial, operational, and legal perspective, those services should continue.

The Group has identified the critical functions[13] and core business lines[14] provided by each legal entity, together with the processes that support them. Critical functions and core business lines are identified and periodically reassessed using a framework maintained for this purpose.

[13] Activities whose failure would lead to the disruption of services that are vital for the functioning of the real economy and for financial stability in the relevant country.
[14] Business lines and associated services which represent material sources of revenue, profit or franchise value for a firm or for its group.

Processes that support critical functions and core business lines are assessed and those deemed to be critical services[15] are further mapped to the teams, systems and third party service providers that support them.

This information on the Group's critical functions, core business lines and the critical services that support them is maintained in a service catalogue.

The Group has an operating model consisting of in-country, regional and Group hub service providers and dedicated service companies (as described in section 3.2) which would support resolution and facilitate restructuring. The contractual framework for service delivery is consolidated under one intragroup master services agreement and the standard operating model is codified in a service catalogue.

The service catalogue would be used during resolution and restructuring planning to identify dependencies and take action to ensure continuity of service provision, including through development of transitional services agreements to support post-resolution restructuring.

To further support continuity, the Group has processes in place to ensure third party service provider and property contracts prevent a change to service provision arrangements as a result of the Group entering into a period of stress or resolution.

To ensure the running costs of critical services could be met throughout resolution, the Group calculates annually the costs associated with critical services and maintains a proportion in a segregated portfolio of readily realisable assets that could be liquidated and transferred into local operating accounts.

The OCIR playbook sets out the key steps that would be taken in resolution to facilitate continuity of banking services and critical functions.

(c) Financial market infrastructure (FMIs)

Resolvability Assessment Framework objective: To be considered resolvable firms should be able to take all reasonable steps available to facilitate continued access to clearing, payment, settlement, and custody services in order to keep functioning in resolution (recognising that providers of these services may retain a degree of discretion over their ability to terminate a firm's membership).

The Group has identified all its relationships with FMI service providers, including those managed by regulators, and taken steps to facilitate continued access to critical FMIs in resolution. An inventory of the Group's FMI relationships and their key attributes, such as their membership requirements and criticality to the Group, is maintained and reviewed annually.

The Group also maintains a framework for identifying FMI service providers which provide critical FMI services[16], including those which support critical functions and core business lines.

All FMI relationships have been mapped to Group entities, critical functions and core business lines and this information is recorded in the service catalogue referred to in section 5.2(b). The service catalogue information can be used to identify which FMI relationships are critical in resolution, which parts of the Group would be impacted by any change in service provision by an FMI service provider and which FMI relationships would be impacted by a restructuring. Understanding its critical FMI relationships would also enable the Group to prioritise actions to facilitate continuity of access in resolution.

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[15] Required for the delivery of the critical function or core business line in resolution.

[16] Clearing, payment, securities settlement and custody activities, functions or services, the discontinuation of which could lead to the collapse of (or present a serious impediment to the performance of) one or more of the firm's critical functions. They include related activities, functions or services whose on-going performance is necessary to enable the continuation of the clearing, payment, securities settlement or custody activities, functions or services. Critical FMI services may be provided to a firm either by an FMI, or through an FMI intermediary.

The Group also maintains capabilities which enable it to analyse and report transaction data with FMIs. This data would be used during resolution and restructuring planning to enhance understanding of obligations to, and patterns of usage of, FMI service providers.

The Group has engaged with FMI service providers and analysed service provisions terms to understand the likely impact of the Group's resolution on provision of services by FMIs, including whether any additional actions are likely to be required by FMIs in the lead-up to resolution to facilitate continuity of access and whether contingency plans are required. The Group has a playbook which sets out the key steps to be taken to facilitate continuity of access to FMIs in resolution and expects its critical FMIs to allow continuity of access, provided membership requirements continue to be met.

(d) Restructuring planning

Resolvability Assessment Framework objective: To be considered resolvable firms should be able to plan and execute restructuring effectively and on a timely basis in the event of resolution, taking into account the objectives applicable to that firm's preferred resolution strategy.

The Group has processes in place to support the timely development and execution of a business reorganisation plan after entering into resolution.

The Group has a restructuring option identification framework which leverages the established framework in place for recovery planning and is used to identify the restructuring options that might be available in a number of plausible resolution scenarios. The credibility of the restructuring options is assessed at least annually against factors such as financial impact, saleability, separability and franchise impact.

The Group also maintains an evaluation framework which enables restructuring options to be further assessed and combined to develop an optimal restructuring strategy taking into account the circumstances of the resolution. Management information provided by the Group's valuation, funding and operational continuity in resolution capabilities as well as existing financial reporting capabilities (such as business and country performance reporting and information on intragroup network income) would be used to assess different restructuring strategies.

To enable the restructuring strategy to be agreed and documented within the requisite timelines and to the level of detail required, the Group maintains a restructuring playbook and a template for the business reorganisation plan.

In its 2022 assessment, the BoE identified a shortcoming in relation to the Group's restructuring planning capabilities. Since then, the Group has continued to test and improve its restructuring capabilities, including through a comprehensive exercise examining how an illustrative, Group-wide restructuring strategy would be executed and how the Group's resolution capabilities (in particular financial modelling capabilities) would support it. Through this work and through experience of business-as-usual restructuring activity, the Group has identified further restructuring options, further improved its framework for evaluating restructuring options and made improvements to the management information and playbooks that would support a restructuring. The work also informed the improvements made to Valuation 3 capabilities. The improvements have been tested, including through a timed restructuring planning exercise set by the BoE, demonstrating that its resolution capabilities would support the timely identification of a credible restructuring strategy.

The BoE's 2024 assessment identifies a shortcoming relating to the Group's ability to plan for the execution of its identified restructuring options. The Group has in place a programme of work which will improve the Group's assessment and documentation of how its service delivery model and operational infrastructure would evolve through a restructuring, provide further insight into execution risks associated with the restructuring and improve the accuracy of restructuring time and cost estimates. This activity will further improve the Group's ability to plan for the execution of its identified restructuring options and is expected to address the shortcoming identified by the BoE.

The work is scheduled to be completed and tested by the end of December 2024, with findings from the testing addressed or incorporated into future work plans.

5.3 Outcome 3: Coordination and communication

Summary

Resolvability Assessment Framework objective: To be considered resolvable firms should be able to – during the execution of a resolution – ensure that their key roles are suitably staffed and incentivised, that their governance arrangements provide effective oversight and timely decision making, and that they deliver timely and effective communications to staff, authorities and other external stakeholders.

For the capabilities and processes described in the previous sections to be effective, the Group would need to be able to operate effectively as an organisation and adapt appropriately to the demands and circumstances of the resolution. In particular, it would need to demonstrate clear coordination, a practical and holistic communication strategy and well-articulated roles and responsibilities between the Group, subsidiaries, businesses and functions, including how any conflicts of interest could be resolved.

To achieve this, the Group maintains a master resolution playbook which provides a comprehensive view of the key activities and decisions that would need to be taken by the Board and Group Management Team throughout resolution. The Board and Group Management Team would use this to coordinate the resolution and restructuring. The master resolution playbook is underpinned by playbooks for each barrier that document the operational steps required to support the Board and Group Management Team in the decision making and actions required during the resolution process.

In its 2022 assessment, the BoE identified an area for further enhancement in relation to the Group's approach to achieving the coordination and communication outcome. Since then, the Group has further embedded its coordination and communication capabilities across its multiple legal entities. It now has individual country playbooks for legal entities and branches covering over 90% of the Group's balance sheet. The country playbooks set out the key activities of the country management team and country board (where applicable) and explain how these interact with decisions and activities taking place at a Group level under the master resolution playbook. Specific resolution capabilities have been further embedded across jurisdictions through annexes to country playbooks which contain the operational steps required to support country management's decision making and activities, and through holistic testing at an entity level. These improvements address the area for further enhancement identified by the BoE in its 2022 assessment.

(a) Management

To ensure that key job roles would be suitably staffed and employees incentivised to remain with the Group throughout the resolution, the Group maintains a crisis human resources plan, which builds on business-as-usual processes. Key elements of this plan include:

- A summary of core crisis human resources processes and activities, to establish clear lines of accountability for delivery of those processes in resolution;
- A process for identifying key roles and other employees likely to be critical in resolution;
- A resolution retention toolkit, that could be used to incentivise and retain employees in key roles and other employees likely to be critical in resolution; and
- A description of how business-as-usual succession planning processes could be used to enable rapid handover of key roles if needed.

(b) Governance

To enable governance arrangements to provide timely and effective decision-making and oversight in resolution, the Group would use its established crisis management framework in conjunction with a specific resolution governance framework. Key elements of the resolution governance framework include:

- An illustrative resolution governance structure and the expected roles, responsibilities and reporting structures between the Board, Group Crisis Management Team and businesses, function and country crisis management structures;

- Processes to accommodate the bail-in administrator in the Group's governance structures and to rapidly onboard and familiarise the bail-in administrator with the Group;

- The core governance activities envisaged in resolution, such as convening crisis management structures, replacing Board members if required, establishing Board and sub-committees if required to coordinate and oversee the resolution and subsequent restructuring and transitioning the Group back to business-as-usual;

- Examination of decision-making rights and accountabilities and how these may be impacted in resolution; and

- For Standard Chartered PLC and key subsidiaries, analysis of the duties of directors and of disputes between legal entities, directors' conflicts of interest and other governance issues that could arise in resolution and available mitigation measures.

(c) Communication

To enable timely and effective communication to customers, staff, authorities, and other external stakeholders throughout resolution, the Group maintains a financial crisis communications plan, which is based on its business-as-usual crisis management communications capabilities. Key elements of this plan include:

- Identification of internal and external stakeholder groups the Group would need to communicate with in resolution, with guidance on appropriate levels of messaging and communication channels to use with each group;

- A detailed overview of existing communications processes, personnel and technology and how they could be used to communicate with these stakeholders in resolution;

- Information on the market disclosure obligations for the Group's primary share listings to ensure ongoing compliance with these obligations throughout resolution; and

- In response to market events in 2023, a playbook which sets out steps required to monitor, assess and respond to social media content that might suggest an emerging threat to the financial position of the Group.

6. Assurance over resolvability

The Group has robust arrangements in place to maintain, test and improve its resolvability capabilities, and provide the Board with assurance that the Group can continue to meet the resolvability outcomes on an ongoing basis.

The Group continues to focus on ensuring its resolvability capabilities are subject to suitably rigorous testing, are subject to continuous improvement where appropriate, and are fully embedded into the Group's business-as-usual frameworks.

6.1 Testing

Testing is a key component of the Group's assurance framework and is used to assess whether capabilities are effective and execution-ready, or where improvements could be made. The Group has continued to build on the testing undertaken as part of the first Resolvability Assessment Framework cycle, with testing activity increasing in scope and complexity to reflect the maturity of the Group's resolution capabilities.

In addition to extensive testing of capabilities in their development and implementation stage, further testing is undertaken to maintain and improve the Group's resolvability as part of business-as-usual. The Group continues to use a combination of barrier-level tests which ensure specific resolution capabilities operate as expected and remain fit for purpose, and holistic tests which examine how multiple capabilities would operate together, suitability of management information and effectiveness of senior management decision-making.

Barrier-level testing ensures specific resolution capabilities operate as expected and remain fit for purpose. Barrier-level testing includes walkthrough and operational tests of barrier playbooks and corresponding capabilities and, where appropriate, testing of controls over barrier capabilities in line with the Group's Operational Risk Framework.

Holistic testing examines how multiple capabilities would operate together, the suitability of management information and the effectiveness of senior management decision-making. Holistic testing includes simulation exercises with the Group Board and country boards, where board members are provided with management information produced using barrier-level playbooks and are required to respond to an illustrative resolution scenario. To ensure stakeholders maintain a thorough understanding of their roles and responsibilities in resolution and remain prepared to respond effectively, simulation exercises are preceded by preparatory sessions with senior stakeholders and crisis management bodies, mirroring the governance that would be followed in resolution.

The Group maintains robust and coordinated forward-looking testing plans which ensure capabilities continue to be tested on an ongoing basis, and support the Group's assessment of its resolvability. A risk-based approach to testing ensures that specific areas of importance can be prioritised for testing, in a manner that is proportionate and tailored to the capabilities being tested.

Findings from testing activities are documented and capability improvements identified are tracked through the governance structures described in section 6.4.

In addition to its own testing, the Group has responded to timed tests and information requests set by the BoE as part of its independent assurance of the Group's capabilities.

6.2 Independent assurance

The Group has leveraged its three lines of defence and external advisers to provide independent assurance on the Group's resolvability capabilities.

The Risk function is represented in all resolvability governance bodies. The Risk function provides independent review and challenge of the Group's resolution capabilities, is involved in all major testing activity and tracks the progress of planned improvements to capabilities. It also provides review and challenge of the Group's resolvability self-assessment and reports independently on resolvability activity to the Board Risk Committee (BRC).

Group Internal Audit independently reviews and challenges barrier capabilities against regulatory requirements, and actions taken to address regulatory feedback. Group Internal Audit reports its findings to senior management and the Board Audit Committee.

Assurance and challenge is also sought from external assurance providers in some instances, for example where they have particular subject matter expertise.

6.3 Integration of resolvability into risk and control frameworks

Resolvability is integrated into the Group Enterprise Risk Management Framework and into the business-as-usual risk and control frameworks that apply to specific barrier capabilities. This enables the Group to leverage its Risk and Control Self-Assessment (RCSA). The RCSA is overseen by Operational Risk as second line of defence, to identify and assess operational risks that are inherent within processes that support the Group's resolvability. The Group ensures that as business-as-usual frameworks evolve, resolvability is taken into account.

6.4 Governance over resolvability

The Group has clearly defined roles and responsibilities for resolvability and has further embedded consideration of resolvability by establishing a governance model which enables resolvability to be overseen, maintained and improved through business-as-usual arrangements.

The Board and senior management provide oversight of the Group's resolvability. The Group Management Team, BRC and Board receive progress updates on the Group's resolvability in addition to participating in walkthrough and simulation exercises where appropriate.

The Board of Standard Chartered PLC is ultimately responsible for the Group's resolvability and the BRC provides final approval of the resolvability assessment report submitted to the PRA.

The Group CFO has Senior Managers Regime responsibility for the resolution assessment and overseeing the internal processes regarding its governance. Each barrier has a designated owner who is accountable for ensuring the Group continues to fulfil its obligations as they relate to their respective barrier and associated regulatory requirements.

The Treasury Chief Risk Officer provides holistic review and challenge of resolvability while each barrier is further overseen by relevant Risk functions.

An RRP Steering Group, which meets every six months or more frequently if required, brings together senior managers from across businesses and functions to provide a firm-wide, strategic response to resolvability requirements. A Resolvability Forum, which meets quarterly and includes each barrier owner and representatives from the Group's three lines of defence, ensures the coordination of key resolution planning activities in business-as-usual. In addition, each barrier has its own governance arrangements in place. This model ensures that the governance and oversight of capabilities is integrated into the functions and businesses closest to them, and that resolvability is firmly embedded as a consideration in the Group's governance.

Glossary

Banking Act 2009	The legislation which established the UK's resolution regime and sets out the responsibilities and powers of the BoE as UK resolution authority.
Board	The Board of Standard Chartered PLC.
BRC	The Board Risk Committee.
BoE	The Bank of England.
Business reorganisation plan	A plan that must be developed and implemented after a bail-in to address the cause of the firm's failure and restore long-term viability.
Core business lines	Business lines and associated services which represent material sources of revenue, profit or franchise value for a firm or for its group.
Crisis Management Group (CMG)	A forum made up of the key supervisory and resolution authorities of a Global Systemically Important Bank (G-SIB) with the objective of enhancing preparedness for, and facilitating the management and resolution of, a cross-border financial crisis affecting the G-SIB.
Critical functions	Activities performed by a bank whose failure would lead to the disruption of services that are vital for the functioning of the real economy and for financial stability in the relevant country.
Critical services	Services that need to be available to business units or entities in the Group to deliver critical functions and core business lines.
External MREL	MREL resources issued externally by a group's resolution entity.
Failing or likely to fail	An assessment made as part of the trigger for resolution by the PRA or Financial Conduct Authority about a firm. This includes whether the firm is failing or likely to fail to meet its minimum requirements to be authorised.
Financial market infrastructure (FMI)	Payment systems, central securities depositaries, securities settlement systems and central counterparties.
FMI service providers	FMIs and FMI intermediaries.
Internal MREL	MREL resources issued by subsidiaries to a group's resolution entity.

Minimum requirement for own funds and eligible liabilities (MREL)	A requirement to maintain a minimum amount of loss-absorbing regulatory capital and liabilities which meet certain criteria so that if a firm fails the resolution authority can implement the resolution strategy.
Operational continuity in resolution (OCIR)	A regulatory requirement that firms' operational arrangements allow the continuity of critical services during stress or resolution.
PRA	The UK Prudential Regulation Authority.
Resolution entity	An entity within a group to which resolution powers would be applied under the group resolution strategy.
Resolvability Assessment Framework	A policy framework published by the BoE which sets out how the BoE will assess firms' resolvability and gives firms responsibility for assessing and demonstrating their preparedness for resolution.
Standard Chartered PLC	The Group's ultimate holding company and its resolution entity.
Stay	The suspension by the resolution authority of termination, payment and other rights under a contract for up to two business days, as contemplated under the Banking Act 2009.

Important notice

Forward-looking statements

This document may contain ‘forward-looking statements’ that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as ‘may’, ‘could’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘believe’, ‘plan’, ‘seek’, ‘continue’ or other words of similar meaning.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the plans and objectives of Standard Chartered PLC and its subsidiaries (Standard Chartered or the Group), to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; the development of standards and interpretations; the ability of the Group to mitigate the impacts of climate change effectively; risks arising out of health crises and pandemics; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

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