

Supplementary financial information

Five-year summary¹

	2019 \$million	2018 \$million	2017 \$million	2016 \$million	2015 \$million
Operating profit before impairment losses and taxation	4,484	3,142	4,008	3,849	4,116
Impairment losses on loans and advances and other credit risk provisions	(908)	(653)	(1,362)	(2,791)	(4,976)
Other impairment	(136)	(182)	(179)	(612)	(855)
Profit/(loss) before taxation	3,713	2,548	2,415	409	(1,523)
Profit/(loss) attributable to shareholders	2,303	1,054	1,219	(247)	(2,194)
Loans and advances to banks ²	53,549	61,414	78,188	72,609	64,494
Loans and advances to customers ²	268,523	256,557	282,288	252,719	257,356
Total assets	720,398	688,762	663,501	646,692	640,483
Deposits by banks ²	28,562	29,715	30,945	32,872	28,727
Customer accounts ²	405,357	391,013	370,509	338,185	337,606
Shareholders' equity	44,835	45,118	46,505	44,368	46,204
Total capital resources ³	66,868	65,353	68,983	68,181	70,364
Information per ordinary share					
Basic earnings/(loss) per share	57.0c	18.7c	23.5c	(14.5)c	(91.9)c
Underlying earnings/(loss) per share	75.7c	61.4c	47.2c	3.4c	(6.6)c
Dividends per share ⁴	22.0c	17.0c	–	–	13.71c
Net asset value per share	1,358.3c	1,319.3c	1,366.9c	1,307.8c	1,366.0c
Net tangible asset value per share	1,192.5c	1,167.7c	1,214.7c	1,163.9c	1,244.1c
Return on assets ⁵	0.3%	0.3%	0.2%	0.0%	(0.3)%
Ratios					
Statutory return on ordinary shareholders' equity	4.2%	1.4%	1.7%	(1.1)%	(5.3)%
Statutory return on ordinary shareholders' tangible equity	4.8%	1.6%	2.0%	(1.2)%	(5.9)%
Underlying return on ordinary shareholders' equity	5.6%	4.6%	3.5%	0.3%	(0.4)%
Underlying return on ordinary shareholders' tangible equity	6.4%	5.1%	3.9%	0.3%	(0.4)%
Statutory cost to income ratio (excluding UK Bank levy)	68.7%	76.6%	70.7%	69.9%	70.2%
Statutory cost to income ratio (including UK Bank levy)	70.9%	78.8%	72.2%	72.6%	73.1%
Underlying cost to income ratio (excluding UK Bank levy)	65.9%	67.7%	69.3%	69.5%	65.0%
Underlying cost to income ratio (including UK Bank levy)	68.2%	69.9%	70.8%	72.2%	67.8%
Capital ratios:					
(CET1)/ Tier 1 capital ⁶	13.8%	14.2%	13.6%	13.6%	12.6%
Total capital ⁶	21.2%	21.6%	21.0%	21.3%	19.5%

1 The amounts for the three financial years ended 2015 to 2017 are presented in line with IAS 39 and, therefore, not on a comparable basis to the current financial year presented in accordance with IFRS 9

2 Excludes amounts held at fair value through profit or loss

3 Shareholders' funds, non-controlling interests and subordinated loan capital

4 Dividend paid during the year per share

5 Represents profit attributable to shareholders divided by the total assets of the Group

6 Unaudited

Analysis of underlying performance by key market

The following tables provide information for key markets in which the Group operates. The numbers are prepared on a management view. Refer to Note 2 for details.

	2019								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	3,755	972	872	1,639	1,041	273	617	762	759
Operating expenses	(1,934)	(769)	(666)	(986)	(672)	(180)	(423)	(678)	(587)
Operating profit before impairment losses and taxation	1,821	203	206	653	369	93	194	84	172
Credit impairment	(111)	(15)	(81)	(91)	(290)	(87)	(48)	(33)	(63)
Other impairment	(5)	1	–	–	–	–	–	–	–
Profit from associates and joint ventures	–	–	247	–	–	–	–	–	–
Underlying profit before taxation	1,705	189	372	562	79	6	146	51	109
Total assets employed	159,725	54,408	30,293	85,155	28,163	4,795	20,301	150,103	60,373
Of which: loans and advances to customers including FVTPL	77,277	34,469	14,772	45,951	15,674	2,098	10,406	42,179	17,038
Total liabilities employed	149,703	47,420	27,005	80,006	18,437	3,188	12,905	142,804	66,357
Of which: customer accounts	123,330	38,533	21,797	60,821	13,800	2,320	10,078	82,036	34,733
	2018								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	3,752	1,009	821	1,547	949	260	637	819	667
Operating expenses	(1,944)	(797)	(675)	(1,009)	(677)	(179)	(453)	(671)	(621)
Operating profit before impairment losses and taxation	1,808	212	146	538	272	81	184	148	46
Credit impairment	(57)	(1)	(30)	(115)	(130)	(39)	(196)	(51)	(36)
Other impairment	(109)	1	–	–	(1)	–	–	17	–
Profit from associates and joint ventures	–	–	205	–	–	26	–	–	–
Underlying profit/(loss) before taxation	1,642	212	321	423	141	68	(12)	114	10
Total assets employed	153,372	51,306	30,272	81,882	29,886	4,990	19,847	136,967	48,706
Of which: loans and advances to customers including FVTPL	71,971	33,435	12,894	46,342	16,567	2,536	10,749	41,248	13,464
Total liabilities employed	139,332	45,347	27,158	80,200	20,554	3,110	13,679	148,041	42,301
Of which: customer accounts	116,999	36,894	21,801	58,415	16,306	2,061	10,517	93,096	16,218

Analysis of underlying performance by Retail Banking and Commercial Banking segments

Retail Banking

	2019				
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Total \$million
Operating income	3,003	1,432	700	36	5,171
Operating expenses	(2,015)	(1,097)	(619)	(23)	(3,754)
Operating profit before impairment losses and taxation	988	335	81	13	1,417
Credit impairment	(153)	(136)	(47)	–	(336)
Other impairment	–	–	2	–	2
Underlying profit before taxation	835	199	36	13	1,083
Restructuring	(47)	(7)	(9)	–	(63)
Statutory profit before taxation	788	192	27	13	1,020
Loans and advances to customers including FVTPL	72,759	27,934	5,320	557	106,570
Customer accounts	98,434	35,959	8,585	1,067	144,045

	2018				
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Total \$million
Operating income	2,886	1,352	765	38	5,041
Operating expenses	(1,959)	(1,083)	(668)	(26)	(3,736)
Operating profit before impairment losses and taxation	927	269	97	12	1,305
Credit impairment	(72)	(135)	(60)	–	(267)
Other impairment	(5)	–	–	–	(5)
Underlying profit before taxation	850	134	37	12	1,033
Restructuring	(18)	(20)	(30)	–	(68)
Statutory profit before taxation	832	114	7	12	965
Loans and advances to customers including FVTPL	67,718	27,812	5,595	510	101,635
Customer accounts	95,086	32,120	8,433	1,052	136,691

Commercial Banking

	2019			
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Total \$million
Operating income	594	559	325	1,478
Operating expenses	(386)	(310)	(211)	(907)
Operating profit before impairment losses and taxation	208	249	114	571
Credit impairment	(22)	(38)	(63)	(123)
Underlying profit before taxation	186	211	51	448
Restructuring	(7)	(2)	(2)	(11)
Statutory profit before taxation	179	209	49	437
Loans and advances to customers including FVTPL	13,174	8,779	4,733	26,686
Customer accounts	20,590	10,250	3,243	34,083

	2018			
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Total \$million
Operating income	584	523	284	1,391
Operating expenses	(389)	(330)	(204)	(923)
Operating profit before impairment losses and taxation	195	193	80	468
Credit impairment	(23)	(73)	(148)	(244)
Underlying profit/(loss) before taxation	172	120	(68)	224
Restructuring	(7)	(3)	(2)	(12)
Statutory profit/(loss) before taxation	165	117	(70)	212
Loans and advances to customers including FVTPL	13,926	9,118	4,227	27,271
Customer accounts	22,011	9,720	3,129	34,860

Analysis of operating income by product and segment

The following tables provide a breakdown of the Group's underlying operating income by product and client segment.

	2019					
	Corporate & Institutional Banking \$million	Retail Banking \$million	Commercial Banking \$million	Private Banking \$million	Central & other items \$million	Total \$million
Transaction Banking	2,992	19	838	–	–	3,849
Trade	721	19	360	–	–	1,100
Cash Management	1,929	–	477	–	–	2,406
Securities Services	342	–	1	–	–	343
Financial Markets	2,617	–	299	–	–	2,916
Foreign Exchange	950	–	178	–	–	1,128
Rates	664	–	32	–	–	696
Commodities	140	–	25	–	–	165
Credit and Capital Markets	564	–	13	–	–	577
Capital Structuring Distribution Group	302	–	27	–	–	329
DVA	(100)	–	–	–	–	(100)
Other Financial Markets	97	–	24	–	–	121
Corporate Finance ¹	1,048	–	93	2	–	1,143
Lending and Portfolio Management	553	–	239	–	–	792
Wealth Management	–	1,514	2	362	–	1,878
Retail Products	–	3,629	6	214	–	3,849
CCPL and other unsecured lending	–	1,251	–	–	–	1,251
Deposits	–	1,797	6	179	–	1,982
Mortgage and Auto	–	472	–	36	–	508
Other Retail Products	–	109	–	(1)	–	108
Treasury	–	–	–	–	1,090	1,090
Other	(25)	9	1	(1)	(230)	(246)
Total underlying operating income	7,185	5,171	1,478	577	860	15,271

¹ In December 2018, it was decided to discontinue the ship operating lease business and any future profits and losses will be reported as restructuring. Prior periods have not been restated

	2018					
	Corporate & Institutional Banking \$million	Retail Banking \$million	Commercial Banking \$million	Private Banking \$million	Central & other items \$million	Total \$million
Transaction Banking	2,887	20	811	–	–	3,718
Trade	729	20	374	–	–	1,123
Cash Management	1,825	–	437	–	–	2,262
Securities Services	333	–	–	–	–	333
Financial Markets	2,328	–	284	–	–	2,612
Foreign Exchange	829	–	172	–	–	1,001
Rates	527	–	28	–	–	555
Commodities	168	–	24	–	–	192
Credit and Capital Markets	312	–	12	–	–	324
Capital Structuring Distribution Group	285	–	24	–	–	309
DVA	77	–	–	–	–	77
Other Financial Markets	130	–	24	–	–	154
Corporate Finance ¹	1,098	–	88	–	–	1,186
Lending and Portfolio Management ¹	542	–	213	–	–	755
Wealth Management	–	1,491	3	305	–	1,799
Retail Products	–	3,535	4	211	–	3,750
CCPL and other unsecured lending	–	1,310	–	–	–	1,310
Deposits	–	1,603	4	175	–	1,782
Mortgage and Auto	–	537	–	36	–	573
Other Retail Products	–	85	–	–	–	85
Treasury	–	–	–	–	1,223	1,223
Other	5	(5)	(12)	–	(63)	(75)
Total underlying operating income	6,860	5,041	1,391	516	1,160	14,968

¹ There has been a reorganisation of certain product teams between Corporate Finance and Lending and Portfolio Management. Prior periods have been restated

Average balance sheets and yields and volume and price variances

Average balance sheets and yields

As explained in Note 1 to the financial statements on (page 262) the Group has changed its accounting policies for net interest income and net trading income such that contractual interest on financial instruments measured at fair value through profit or loss is recorded in net trading income. For the purposes of calculating net interest margin the following adjustments are made:

- Statutory net interest income is adjusted to remove interest expense on amortised cost liabilities used to provide funding to the Financial Markets business
- Financial instruments measured at fair value through profit or loss are reclassified as non-interest earning

In the Group's view this results in a net interest margin that is more reflective of banking book performance.

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 31 December 2019 and 31 December 2018 under the revised definition of net interest margin. For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.

Average assets

	2019				
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	17,544	29,177	329	1.13	0.70
Gross loans and advances to banks	26,639	61,040	1,834	3.00	2.09
Gross loans and advances to customers	49,662	274,970	10,775	3.92	3.32
Impairment provisions against loans and advances to banks and customers	–	(4,786)	–	–	–
Investment securities	29,188	134,355	3,611	2.69	2.21
Property, plant and equipment and intangible assets	11,217	–	–	–	–
Prepayments, accrued income and other assets	84,965	–	–	–	–
Investment associates and joint ventures	2,608	–	–	–	–
Total average assets	221,823	494,756	16,549	3.34	2.31

	2018				
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	24,724	32,730	364	1.11	0.63
Gross loans and advances to banks	21,639	65,727	1,783	2.71	2.04
Gross loans and advances to customers	40,302	261,595	10,038	3.84	3.32
Impairment provisions against loans and advances to banks and customers	–	(5,701)	–	–	–
Investment securities	23,958	121,763	2,965	2.44	2.03
Property, plant and equipment and intangible assets	10,660	–	–	–	–
Prepayments, accrued income and other assets	78,361	–	–	–	–
Investment associates and joint ventures	2,458	–	–	–	–
Total average assets	202,102	476,114	15,150	3.18	2.23

Average balance sheets and yields and volume and price variances continued

Average liabilities

	2019				
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Deposits by banks	17,561	27,619	739	2.68	1.64
Customer accounts:					
Current accounts and savings deposits	38,804	183,323	2,114	1.15	0.95
Time and other deposits	59,094	167,904	4,088	2.43	1.80
Debt securities in issue	9,335	49,351	1,120	2.27	1.91
Accruals, deferred income and other liabilities	95,461	1,336	65	4.87	0.07
Subordinated liabilities and other borrowed funds	–	15,062	756	5.02	5.02
Non-controlling interests	31	–	–	–	–
Shareholders' funds	50,215	–	–	–	–
	270,501	444,595	8,882	2.00	1.24
Adjustment for Financial Markets funding costs			(340)		
Total average liabilities and shareholders' funds	270,501	444,595	8,542	1.92	1.19

	2018				
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Deposits by banks	10,950	29,867	594	1.99	1.46
Customer accounts:					
Current accounts and savings deposits	38,909	178,454	1,667	0.93	0.77
Time and other deposits	52,081	157,928	3,339	2.11	1.59
Debt securities in issue	5,986	48,138	988	2.05	1.83
Accruals, deferred income and other liabilities	95,214	–	–	–	–
Subordinated liabilities and other borrowed funds	–	15,780	767	4.86	4.86
Non-controlling interests	48	–	–	–	–
Shareholders' funds	50,241	–	–	–	–
	253,429	430,167	7,355	1.71	1.08
Adjustment for Financial Markets funding costs			(237)		
Total average liabilities and shareholders' funds	253,429	430,167	7,118	1.65	1.04

Net interest margin (NIM)

	2019 \$million	restated 2018 ¹ \$million
Interest income (statutory)	16,549	15,150
Average interest earning assets	494,756	476,114
Gross yield (%)	3.34	3.18
Interest expense (statutory)	8,882	7,355
Adjustment for Financial Markets funding costs	(340)	(237)
Adjusted interest expense used to fund financial instruments held at fair value	8,542	7,118
Average interest-bearing liabilities	444,595	430,167
Rate paid (%)	1.92	1.65
Net yield (%)	1.42	1.53
Net interest income adjusted for Financial Markets funding costs	8,007	8,032
Net interest margin (%)	1.62	1.69 ²

1 The Group has changed its accounting policies for net interest income and net trading income. Refer to Note 1

2 Restated as per Net interest margin, defined under Alternative performance measures in the Strategic report (page 64)

Volume and price variances

The following table analyses the estimated change in the Group's net interest income attributable to changes in the average volume of interest-earning assets and interest-bearing liabilities, and changes in their respective interest rates for the years presented. Volume and rate variances have been determined based on movements in average balances and average exchange rates over the year and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	2019 versus 2018		
	(Decrease)/increase in interest due to:		Net (decrease)/ increase in interest \$million
	Volume \$million	Rate \$million	
Interest earning assets			
Cash and unrestricted balances at central banks	(40)	5	(35)
Loans and advances to banks	(141)	192	51
Loans and advances to customers	333	404	737
Investment securities	336	310	646
Total interest earning assets	488	911	1,399
Interest-bearing liabilities			
Subordinated liabilities and other borrowed funds	(36)	25	(11)
Deposits by banks	(60)	205	145
Customer accounts:			
Current accounts and savings deposits	56	391	447
Time and other deposits	247	502	749
Debt securities in issue	28	104	132
Total interest-bearing liabilities	235	1,227	1,462
	2018 versus 2017		
	(Decrease)/increase in interest due to:		Net increase/ (decrease) in interest \$million
	Volume \$million	Rate \$million	
Interest earning assets			
Cash and unrestricted balances at central banks	(53)	130	77
Loans and advances to banks	(462)	290	(172)
Loans and advances to customers	(825)	1,935	1,110
Investment securities	(219)	(81)	(300)
Total interest earning assets	(1,559)	2,274	715
Interest-bearing liabilities			
Subordinated liabilities and other borrowed funds	(69)	88	19
Deposits by banks	(233)	(64)	(297)
Customer accounts:			
Current accounts and savings deposits	123	481	604
Time and other deposits	(877)	1,420	543
Debt securities in issue	(78)	310	232
Total interest-bearing liabilities	(1,134)	2,235	1,101

Convenience translation of selected financial statements into Indian Rupees

In compliance with Regulation 71(3) read with Schedule IV part B of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Consolidated financial statements pages 387 to 393 are presented in Indian rupees (INR) using a US dollar/Indian rupee exchange rate of 71.2740 as at 31 December 2019 as published by the Reserve Bank of India. Amounts have been translated using the said exchange rate including totals and sub-totals and any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Consolidated income statement (translated to INR)

For the year ended 31 December 2019

	2019 Rs.million	restated 2018 ¹ Rs.million
Interest income	1,179,513	1,079,801
Interest expense	(633,056)	(524,220)
Net interest income	546,458	555,581
Fees and commission income	293,007	287,163
Fees and commission expense	(41,980)	(38,274)
Net fee and commission income	251,027	248,889
Net trading income	238,768	191,086
Other operating income	62,579	58,516
Operating income	1,098,831	1,054,071
Staff costs	(507,613)	(504,192)
Premises costs	(29,935)	(56,306)
General administrative expenses	(157,587)	(208,548)
Depreciation and amortisation	(84,103)	(61,082)
Operating expenses	(779,239)	(830,128)
Operating profit before impairment losses and taxation	319,593	223,943
Credit impairment	(64,717)	(46,542)
Goodwill impairment	(1,924)	–
Other impairment	(9,693)	(12,972)
Profit from associates and joint ventures	21,382	17,177
Profit before taxation	264,640	181,606
Taxation	(97,860)	(102,563)
Profit for the year	166,781	79,042
Profit attributable to:		
Non-controlling interests	2,637	3,920
Parent company shareholders	164,144	75,123
Profit for the year	166,781	79,042
	Rupees	Rupees
Earnings per share:		
Basic earnings per ordinary share	40.6	13.3
Diluted earnings per ordinary share	40.2	13.2

1 Refer to Accounting policies section (Note 1). The Group has changed its accounting policies for net interest income and net trading income

Consolidated statement of comprehensive income (translated to INR)**For the year ended 31 December 2019**

	2019 Rs.million	2018 Rs.million
Profit for the year	166,781	79,043
Other comprehensive (loss)/income		
Items that will not be reclassified to income statement:	(37,847)	27,227
Own credit (losses)/gains on financial liabilities designated at fair value through profit or loss	(32,929)	28,082
Equity instruments at fair value through other comprehensive income	927	2,566
Actuarial losses on retirement benefit obligations	(8,838)	(1,354)
Taxation relating to components of other comprehensive income	2,994	(2,067)
Items that may be reclassified subsequently to income statement:	9,337	(84,745)
Exchange differences on translation of foreign operations:		
Net losses taken to equity	(27,512)	(104,203)
Net gains on net investment hedges	13,613	20,099
Share of other comprehensive income from associates and joint ventures	1,782	2,352
Debt instruments at fair value through other comprehensive income:		
Net valuation gains/(losses) taken to equity	39,557	(9,123)
Reclassified to income statement	(12,117)	2,210
Net impact of expected credit losses	499	–
Cashflow hedges:		
Net (losses)/gains taken to equity	(4,562)	2,423
Reclassified to income statement	1,497	499
Taxation relating to components of other comprehensive income	(3,421)	998
Other comprehensive loss for the year, net of taxation	(28,510)	(57,518)
Total comprehensive income for the year	138,272	21,525
Total comprehensive income attributable to:		
Non-controlling interests	1,426	2,423
Parent company shareholders	136,846	19,101
Total comprehensive income for the year	138,272	21,525

Consolidated balance sheet (translated to INR)

As at 31 December 2019

	2019 Rs.million	2018 Rs.million
Assets		
Cash and balances at central banks	3,758,135	4,099,039
Financial assets held at fair value through profit or loss	6,615,510	6,210,246
Derivative financial instruments	3,364,988	3,251,591
Loans and advances to banks ¹	3,816,651	4,377,221
Loans and advances to customers ²	19,138,708	18,285,844
Investment securities	10,244,283	8,973,468
Other assets	2,995,076	2,523,171
Current tax assets	38,417	35,067
Prepayments and accrued income	192,440	178,541
Interests in associates and joint ventures	135,991	164,429
Goodwill and intangible assets	377,039	360,361
Property, plant and equipment	443,324	462,568
Deferred tax assets	78,758	74,624
Assets classified as held for sale	146,326	94,652
Total assets	51,345,647	49,090,823
Liabilities		
Deposits by banks	2,035,728	2,117,907
Customer accounts	28,891,415	27,869,061
Repurchase agreements and other similar secured borrowing	137,915	99,855
Financial liabilities held at fair value through profit or loss	4,773,505	4,326,332
Derivative financial instruments	3,455,649	3,364,774
Debt securities in issue	3,779,304	3,310,962
Other liabilities	2,963,787	2,730,436
Current tax liabilities	50,106	48,181
Accruals and deferred income	382,670	384,381
Subordinated liabilities and other borrowed funds	1,155,138	1,069,181
Deferred tax liabilities	43,548	40,127
Provisions for liabilities and charges	32,002	94,794
Retirement benefit obligations	33,428	28,438
Liabilities included in disposal groups held for sale	641	17,605
Total liabilities	47,734,835	45,502,034
Equity		
Share capital and share premium account	504,477	506,829
Other reserves	832,837	846,593
Retained earnings	1,858,256	1,862,318
Total parent company shareholders' equity	3,195,570	3,215,740
Other equity instruments	392,934	353,590
Total equity excluding non-controlling interests	3,588,503	3,569,331
Non-controlling interests	22,309	19,458
Total equity	3,610,812	3,588,788
Total equity and liabilities	51,345,647	49,090,823

1 Reverse repurchase agreements and other similar secured lending balances held at amortised cost of Rs.95,578 million (31 December 2018: Rs.271,910 million) has been included with loans and advances to banks

2 Reverse repurchase agreements and other similar secured lending balances held at amortised cost of Rs.104,702 million (31 December 2018: Rs.224,584 million) has been included with loans and advances to customers

Company statement of changes in equity (translated to INR)

For the year ended 31 December 2019

	Ordinary share capital and share premium account Rs.million	Preference share capital and share premium account Rs.million	Capital and merger reserves Rs.million	Own credit adjustment reserve Rs.million	Fair value through other comprehensive income reserve – debt Rs.million	Fair value through other comprehensive income reserve – equity Rs.million	Cash flow hedge reserve Rs.million	Translation reserve Rs.million	Retained earnings Rs.million	Parent company shareholders' equity Rs.million	Other equity instruments Rs.million	Non-controlling interests Rs.million	Total Rs.million
As at 1 January 2018	399,348	106,483	1,220,852 ¹	3,849	(5,488)	3,778	(3,207)	(317,454)	1,845,640	3,253,801	353,590	23,734	3,631,125
Profit after tax	–	–	–	–	–	–	–	–	75,123	75,123	–	3,920	79,043
Other comprehensive income/(loss)	–	–	–	25,516	(5,987)	4,775	2,495	(82,535)	(285) ²	(56,021)	–	(1,497)	(57,518)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(6,914)	(6,914)
Shares issued, net of expenses ³	998	–	–	–	–	–	–	–	–	998	–	–	998
Treasury shares purchased	–	–	–	–	–	–	–	–	(570)	(570)	–	–	(570)
Treasury shares issued	–	–	–	–	–	–	–	–	641	641	–	–	641
Share option expense, net of taxation	–	–	–	–	–	–	–	–	11,261	11,261	–	–	11,261
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(38,417)	(38,417)	–	–	(38,417)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(31,075)	(31,075)	–	–	(31,075)
Other movements	–	–	–	–	–	–	–	–	–	–	–	214 ⁴	214
As at 31 December 2018	400,346	106,483	1,220,852	29,365	(11,475)	8,553	(713)	(399,990)	1,862,318	3,215,740	353,590	19,458	3,588,788
Profit after tax	–	–	–	–	–	–	–	–	164,144	164,144	–	2,637	166,781
Other comprehensive (loss)/income	–	–	–	(29,222)	25,516	2,138	(3,492)	(12,829)	(9,408) ²	(27,298)	–	(1,212)	(28,510)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(2,495)	(2,495)
Shares issued, net of expenses ³	1,782	–	–	–	–	–	–	–	–	1,782	–	–	1,782
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	39,343	–	39,343
Treasury shares purchased	–	–	–	–	–	–	–	–	(14,682)	(14,682)	–	–	(14,682)
Treasury shares issued	–	–	–	–	–	–	–	–	499	499	–	–	499
Share option expense, net of taxation	–	–	–	–	–	–	–	–	9,907	9,907	–	–	9,907
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(51,317)	(51,317)	–	–	(51,317)
Dividend on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(31,931)	(31,931)	–	–	(31,931)
Share buy-back ⁵	(4,134)	–	4,134	–	–	–	–	–	(71,702)	(71,702)	–	–	(71,702)
Other movements	–	–	–	–	–	–	–	–	428 ⁶	428	–	3,920 ⁷	4,348
As at 31 December 2019	397,994	106,483	1,224,986	143	14,041	10,691	(4,205)	(412,819)	1,858,256	3,195,570	392,934	22,309	3,610,812

1 Includes capital reserve of Rs.356 million, capital redemption reserve of Rs.927 million and merger reserve of Rs.1,219,569 million

2 Comprises actuarial loss, net of taxation and share from associates and joint ventures Rs. 9,408 million (Rs. 285 million for the year ending 31 December 2018)

3 Comprises share capital of shares issued to fulfil discretionary awards Rs.71 million, share capital of shares issued to fulfil employee Sharesave options Rs.71 million (Rs.356 million for the year ended 31 December 2018) and share premium of shares issued to fulfil employee Sharesave options exercised Rs.1,640 million (Rs.641 million for the year ended 31 December 2018)

4 Movement is mainly due to additional share capital issued by Standard Chartered Bank Angola S.A. subscribed by its non-controlling interest without change in shareholding percentage

5 On 1 May 2019, the Group commenced a share buy-back of its ordinary shares of Rs.36 each up to a maximum consideration of Rs.71,274 million. Nominal value of share purchases is Rs.4,134 million for the year ended 31 December 2019 and the total consideration paid was Rs.71,702 million which includes share buy-back expenses of Rs.428 million. The total number of shares purchased was 116,103,483 representing 3.51% of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

6 Comprises Rs.713 million disposals of non-controlling interest of Phoon Huat Pte Ltd offset by Rs. 285 million withholding tax on capitalisation of revenue reserves for Standard Chartered Bank Ghana Limited

7 Comprises Rs.5,132 million of non-controlling interest in SC Digital Solutions offset by Rs.1,212 million disposal of non-controlling interest in Phoon Huat Pte Ltd, Sirat Holdings Limited and Ori Private Limited

Cash flow statement (translated to INR)

For the year ended 31 December 2019

	Group		Company	
	2019 Rs.million	2018 Rs.million	2019 Rs.million	2018 Rs.million
Cash flows from operating activities:				
Profit before taxation	264,640	181,606	1,589,838	56,306
Adjustments for non-cash items and other adjustments included within income statement	172,269	187,807	(1,194,552)	16,536
Change in operating assets	(2,514,903)	(914,944)	(390,083)	4,348
Change in operating liabilities	2,133,587	2,413,266	(298,068)	(32,929)
Contributions to defined benefit schemes	(9,765)	(10,192)	–	–
UK and overseas taxes paid	(101,280)	(54,881)	–	–
Net cash (used in)/from operating activities	(55,451)	1,802,662	(292,865)	44,261
Cash flows from investing activities:				
Purchase of property, plant and equipment	(15,609)	(12,188)	–	–
Disposal of property, plant and equipment	8,482	6,058	–	–
Dividends received from subsidiaries, associates and joint ventures	214	4,775	320,305	73,769
Disposal of subsidiaries	–	499	–	–
Purchase of investment securities	(18,493,679)	(19,699,278)	(540,471)	–
Disposal and maturity of investment securities	17,219,798	18,815,124	75,907	44,261
Net cash (used in)/from investing activities	(1,280,794)	(885,009)	144,259	118,030
Cash flows from financing activities:				
Issue of ordinary and preference share capital, net of expenses	41,125	998	41,125	998
Exercise of share options	499	641	499	641
Purchase of own shares	(14,682)	(570)	(14,682)	(570)
Cancellation of shares including share buy-back	(71,702)	–	(71,702)	–
Premises and equipment lease liability principal payment	(23,663)	–	–	–
Gross proceeds from issue of subordinated liabilities	71,274	35,637	71,274	35,637
Interest paid on subordinated liabilities	(42,978)	(42,907)	(38,987)	(36,136)
Repayment of subordinated liabilities	(1,639)	(149,462)	–	(33,784)
Proceeds from issue of senior debts	653,511	696,062	428,499	324,439
Repayment of senior debts	(548,240)	(501,056)	(269,416)	(223,872)
Interest paid on senior debts	(56,805)	(36,136)	(52,743)	(25,302)
Investment from non-controlling interests	3,991	–	–	–
Dividends paid to non-controlling interests, preference shareholders and AT1 securities	(34,425)	(37,989)	(31,931)	(31,075)
Dividends paid to ordinary shareholders	(51,317)	(38,417)	(51,317)	(38,417)
Net cash (used in)/from financing activities	(75,052)	(73,198)	10,620	(27,440)
Net (decrease)/increase in cash and cash equivalents	(1,411,296)	844,454	(426,504)	134,850
Cash and cash equivalents at beginning of the year	6,949,215	6,217,302	1,254,850	1,120,000
Effect of exchange rate movements on cash and cash equivalents	(17,462)	(112,542)	–	–
Cash and cash equivalents at end of the year	5,520,456	6,949,215	828,346	1,254,850

Company balance sheet (translated to INR)**As at 31 December 2019**

	2019 Rs.million	2018 Rs.million
Non-current assets		
Investments in subsidiary undertakings	4,136,529	2,484,113
Current assets		
Derivative financial instruments	16,322	641
Financial assets held at fair value through profit or loss	320,876	–
Investment securities	973,959	822,288
Amounts owed by subsidiary undertakings	828,346	1,254,850
Taxation	1,069	855
Total current assets	2,140,572	2,078,635
Current liabilities		
Derivative financial instruments	52,600	80,397
Amounts owed to subsidiary undertakings	1,853	–
Financial liabilities held at fair value through profit or loss	7,983	–
Other creditors	28,723	28,723
Total current liabilities	91,159	109,120
Net current assets	2,049,413	1,969,514
Total assets less current liabilities	6,185,942	4,453,627
Non-current liabilities		
Debt securities in issue	1,405,024	1,226,055
Subordinated liabilities and other borrowed funds	1,039,745	957,637
Total non-current liabilities	2,444,769	2,183,693
Total assets less liabilities	3,741,172	2,269,934
Equity		
Share capital and share premium account	504,477	506,829
Other reserves	1,224,273	1,220,852
Retained earnings	1,619,488	188,663
Total shareholders' equity	3,348,239	1,916,344
Other equity instruments	392,934	353,590
Total equity	3,741,172	2,269,934

Company statement of changes in equity (translated to INR)

For the year ended 31 December 2019

	Share capital and share premium account Rs.million	Capital and merger reserve Rs.million	Own credit adjustment Rs.million	Retained earnings Rs.million	Other equity instruments Rs.million	Total Rs.million
As at 1 January 2018	505,832	1,220,852 ¹	–	189,874	353,590	2,270,148
Profit for the year	–	–	–	56,948	–	56,948
Shares issued, net of expenses	998	–	–	–	–	998
Treasury shares purchased	–	–	–	(570)	–	(570)
Treasury shares issued	–	–	–	641	–	641
Share option expense, net of taxation	–	–	–	11,261	–	11,261
Capitalised on scrip dividend	–	–	–	1,568	–	1,568
Dividends on ordinary shares	–	–	–	(39,985)	–	(39,985)
Dividends on preference share and AT1 securities	–	–	–	(31,075)	–	(31,075)
As at 31 December 2018	506,829	1,220,852	–	188,662	353,590	2,269,934
Profit for the year	–	–	–	1,590,052 ²	–	1,590,052
Other comprehensive loss	–	–	(713)	–	–	(713)
Shares issued, net of expenses	1,782	–	–	–	–	1,782
Other equity instruments issued, net of expenses	–	–	–	–	39,343	39,343
Treasury shares purchased	–	–	–	(14,682)	–	(14,682)
Treasury shares issued	–	–	–	499	–	499
Share option expense, net of taxation	–	–	–	9,907	–	9,907
Dividends on ordinary shares	–	–	–	(51,317)	–	(51,317)
Dividends on preference share and AT1 securities	–	–	–	(31,931)	–	(31,931)
Cancellation of shares including share buy-back ³	(4,134)	4,134	–	(71,702)	–	(71,702)
As at 31 December 2019	504,477	1,224,986	(713)	1,619,488	392,934	3,741,172

1 Includes capital reserve of Rs.356 million, capital redemption reserve of Rs.927 million and merger reserve of Rs.1,219,569 million

2 Includes dividend received of Rs.1,495,970 million from Standard Chartered Holding Limited. Of this amount, Rs.1,281,364 million was a dividend in specie of Standard Chartered Bank (Hong Kong) Limited and Standard Chartered Bank (China) Limited, while Rs.214,535 million was a cash dividend related to the sale of Standard Chartered NEA Limited and Standard Chartered Bank (Taiwan) Limited

3 On 1 May 2019, the Group commenced a share buy-back of its ordinary shares of Rs.35.64 each up to a maximum consideration of Rs.71,274 million. Nominal value of share purchases is Rs.4,134 million for the year ended 31 December 2019 and the total consideration paid was Rs.71,702 million which includes share buy-back expenses of Rs.428 million. The total number of shares purchased was 116,103,483 representing 3.51% of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

Summary of significant differences between Indian GAAP and IFRS

The condensed consolidated interim financial statements of the Group for the year ended 31 December 2019 with comparatives as at 31 December 2018 are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations as adopted by the European Union.

IFRS differs in certain significant respects from Indian Generally Accepted Accounting Principles (GAAP). Such differences involve methods for measuring the amounts shown in the financial statements of the Group, as well as additional disclosures required by Indian GAAP.

Set out below are descriptions of certain accounting differences between IFRS and Indian GAAP that could have a significant effect on profit or loss attributable to parent company shareholders for the period ended 31 December 2019 and 31 December 2018 and total parent company shareholders' equity as at the same dates. This section does not provide a comprehensive analysis of such differences. In particular, this description considers only those Indian GAAP pronouncements for which adoption or application is required in financial statements for years ended on or prior to 31 December 2019. The Group has not quantified the effect of differences between IFRS and Indian GAAP, nor prepared consolidated financial statements under Indian GAAP, nor undertaken a reconciliation of IFRS and Indian GAAP financial statements. Had the Group undertaken any such quantification or preparation or reconciliation, other potentially significant accounting and disclosure differences may have come to its attention which are not identified below. Accordingly, the Group does not provide any assurance that the differences identified below represent all the principal differences between IFRS and Indian GAAP relating to the Group. Furthermore, no attempt has been made to identify future differences between IFRS and Indian GAAP. In addition, no attempt has been made to identify all differences between IFRS and Indian GAAP that may affect the financial statements as a result of transactions or events that may occur in the future.

In making an investment decision, potential investors should consult their own professional advisers for an understanding of the differences between IFRS and Indian GAAP and how those differences may have affected the financial results of the Group. The summary does not purport to be complete and is subject to and qualified in its entirety by reference to the pronouncements of the International Accounting Standards Board (IASB), together with the pronouncements of the Indian accounting profession.

Changes in accounting policy

IFRS (IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

Changes in accounting policy are applied retrospectively. Comparatives are restated and the effect of period(s) not presented is adjusted against opening retained earnings of the earliest year presented. Policy changes made on the adoption of a new standard are made in accordance with that standard's transitional provisions.

Indian GAAP (AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies)

The cumulative amount of the change is included in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact disclosed.

Where a change in accounting policy has a material effect in the current period, the amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable. Where such an amount is not ascertainable, this fact should be indicated.

Functional and presentation currency

IFRS (IAS 21 The Effects of Changes in Foreign Exchange Rates)

An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency.

Monetary assets and liabilities are translated at the closing rate at the date of that statement of financial position. Income statement items are translated at the exchange rate at the date of transaction or at average rates. The functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Group is US dollars.

Indian GAAP (AS 11 The Effects of Changes in Foreign Exchange Rates)

There is no concept of functional or presentation currency. Entities in India have to prepare their financial statements in Indian rupees.

A foreign currency transaction should be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- Foreign currency monetary items should be reported using the closing rate
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the transaction
- Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency should be reported using the exchange rates that existed when the values were determined

Consolidation

IFRS (IFRS 10 Consolidated Financial Statements)

Entities are consolidated when the Group controls an entity. The Group controls an entity when it is exposed to or has rights to direct relevant activities, or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. This also includes entities where control is not derived through voting rights such as structured entities.

Indian GAAP (AS 21 Consolidated Financial Statements)

Guidance is based on the power through the ability to govern the financial and operating policies of an entity so as to obtain benefits while not taking into consideration potential voting rights.

No specific guidance is given by Indian GAAP on consolidation of structured entities.

Business combinations

IFRS (IFRS 3 Business Combinations)

All business combinations are treated as acquisitions. Assets, liabilities and contingent liabilities acquired are measured at their fair values with the excess over this fair value when compared with the acquisition cost recognised as goodwill.

For acquisitions occurring on or after 1 January 2004, IFRS 3 requires that, when assessing the value of the assets of an acquired entity, certain identifiable intangible assets must be recognised and, if considered to have a finite life, amortised through the income statement over an appropriate period.

Adjustments to provisional fair values are permitted provided those adjustments are made within 12 months from the date of acquisition, with a corresponding adjustment to goodwill. After re-assessment of respective fair values of net assets acquired, any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised immediately in the income statement.

The Group's policy for non-controlling interests is generally not to recognise non-controlling interests at their fair value, but to recognise them based on their proportionate share of the fair value of the identifiable net assets acquired.

Indian GAAP (AS 14 Accounting for Amalgamations)

Treatment of a business combination depends on whether the acquired entity is held as a subsidiary, whether it is an amalgamation or whether it is an acquisition of a business. For an entity acquired and held as a subsidiary, the business combination is accounted for as an acquisition. The assets and liabilities acquired are incorporated at their existing carrying amounts.

For an amalgamation of an entity, either pooling of interests or acquisition accounting may be used. The assets and liabilities amalgamated are incorporated at their existing carrying amounts or, alternatively, if acquisition accounting is adopted, the consideration can be allocated to individual identifiable assets (which may include intangible assets) and liabilities on the basis of their fair values.

Adjustments to the value of acquired or amalgamated balances are not permitted after initial recognition. Any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised as capital reserve, which is neither amortised nor available for distribution to shareholders. However, in the case of an amalgamation accounted under the purchase method, the fair value of intangible assets with no active market is reduced to the extent of capital reserve, if any, arising on the amalgamation. Minority interests arising on the acquisition of a subsidiary are recognised at their share of the historical book value.

Goodwill

IFRS (IFRS 3 Business Combinations and IAS 38 Intangible Assets)

IFRS 3 requires that goodwill arising on all acquisitions by the Group and associated undertakings is capitalised but not amortised and is subject to an annual review for impairment. Goodwill is tested annually for impairment. Any impairment losses recognised may not be reversed in subsequent accounting periods.

Indian GAAP (AS 14 Accounting for Amalgamations and AS 26 Intangible Assets)

Goodwill arising on amalgamations is capitalised and amortised over useful life not exceeding five years, unless a longer period can be justified. For goodwill arising on acquisition of a subsidiary or a business, there is no specific guidance. In practice, there is either no amortisation or amortisation does not exceed 10 years. Goodwill is reviewed for impairment whenever an indicator of impairment exists. Impairment losses recognised may be reversed under exceptional circumstances only in subsequent accounting periods through the income statement.

Acquired and internally generated intangible assets

IFRS (IAS 38 Intangible Assets)

Intangible assets are recognised if they are deemed separable and arise from contractual or other legal rights. Assets with a finite useful life are amortised on a systematic basis over their useful life. An asset with an indefinite useful life should be tested for impairment annually.

Indian GAAP (AS 26 Intangible Assets)

Intangible assets are capitalised if specific criteria are met and are amortised over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset that is not available for use or is being amortised over a period exceeding 10 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

Property, plant and equipment

IFRS (IAS 16 Property, Plant and Equipment, IAS 23 Borrowing Costs)

The Group's policy is to hold all property, plant, aviation, shipping and equipment fixed assets at cost less depreciation and consequently tangible fixed assets are not subject to revaluation. Fixed assets are, however, subject to impairment testing.

Foreign exchange gains or losses relating to the procurement of property, plant and equipment can be capitalised as part of the asset. Depreciation is recorded over the asset's estimated useful life. Borrowing costs that are directly attributable to the acquisition or construction of an asset must be capitalised as part of that asset.

Indian GAAP (AS 10 Fixed Assets, AS 16 Borrowing Cost and AS 6 Depreciation Accounting)

Fixed assets are recorded at historical costs or revalued amounts. Relevant borrowing costs are capitalised if certain criteria in AS 16 are met. Depreciation is recorded over the asset's useful life. Schedule II (Part C) of the Companies Act 2013 and Banking Regulations prescribe minimum rates of depreciation and these are typically used as the basis for determining useful life.

Recognition and measurement of financial instruments

IFRS – IFRS 9 Financial Instruments Classification and measurement Accounting policy

The Group classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as either amortised cost, or held at fair value through profit or loss. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Recognition and measurement of financial instruments continued

Financial assets held at amortised cost and fair value through other comprehensive income

Debt instruments held at amortised cost or held at fair value through comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

Whether financial assets are held at amortised cost or at FVOCI depends on the objectives of the business models under which the assets are held. A business model refers to how the Group manages financial assets to generate cash flows.

The Group makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

Financial assets that have SPPI characteristics and which are held within a business model whose objective is to hold financial assets to collect contractual cash flows ('hold to collect') are recorded at amortised cost.

Conversely, financial assets that have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ('hold to collect and sell') are classified as FVOCI.

Equity instruments designated as FVOCI

Non-trading equity instruments acquired for strategic purposes rather than capital gain may be irrevocably designated at initial recognition at FVOCI on an instrument-by-instrument basis. Gains and losses arising from changes in the fair value of these instruments, including foreign exchange gains and losses, are recognised directly in equity and are never reclassified to profit or loss, even on derecognition.

Financial assets and liabilities held at fair value through profit or loss

Financial assets that are not held at amortised cost or which are not held at fair value through other comprehensive income are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

Mandatorily classified at fair value through profit or loss

Financial assets and liabilities that are mandatorily held at fair value through profit or loss include:

- Financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short term
- Hybrid financial assets that contain one or more embedded derivatives
- Financial assets that would otherwise be measured at amortised cost or FVOCI but which do not have SPPI characteristics
- Equity instruments that have not been designated as held at FVOCI
- Financial liabilities that constitute contingent consideration in a business combination

Designated at fair value through profit or loss

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 ('accounting mismatch').

Financial liabilities may also be designated at fair value through profit or loss where they are managed on a fair value basis or have a bifurcately embedded derivative where the Group is not able to separately value the embedded derivative component.

Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Financial guarantee contracts and loan commitments

Financial guarantee contracts and loan commitments issued at below market interest rates are initially recognised as liabilities at fair value and subsequently at the higher of the expected credit loss provision, and the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

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 market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Group has access at that date. The fair value of a liability includes the risk that the Group will not be able to honour its obligations.

Initial recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and debt securities classified as financial assets held at FVOCI are initially recognised on the trade-date (the date on which the Group commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on the settlement date (the date on which cash is advanced to the borrowers).

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets that are not subsequently measured at fair value through profit or loss.

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method. Foreign exchange gains and losses are recognised in the income statement.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. Foreign exchange gains and losses on the amortised cost are recognised in income. Changes in expected credit losses are recognised in the profit or loss and are accumulated in a separate component of equity.

Recognition and measurement of financial instruments continued

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity.

Financial assets and liabilities mandatorily held at fair value through profit or loss and financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the net trading income line in the income statement unless the instrument is part of a cash flow hedging relationship.

Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss are held at fair value, with changes in fair value recognised in the net trading income line in the profit or loss, other than that attributable to changes in credit risk. Fair value changes attributable to credit risk are recognised in other comprehensive income and recorded in a separate category of reserves unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated fair value through profit or loss is recognised in profit or loss.

Indian GAAP (AS 13 Investments)

For investments and loans & advances, the Reserve Bank of India (RBI) outlines classification criteria and measurement requirements which differ from those set out in IFRS.

AS 13 requires investments to be categorised as follows:

- ➔ Current investments, which are those readily realisable and intended to be held for less than one year, are carried at the lower of cost and fair value, with changes in fair value taken directly to profit or loss
- ➔ Long-term investments, which are those investments not classified as current, are carried at cost unless there is a permanent diminution in value, in which case a provision for diminution is required to be made by the entity

Loans & advances are recognised at transaction or originated value only.

Financial liabilities are usually carried at cost. There is no ability to designate instruments at fair value.

Derivatives

IFRS (IFRS 9/IAS 39 Financial Instruments: Recognition and Measurement)

IFRS 9 requires that all derivatives be recognised on-balance sheet at fair value. Changes in the fair value of derivatives that are not hedges are reported in the income statement. Changes in the fair value of derivatives that are designated as hedges are either offset against the change in fair value of the hedged asset or liability through earnings, or recognised directly in equity until the hedged item is recognised in earnings, depending on the nature of the hedge. The ineffective portion of the hedge's change in fair value is immediately recognised in earnings. A derivative may only be classified as a hedge if an entity meets stringent qualifying criteria in respect of documentation and hedge effectiveness.

The Group continues to apply the hedge accounting requirements of IAS 39 rather than the requirements of IFRS 9.

Indian GAAP

Foreign exchange contracts held for trading or speculative purposes are carried at fair value, with gains and losses recognised in the income statement. In the absence of specific guidance, equity options are carried at the lower of cost or market value.

For banks, there are guidelines prescribed by RBI on measurement and accounting of interest rate swaps and forward rate agreements entered into for hedging purposes.

Impairment of financial assets

Under IFRS 9 the impairment of financial assets is as follows:

Measurement

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking.

For material portfolios, the estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). For less material Retail Banking loan portfolios, the Group has adopted simplified approaches based on historical roll rates or loss rates.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement. As a practical expedient, the Group may also measure credit impairment on the basis of an instrument's fair value using an observable market price.

Cash shortfalls are discounted using the effective interest rate on the financial instrument as calculated at initial recognition, or if the instrument has a variable interest rate, the current effective interest rate determined under the contract.

Instruments	Location of expected credit loss provisions
Financial assets held at amortised cost	Loss provisions: netted against gross carrying value
Financial assets held at FVOCI – Debt instruments	Other comprehensive income (FVOCI expected credit loss reserve)
Loan commitments	Provisions for liabilities and charges
Financial guarantees	Provisions for liabilities and charges

Recognition

12 months expected credit losses (stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Significant increase in credit risk (stage 2)

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or roll rate approach is applied to compute expected credit loss, significant increase in credit risk is primarily based on 30 days past due.

Recognition continued

Credit-impaired (or defaulted) exposures (stage 3)

Financial assets that are credit-impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Irrevocable lending commitments to a credit-impaired obligor that have not yet been drawn down are also included within the stage 3 credit impairment provision to the extent that the commitment cannot be withdrawn.

Loss provisions against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

Indian GAAP (AS 13 Investments)

Long-term investments are written down when there is a decline in fair value which is deemed to be other than temporary.

Impairments may be reversed through the income statement in subsequent periods if the investment rises in value or the reasons for the impairment no longer exist.

For loans and advances, the RBI regulations stipulate minimum provision based on days past due along with other factors. Additionally, RBI regulations require banks to hold provisions in respect of standard assets and for specific country risk exposures.

Derecognition of financial instruments – IFRS 9

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.

Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, such as whether the derecognition of the pre-existing instrument and the recognition of a new instrument is appropriate.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments elected FVOCI (see above) and cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires and this is evaluated both qualitatively and quantitatively. However, where a financial liability has been modified, it is derecognised if the difference between the modified cash flows and the original cash flows is more than 10 per cent, or if less than 10 per cent, the Group will perform a qualitative assessment to determine whether the terms of the two instruments are substantially different.

If the Group purchases its own debt, it is derecognised and the difference between the carrying amount of the liability and the consideration paid is included in 'Other income' except for the cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income which are never recycled to the profit or loss.

IFRS – classification debt/equity

The substance of a financial instrument, rather than its legal form, governs its classification. A financial instrument is classified as a liability where there is a contractual obligation to deliver either cash or another financial asset to the holder of that instrument, regardless of the manner in which the contractual obligation will be settled. Preference shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder 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.

Indian GAAP

Classification is based on the legal form rather than substance.

Provisions for liabilities and charges

IFRS (IAS 37 Provisions, Contingent Liabilities and Contingent Assets)

The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation, discounted using a pre-tax market discount rate if the effect is material.

Indian GAAP (AS 29 Provisions, Contingent Liabilities and Contingent Assets)

Provisions are recognised and measured on a similar basis to IFRS, except that there is no requirement for discounting the provision or liability.

Pension obligations

IFRS (IAS 19 Employee Benefits)

For defined contribution plans, contributions are charged to operating expenses. 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. 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 net interest expense on the net defined liability for the year is determined 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.

Pension obligations continued

Indian GAAP (AS 15 Employee Benefits)

The discount rate to be used for determining defined benefit obligations is established by reference to market yields at the balance sheet date on government bonds. The expected return on plan assets is based on market expectation for the returns over the entire life of the related obligation. Actuarial gains or losses are recognised immediately in the statement of income.

Share-based compensation

IFRS (IFRS 2 Share-based Payments)

IFRS 2 requires that all share-based payments are accounted for using a fair value method. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. For equity-settled awards, the total amount to be expensed over the vesting period must be determined by reference to the fair value of the options granted (determined using an option pricing model), excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions must be included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. 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. 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 to fair value 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.

Indian GAAP

Entities may either follow the intrinsic value method or the fair value method for determining the costs of benefits arising from share-based compensation plans. Although the fair value approach is recommended, entities may use the intrinsic value method and provide fair value disclosures.

Deferred tax is not recognised as it is not considered to represent a timing difference.

Entities are also permitted the option of recognising the related compensation cost over the service period for the entire award (that is, over the service period of the last separately vesting portion of the award), provided that the amount of compensation cost recognised at any date at least equals the fair value of the vested portion of the award at that date.

Deferred taxation

IFRS (IAS 12 Income Taxes)

Deferred tax is determined based on temporary differences, being the difference between the carrying amount and tax base of assets and liabilities, subject to certain exceptions.

Deferred tax assets are recognised if it is probable (more likely than not) that sufficient future taxable profits will be available to utilise to deferred tax assets.

Indian GAAP (AS 22 Accounting for Taxes on Income)

Deferred tax is determined based on timing differences, being the difference between accounting income and taxable income for a period that is capable of reversal in one or more subsequent periods.

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

Interest income and expense

IFRS (IFRS 9)

Interest income and expense is recognised in the income statement using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points 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.

Indian GAAP (AS 9 Revenue Recognition)

As per AS 9, interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. There is no specific effective interest rate requirement for loans and investments.

Dividends

IFRS (IAS 10 Events After the Reporting Date)

Dividends to holders of equity instruments, when proposed or declared after the balance sheet date, should not be recognised as a liability on the balance sheet date. A company, however, is required to disclose the amount of dividends that were proposed or declared after the balance sheet date but before the financial statements were authorised for issue.

Indian GAAP

Accounting and disclosure of dividends is similar to IFRS with effect from 1 April 2016.

Leases

Indian GAAP (AS 19 Leases)

As per AS 19, Leases are classified as Operating or Finance leases. Leases are classified as finance leases where the significant risk and rewards of ownership of the leased item are transferred to the lessee but the title remains with the lessor. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Supplementary people information

Global	2019	2018	% change ¹
Full-time equivalent (FTE)	84,332	85,336	(1.2)
Headcount (year end)	84,398	85,402	(1.2)
Employed workers	82,494	82,827	(0.4)
Fixed-term workers	1,904	2,575	(26.1)
Non-employed workers	11,104	12,064	(8.0)
Headcount (12-month average)	83,938	86,269	(2.7)
Male			
FTE	45,504	46,139	(1.4)
Headcount	45,518	46,153	(1.4)
Female			
FTE	38,828	39,198	(0.9)
Headcount	38,880	39,249	(0.9)
Nationalities	129	125	3.2
Position type	2019	2018	% change
Executive and non-executive director	13	13	–
Female executive and non-executive director	4	4	–
Senior management ²	4,076	4,094	(0.4)
Female senior management	1,162	1,135	2.4
Rest of employees	80,322	81,308	(1.2)
Female rest of employees	37,718	38,114	(1.0)
Employment type	2019	2018	% change
Business FTE	37,091	38,598	(3.9)
Business headcount	37,117	38,621	(3.9)
Business female headcount	19,254	19,586	(1.7)
Support services FTE	47,241	46,739	1.1
Support services headcount	47,281	46,781	1.1
Female support services headcount	19,626	19,663	(0.2)
Region	2019	2018	% change
GCNA FTE	20,842	20,757	0.4
GCNA headcount	20,857	20,771	0.4
GCNA female headcount	13,244	13,128	0.9
ASA FTE	47,597	47,350	0.5
ASA headcount	47,619	47,371	0.5
ASA female headcount	18,909	18,748	0.9
AME FTE	11,579	13,182	(12.2)
AME headcount	11,581	13,184	(12.2)
AME female headcount	4,966	5,594	(11.2)
EA FTE	4,314	4,047	6.6
EA headcount	4,341	4,076	6.5
EA female headcount	1,761	1,779	(1.0)

Age	2019	2018	% change ¹
< 30 years FTE	19,079	20,812	(8.3)
< 30 years headcount	19,087	20,819	(8.3)
< 30 years female headcount	10,163	10,962	(7.3)
30-50 years FTE	59,027	58,652	0.6
30-50 years headcount	59,063	58,692	0.6
30-50 years female headcount	25,965	25,647	1.2
> 50 years FTE	6,226	5,872	6.0
> 50 years headcount	6,248	5,891	6.1
> 50 years female headcount	2,752	2,640	4.2
Talent management	2019	2018	% change
Global voluntary turnover rate (%)	12.7	13.2	(3.5)
Global turnover rate (%)	16.1	16.4	(1.8)
Male (%)	16.8	16.7	0.4
Female (%)	15.3	16.0	(4.4)
GCNA (%)	15.1	16.5	(8.6)
ASA (%)	17.0	17.7	(4.0)
AME (%)	14.7	12.3	19.5
EA (%)	15.4	13.9	10.3
< 30 years (%)	23.6	23.9	(1.6)
30-50 years (%)	13.6	13.7	(0.5)
> 50 years (%)	15.3	14.6	4.7
Average tenure (years) – male	6.7	6.4	3.8
Average tenure (years) – female	7.0	6.7	4.2
Roles filled internally ³ (%)	34.2	35.8	(4.4)
of which filled by females (%)	42.6	43.7	(2.6)
New female employees (%)	45.2	46.7	(3.2)
Employees with completed performance appraisal (%)	99.9	99.7	0.2
Absenteeism rate ⁴ (%)	1.51	1.48	2.1
Learning	2019	2018	% change
Employees receiving training (%)	93.3	95.6	(2.4)
Employees receiving training (excluding mandatory learning) (%)	92.7	82.7	12.1
Senior management ² (%)	96.1	97.0	(0.9)
Average number of training days per employee (including mandatory learning)	2.81	2.88	(2.4)
Average cost of training per employee ⁵	773	769	0.6
Health & Safety	2019	2018	% change
Fatalities ⁶	3	3	–
Major injuries ⁷	44	68	(34.3)

1 For all metrics expressed as a percentage, percentage change means percentage point change

2 Senior management is defined as Managing Directors and bands 4 (including Management Team). 2018 has been updated for comparison

3 Roles filled internally has been updated in 2019 to reflect whole year rather than quarterly. 2018 updated for comparison

4 Excludes Korea. Absenteeism rate has been updated to include other sickness leave types. 2018 updated for comparison

5 Average cost of training per employee updated to include cost of learning management system. 2018 updated for comparison

6 Road traffic accidents were the sole cause of fatalities in 2019 and 2018. Figures include accidents that occurred during commuting (employees' direct travel to and from work)

7 As per the UK Health and Safety Executive definition

Supplementary sustainability information

Business: Sustainable Finance

Employees trained in environmental and social risk management

	2019	2018	2017
Employees trained	1,149	1,308	568

Environmental and social risk management

	2019	2018	2017
Number of transactions reviewed	1,127	827	487

Equator Principles

	Project finance mandates			Project-related corporate loans			Project advisory mandates
	Cat A ¹	Cat B ²	Cat C ³	Cat A	Cat B	Cat C	
Total 2017	1	9	1	1	2	–	1
Total 2018	4	7	–	–	–	–	3
Total 2019	5	7	–	2	1	2	–

2019

Sector

Mining	–	–	–	–	–	–	–
Infrastructure	–	2	–	–	–	2	–
Oil & Gas	1	2	–	1	1	–	–
Renewables	1	2	–	–	–	–	–
Telecoms	–	–	–	–	–	–	–
Power	3	1	–	1	–	–	–
Other	–	–	–	–	–	–	–

Region

Greater China	–	–	–	–	–	–	–
North East Asia	–	–	–	–	–	2	–
South Asia	1	–	–	–	–	–	–
ASEAN	1	2	–	–	–	–	–
MENAP	3	3	–	2	–	–	–
Africa	–	1	–	–	–	–	–
Americas	–	1	–	–	1	–	–
Europe	–	–	–	–	–	–	–

Designation⁴

Designated	–	1	–	–	1	2	–
Non-designated	5	6	–	2	–	–	–

Independent review

Yes	5	7	–	2	1	–	–
No	–	–	–	–	–	2	–

1 'Cat A' or Category A are projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented

2 'Cat B' or Category B are projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures

3 'Cat C' or Category C are projects with minimal or no adverse environmental and social risks and/or impact

4 'Designation' is split into designated and non-designated countries. Designated countries are deemed by the Equator Principles to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. Non-designated countries are countries that are not found on the list of designated countries. The list of countries can be found at www.equator-principles.com

Operations: Responsible Company

Environment

	2019		2018		2017	
	Measured	Scaled up	Measured	Scaled up	Measured	Scaled up
Offices reporting	164	–	174	–	188	–
Net internal area of occupied property (m ²)	825,088	1,154,999	822,623	1,185,929	814,886	1,194,363
Green lease clause inclusion ¹ (%)	82	–	78	–	76	–
Occupied net internal area where data is collected (%)	71	–	69	–	85	–
Headcount ²	73,094	84,398	62,420	85,402	64,648	86,021
Annual operating income from 1 October to 30 September (\$m)	–	15,200	–	14,958	–	14,614
Greenhouse gas emissions – Absolute (tonnes CO₂eq/year)						
Scope 1 emissions (combustion of fuels)	3,435	4,542	4,467	8,584	5,870	7,922
Scope 2 emissions (purchased electricity)	98,383	141,771	104,267	139,366	113,908	180,014
Scope 1 & 2 emissions	101,818	146,313	108,734	147,950	119,777	187,936
Scope 3 emissions with distance uplift (air travel) ³	87,295	96,196	106,636	124,966	102,257	120,710
Scope 1, 2 & 3 emissions	189,113	242,509	215,370	272,917	222,034	308,646
Scope 3 emissions (Global Data Centre) ⁴	–	46,362	–	21,523	–	23,904
Greenhouse gas emissions – Intensity						
Scope 1 & 2 emissions/m ² (kg CO ₂ eq/m ² /year)	123	127	132	125	147	157
Scope 1 & 2 emissions/headcount (tonnes CO ₂ eq/headcount/year)	1.39	1.73	1.74	1.73	1.85	2.18
Scope 3 emissions/headcount with distance uplift (tonnes CO ₂ eq/headcount/year)	1.14	1.14	1.46	1.46	1.40	1.40
Scope 1, 2 & 3 emissions/m ² (kg CO ₂ eq/m ² /year)	229	210	262	230	272	258
Scope 1, 2 & 3 emissions/headcount (tonnes CO ₂ eq/headcount/year)	2.53	2.87	3.21	3.20	3.26	3.59
Scope 1 & 2 emissions/\$m operating income (tonnes CO ₂ eq/\$m/year)	–	9.63	–	9.89	–	12.86
Scope 1, 2 & 3 emissions/\$m operating income (tonnes CO ₂ eq/\$m/year)	–	15.95	–	18.25	–	21.12
Environmental resource efficiency						
Energy						
Indirect non-renewable energy consumption ⁵ (GWh/year)	154	223	162	224	168	277
Indirect renewable energy consumption ⁶ (GWh/year)	16	17	17	17	21	19
Direct non-renewable energy consumption ⁷ (GWh/year)	14	19	18	31	24	32
Direct renewable energy consumption ⁸ (GWh/year)	–	–	–	–	–	–
On-site renewable energy consumption ⁹ (MWh/year)	537	555	458	458	330	330
Energy consumption (GWh/year)	184	258	198	272	213	327
Energy consumption/headcount (kWh/headcount/year)	2,522	3,061	3,167	3,187	3,291	3,807
Energy consumption/m ² (kWh/m ² /year)	223	224	240	230	261	274
Water						
Water consumption (ML/year)	425	654	605	916	649	1,149
Water consumption/headcount (m ³ /headcount/year)	6	8	10	11	10	13
Water consumption/m ² (kL/m ² /year)	0.51	0.57	0.74	0.77	0.80	0.96
Paper						
Print paper consumption (ktonnes/year)	1.41	1.41	1.05	1.49	1.62	1.89
Print paper consumption/headcount (kg/headcount/year)	16.96	–	17.70	–	21.97	–
Waste¹⁰						
Waste (ktonnes/year)	4.8	–	5.1	–	4.8	–
Waste/FTE (kg/headcount/year)	66	–	81	–	74	–
Waste reused or recycled (%)	35	–	46	–	24	–
Retired IT equipment reused or recycled (ktonnes/year)	0.33	–	0.19	–	0.19	–

1 Percentage of green lease clause inclusion in all new and renewed leases within the reporting year. Refer to the eco-efficiency criteria for more information

2 Reflects the Group's headcount (formerly labelled full-time employees or FTE) at 31 December 2019

3 In 2019, we updated our Scope 3 methodology to reflect the impact of radiative forcing. As a result, we have restated Scope 3 emissions for 2018 and 2017

4 Scope 3 emissions calculated from total energy consumption from our outsourced global data centres

5 Indirect non-renewable energy refers to purchased electricity from non-renewable sources

6 Indirect renewable energy refers to purchased electricity from off-site renewable sources

7 Direct non-renewable energy refers to the gross calorific values of fuels consumed on-site

8 Direct renewable energy refers to the gross calorific values of renewable fuels consumed on-site

9 On-site renewable energy refers to renewable energy generated and consumed on-site

10 In 2019, we reviewed our methodology for measured and scaled-up waste. Scaled-up waste data is not representative and is therefore not shown

Additional notes on environment data

The emissions within our inventory correspond to a reporting period of 1 October 2018 to 30 September 2019. This is to allow sufficient time for independent assurance to be gained prior to the publication of results. Accordingly, the operating income used in this inventory corresponds to the same period rather than the calendar year used in financial reporting. This is consistent with international carbon reporting practice.

We use measured data to calculate our energy and water use from across our properties. We then scale up to reflect the portion of the portfolio from which we do not gather measurements. Measured data is collected from Global Environment Management System (GEMS) properties, defined as all properties that are over 10,000 square feet for energy and water. For paper and business travel, it is defined per full-time employee.

Scaled-up data represents measured data taken from a sample of branches, which is then extrapolated to reflect the Group's total property footprint in energy and water. For business travel, it is defined per full-time employee (as at the end of the reporting period).

Carbon abatement benefit from indirect renewable energy is not taken into account.

Total energy use is normalised to reflect periods of vacancy in certain sites during the reporting period.

Net internal areas used for water use intensity do not include sites that have reported zero water consumption in demised areas.

Warehouses, empty land, car parks, unoccupied sites for business continuity purposes, residential properties, space occupied by automated teller machines, vaults and space sub-let to tenants are excluded from this extrapolation.

Scope 3 emissions are drawn from reliable data collected from 32 countries, based on seating class and distance flown. As we operate largely outside of the UK, all flights domestic or international with flight distance of less than 785km have had the 'short haul' emissions calculation factor applied. All flights with distance flown over 785km have had the 'international' emissions calculation factor applied.

Global Documentation is our independent third-party assurance provider for greenhouse gas (GHG) emissions. In 2019, our measured Scope 1 and Scope 2 emissions, as well as water and waste data, were assured by Global Documentation, ensuring the accuracy and credibility of our reporting.

 [Read our Carbon Emission Criteria at
sc.com/environmentcriteria](https://sc.com/environmentcriteria)

 [Review our Independent Assurance Report at
sc.com/environmentalassurance](https://sc.com/environmentalassurance)

Financial crime prevention

	2019 %	2018 %	2017 %
Staff completing anti-money laundering (AML) e-learning ¹	99.9	99.9	99.2
Staff completing anti-bribery and corruption (ABC) e-learning ¹	99.9	99.9	99.3
Staff completing sanctions e-learning ¹	99.9	99.9	99.6

¹ Includes employees who are yet to complete training, but who remain within the allotted time allowed for completion

Communities: Inclusive Communities

Community expenditure

	2019	2018	2017
Total (\$million)			
Cash contributions	27.5	22.9	22.1
Employee time (non-cash item)	16.9	18.8	18.1
Gifts in kind (non-cash item) ¹	0.3	0.1	0.1
Management costs	4.5	4.5	4.5
Total (direct investment by the Group)	49.2	46.3	44.8
Leverage ²	1.9	2.9	5.0
Total (incl. leverage)	51.1	49.2	49.8
Percentage of prior year operating profit (PYOP)	2.01	2.04	12.18















¹ Gifts in kind comprises all non-monetary donations

² Leverage data relates to the proceeds from staff and other fundraising activity





2020 Sustainability Aspirations

Our Sustainability Aspirations build on our three sustainability pillars with measurable targets to show how we are achieving sustainable outcomes across our business. These also allow us to demonstrate how we support the United Nations Sustainable Development Goals (SDGs).

Pillar one: Sustainable Finance

Aspirations	Targets: We will work with our clients to:	Target date
Infrastructure Everyone should have access to safe, reliable and affordable power and infrastructure which transforms lives and strengthens economies   	<ul style="list-style-type: none"> → Provide project financing services for \$40 billion of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework → Catalyse \$5 billion of finance via blended finance transactions 	Jan 2020 – Dec 2024 Jan 2020 – Dec 2024
Climate change Climate change is one of today's greatest challenges and addressing it is essential to promote sustainable economic growth  	<ul style="list-style-type: none"> → Provide \$35 billion worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that align to our verified Green and Sustainable Product Framework → Develop a methodology to measure, manage and ultimately reduce the CO₂ emissions from the activities we finance → Only provide financial services to clients who are: <ul style="list-style-type: none"> - By Jan 2021, less than 100% dependent on earnings from thermal coal (based on % EBITDA at group level) - By Jan 2025, less than 60% dependent on earnings from thermal coal (based on % EBITDA at group level) - By Jan 2027, less than 40% dependent on earnings from thermal coal (based on % EBITDA at group level) - By Jan 2030, less than 10% dependent on earnings from thermal coal (based on % EBITDA at group level) 	Jan 2020 – Dec 2024 Jan 2019 – Dec 2020 Jan 2020 – Jan 2030
Entrepreneurs Entrepreneurs are the heart of local economies, creating jobs and empowering people 	<ul style="list-style-type: none"> → Provide \$15 billion of financing to small business clients (Business Banking) → Provide \$3 billion of financing to microfinance institutions 	Jan 2020 – Dec 2024 Jan 2020 – Dec 2024
Commerce Trade creates jobs and contributes to economies by enabling people to connect across borders  	<ul style="list-style-type: none"> → Bank 10,000 of our clients' international and domestic networks of suppliers and buyers through banking the ecosystem programmes 	Jan 2020 – Dec 2024
Digital Everyone should have access to digital banking products enabling safe, efficient and inclusive banking   	<ul style="list-style-type: none"> → Roll out digital-only bank in a total of 12 markets and double the number of clients we bank in Africa to 3.2 million 	Jan 2020 – Dec 2021
Impact finance Innovative financial products and partnerships can help us solve global development challenges and improve the lives of millions in our markets   	<ul style="list-style-type: none"> → Introduce ESG scores for equity investments for Private Banking clients allowing them to tailor their investment choices in a sustainable manner → Develop a tailored Impact Profile for all Private Bank clients, providing a framework that enables them to understand their passions and harness capital market solutions to support the SDGs → Increase the proportion of Private Bank investment solutions (across funds, bonds, structured products and discretionary mandates) with a sustainability lens from below 10% to 50% 	Jan 2020 – Dec 2020 Jan 2020 – Dec 2024 Jan 2020 – Dec 2024

Pillar 2: Responsible Company

Aspirations	Targets: We will:	Target date
People Our people are our greatest asset, and our diversity drives our business success 	<ul style="list-style-type: none"> → Conduct a feasibility analysis to incorporate a Living Wage into agreements for all non-employed workers → Complete disability confidence assessments for 44 of our larger markets → Embed an integrated health and wellbeing strategy to support building and re-skilling a future-ready, diverse workforce → Support all employees to develop a personalised growth plan to reflect the future skills needed to respond to the changing and digitised nature of work → Increase gender representation: 35% women in senior roles with an interim target: – Dec 2020: 30% → Increase our 'Culture of Inclusion' score to 84.5% with an interim target: – Dec 2021: 80% 	Jan 2019 – Dec 2020 Jan 2020 – Dec 2020 Jan 2020 – Dec 2021 Jan 2020 – Dec 2021 Sept 2016 – Dec 2024 Jan 2020 – Dec 2024
Environment Reducing our own impact on the environment will protect our planet for the benefit of our communities 	<ul style="list-style-type: none"> → Reduce annual greenhouse gas emissions (Scope 1 and 2) to net zero with an interim target: – Dec 2025: 60,000 tCO₂e → Source all energy from renewable sources → Join the Climate Group 'RE100' → Reduce our Scope 3 value chain emissions from business travel by 7% → Introduce an emissions offset programme for Scope 3 travel emissions → Reduce annual office paper use by 57% to 10kg/headcount/year → Reduce waste per colleague to 40kg → Recycle 90% of waste 	Jan 2019 – Dec 2030 Jan 2020 – Dec 2030 Jan 2020 – Dec 2020 Jan 2020 – Dec 2020 Jan 2020 – Dec 2020 Jan 2012 – Dec 2020 Jan 2020 – Dec 2025 Jan 2020 – Dec 2025
Conduct Good conduct and high ethical standards are essential in achieving fair outcomes for our clients 	<ul style="list-style-type: none"> → Learn from risks identified through concerns raised via our Speaking Up programme and conduct plans and publish an annual Threats and Themes Report → Develop enhanced internal policies and guidelines on privacy, data ethics and algorithmic fairness, and embed a new governance framework for all data-related risks 	Ongoing Jan 2020 – Dec 2021
Financial crime compliance Financial crime has serious social and economic consequences, harming individuals and communities 	<ul style="list-style-type: none"> → Tackle financial crimes such as illegal wildlife trade (IWT) by developing red flags for financial flows, training frontline staff to identify potential suspicious transactions and participating in public-private partnerships to share intelligence and good practices → Deliver at least 18 correspondent banking academies 	Ongoing Jan 2020 – Dec 2020

Pillar 3: Inclusive Communities

Aspirations	Targets: We will:	Target dates
Community engagement Health and education are vital for thriving and prosperous communities 	<ul style="list-style-type: none"> → Invest 0.75% of prior year operating profit (PYOP) in our communities → Raise \$50m for Futuremakers by Standard Chartered → Education: Reach one million girls and young women through Goal → Employability: Reach 100,000 young people → Entrepreneurship: Reach 50,000 young people, and micro and small businesses → Support the development of the Vision Catalyst Fund → Increase participation for employee volunteering to 55% 	Jan 2006 – Dec 2020 Jan 2019 – Dec 2023 Jan 2006 – Dec 2023 Jan 2019 – Dec 2023 Jan 2019 – Dec 2023 Jan 2019 – Dec 2020 Jan 2020 – Dec 2023

Shareholder information

Expected dividend and interest payment dates

Ordinary shares		Final dividend
Results and dividend announced		27 February 2020
Ex-dividend date		5 March (UK) 4 March (HK) 2020
Record date for dividend		6 March 2020
Last date to amend currency election instructions for cash dividend		15 April 2020
Dividend payment date		14 May 2020
Preference shares		
	1st half yearly dividend	2nd half yearly dividend
73/8 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2020	1 October 2020
81/4 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2020	1 October 2020
6.409 per cent non-cumulative redeemable preference shares of \$5 each	30 January and 30 April 2020	30 July and 30 October 2020
7.014 per cent non-cumulative redeemable preference shares of \$5 each	30 January 2020	30 July 2020

Annual General Meeting

The Annual General Meeting (AGM) details are as follows:

Date and time

Wednesday 6 May 2020
11.00am London time
(6.00pm Hong Kong time)

Location

etc. venues
200 Aldersgate
St Paul's
London EC1A 4HD

Details of the business to be transacted at the AGM are included in the Notice of AGM.

+ Details of voting at the Company's AGM and of proxy votes cast can be found on the Company's website at sc.com/aggm

Interim results

The interim results will be announced to the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the BSE Limited (Bombay Stock Exchange), the National Stock Exchange of India Limited, and put on the Company's website.

Country-by-country reporting

In accordance with the requirements of the Capital Requirements (country-by-country reporting) Regulations 2013, the Group will publish additional country-by-country information in respect of the year ended 31 December 2019, on or before 31 December 2020. We have also published our approach to tax and tax policy.

+ This information will be available on the Group's website at sc.com

ShareCare

ShareCare is available to shareholders on the Company's UK register who have a UK address and bank account, and allows you to hold your Standard Chartered PLC shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare you will still be invited to attend the Company's AGM and receive any dividend at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay.

+ If you would like to receive more information, please visit our website at sc.com/shareholders or contact the shareholder helpline on 0370 702 0138

Previous dividend payments (unadjusted for the impact of the 2015/2010/2008 Rights Issues)

Dividend and financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Final 2007	16 May 2008	56.23c/28.33485p/HK\$4.380092	£16.2420/\$32.78447
Interim 2008	9 October 2008	25.67c/13.96133p/HK\$1.995046	£14.00/\$26.0148
Final 2008	15 May 2009	42.32c/28.4693p/HK\$3.279597	£8.342/\$11.7405
Interim 2009	8 October 2009	21.23c/13.25177p/HK\$1.645304	£13.876/\$22.799
Final 2009	13 May 2010	44.80c/29.54233p/HK\$3.478306	£17.351/\$26.252
Interim 2010	5 October 2010	23.35c/14.71618p/HK\$1.811274/INR0.984124 ¹	£17.394/\$27.190
Final 2010	11 May 2011	46.65c/28.272513p/HK\$3.623404/INR1.9975170 ¹	£15.994/\$25.649
Interim 2011	7 October 2011	24.75c/15.81958125p/HK\$1.928909813/INR1.13797125 ¹	£14.127/\$23.140
Final 2011	15 May 2012	51.25c/31.63032125p/HK\$3.9776083375/INR2.6667015 ¹	£15.723/\$24.634
Interim 2012	11 October 2012	27.23c/16.799630190p/HK\$2.111362463/INR1.349803950 ¹	£13.417/\$21.041
Final 2012	14 May 2013	56.77c/36.5649893p/HK\$4.4048756997/INR2.976283575 ¹	£17.40/\$26.28792
Interim 2013	17 October 2013	28.80c/17.8880256p/HK\$2.233204992/INR1.6813 ¹	£15.362/\$24.07379
Final 2013	14 May 2014	57.20c/33.9211444p/HK\$4.43464736/INR3.354626 ¹	£11.949/\$19.815
Interim 2014	20 October 2014	28.80c/17.891107200p/HK\$2.2340016000/INR1.671842560 ¹	£12.151/\$20.207
Final 2014	14 May 2015	57.20c/37.16485p/HK\$4.43329/INR3.514059 ¹	£9.797/\$14.374
Interim 2015	19 October 2015	14.40c/9.3979152p/HK\$1.115985456/INR0.86139372 ¹	£8.5226/\$13.34383
Final 2015	No dividend declared	N/A	N/A
Interim 2016	No dividend declared	N/A	N/A
Final 2016	No dividend declared	N/A	N/A
Interim 2017	No dividend declared	N/A	N/A
Final 2017	17 May 2018	11.00c/7.88046p/HK\$0.86293/INR0.653643340 ¹	£7.7600/\$10.83451
Interim 2018	22 October 2018	6.00c/4.59747p/HK\$0.46978/INR0.3696175 ¹	£6.7104/\$8.51952
Final 2018	16 May 2019	15.00c/11.569905p/HK\$1.176260/INR0.957691650 ¹	N/A
Interim 2019	21 October 2019	7.00c/5.676776p/HK\$0.548723/INR0.425028600 ¹	N/A

1 The INR dividend is per Indian Depository Receipt

Donating shares to ShareGift

Shareholders who have a small number of shares often find it uneconomical to sell them. An alternative is to consider donating them to the charity ShareGift (registered charity 1052686), which collects donations of unwanted shares until there are enough to sell, and uses the proceeds to support UK charities. There is no implication for capital gains tax (no gain or loss) when you donate shares to charity, and UK taxpayers may be able to claim income tax relief on the value of their donation.

+ Further information can be obtained from the Company's registrars or from ShareGift on 020 7930 3737 or from sharegift.org

Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account.

+ Please register online at investorcentre.co.uk or contact our registrar for a mandate form

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

+ You can check your shareholding at computershare.com/hk/investors

If you hold Indian Depository Receipts and you have enquiries, please contact KFinTech, Tower B, Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad 500032, Telangana, India.

Chinese translation

If you would like a Chinese version of the 2019 Annual Report please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

本年報之中文譯本可向香港中央證券登記有限公司索取，地址：香港灣仔皇后大道東183號合和中心17M樓

Shareholders on the Hong Kong branch register who have asked to receive corporate communications in either Chinese or English can change this election by contacting Computershare.

If there is a dispute between any translation and the English version of this Annual Report, the English text shall prevail.

Electronic communications

If you hold your shares on the UK register and in future you would like to receive the Annual Report electronically rather than by post, please register online at: investorcentre.co.uk. Then click on Register and follow the instructions. You will need to have your Shareholder or ShareCare reference number when you log on. You can find this on your share certificate or ShareCare statement. Once registered you can also submit your proxy vote and dividend election electronically, and change your bank mandate or address information.

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, such statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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, market and regulatory forces or conditions, future exchange and interest rates, 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.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

Main awards and accolades 2019

MAJOR AWARDS 2019

The Asset Triple A Awards 2019

The Asset Triple A Asset Servicing, Institutional Investor and Insurance Awards

- Best Custodian – Overall
- Best Subcustodian, Global
- Best Custodian, Bond Connect-Offshore – China
- Best Custody Specialist, Africa
- Best Custody Specialist, Fund Managers

The Asset Triple A Treasury, Trade, Supply Chain and Risk Management Awards

- Best Working Capital and Trade Finance
- Best Renminbi Bank
- Best in Treasury and Working Capital – Liquidity Management
- Editors' Triple Star* – Straight2Bank Pay
- Best in Treasury & Cash Management – North Asia
- Best in Treasury & Cash Management – South Asia
- Best in Treasury & Cash Management – MENA
- Best in Working Capital & Trade Finance – MENA

The Asset Triple A Islamic Finance Awards

- Global Sukuk Adviser of the Year
- Best Bank for Digital Innovation
- Best Investment Bank Middle East

GTR Leaders in Trade Awards 2019

- Best Trade Finance Bank in the Middle East and North Africa
- Best Export Finance Bank

Flmetrix 2019

Flmetrix Distinguished Provider 2019

- Distinguished Provider of Transaction Banking Services for USD to USD
- Distinguished Provider of Transaction Banking Services for EUR to EUR
- Distinguished Provider of Transaction Banking Services for USD to EUR



Global Custodian 2019

Global Custodian's 2019 Leaders in Custody

- Best Bank Network Management Team
- Emerging Markets Continued Excellence – MENA

Global Custodian Agent Banks in Frontier Markets Survey 2019 Global Outperformer – 9 Markets

- Bahrain
- Bangladesh
- Botswana
- Ghana
- Jordan
- Kenya
- Nigeria
- Sri Lanka
- Vietnam

Market Outperformer – 10 Markets

- Bangladesh
- Botswana
- Ghana
- Jordan
- Kenya
- Mauritius
- Nigeria
- Sri Lanka
- Vietnam
- Zambia

Global Custodian Agent Banks in Emerging Markets Survey 2019

Category Outperformer – 10 Markets

Global Outperformer – 10 Markets

- China
- India
- Indonesia
- Malaysia
- Pakistan
- Philippines
- Qatar
- Taiwan
- Thailand
- UAE



Global Finance 2019

World's Best Supply Chain Finance Providers 2019

- Global Best Supply Chain Finance Provider – Bank

World's Best Trade Finance Providers 2019

- Global Best Bank for Export Finance
- Best Trade Finance Bank in Asia-Pacific

Treasury & Cash Management Awards 2019

- Best Bank for Liquidity Management

World's Best Foreign Exchange Providers 2019

- Best FX Provider For Emerging Markets Currencies

Transaction Banking Awards 2019

- World's Best Sub-Custodian Bank
- World's Best Sub-Custodian Bank, Middle East

Stars of China

- Best Foreign Bank for One Belt, One Road

The World's Best Global Banks

- Best Bank for Sustainable Finance

The Banker

The Banker Deal of the Year

- Transaction Bank of the Year – Supply Chain Finance
- Transaction Bank of the Year – Asia Pacific
- Transaction Bank of Year – Middle East

Asiamoney

New Silk Road Finance Awards 2019

- Best Bank for infrastructure/Project Finance in Middle East & Africa

Adam Smith Awards Asia 2019

- **Winner:** Best working capital management solution – Olam International Limited (Standard Chartered, Citi and Rabobank).
- **Winner:** Treasury today asia woman of the year 2019 – Rashmi Joshi, Castrol India Ltd
- **Highly commended:** Best funding solution – Juneyao Airlines Co., Ltd.
- **Highly commended:** First class relationship management – Astro Malaysia Holdings Berhad (Standard Chartered and SAP Malaysia)



**MAJOR AWARDS 2019
CONTINUED**

- **Highly commended:** Best sustainable finance solution – Sitr International Holding Company Limited.
- **Highly commended:** Best fintech solution – Digital Guangdong Co. Ltd. (Standard Chartered and Linklogis).
- **Highly commended:** Treasury Today Asia Woman of the Year 2019 – Latifah Mohamed Yusof, Astro Malaysia Holdings Berhad

AsiaRisk Awards

- Currency Derivatives House of the Year Award

FinanceAsia**Achievement Awards 2019 – House Awards**

- Project Finance House – International
- Syndicated Loan – International

The Asset**PVB**

- Rising Star – Best PB for UHNW (PVB)
- Best Structured Investment Product (FM)

Euromoney**AFE – Regional**

- Best Bank for Sustainable Finance – Africa

Asiamoney**New Silk Road Awards**

- Best International Bank for BRI in Southeast Asia
- Best International Bank for BRI in South Asia
- Best Bank for BRI-related financing in South Asia

**DIVERSITY AND INCLUSION
AWARDS****2019 Working Mother & Avtar Best 100 Companies for Women in India**

- Avtar – The Power of Diversity

Most Inclusive Companies in India

- Avtar – The Power of Diversity

2019 Working Mother & Avtar Best 100 Companies for Women in India

- Avtar – The Power of Diversity

Exceptional Woman Leader of the Year in Nigeria

- The Great Place to Work
- Yemisi Lowo-Adesola – Nigeria

Gold Standard in the Hong Kong LGBT+ Inclusion Index

- The Community Business LGBT+ Inclusion Index

Best Private Bank – Talent Management and Diversity

- Wealth Briefing European Awards

100 LGBT+ Executives

- Outstanding LGBT+ Role Model
- Alison McFadyen

Top 10 Best workplaces for women

- Great Place to Work

2019 HERoes Women Executive

- 2019 HERoes Women Role Model
- Nancy Wisniewski

2019 HERoes Advocate Executive

- 2019 HERoes Women Role Model
- Shazad Dada – Pakistan

2019 HERoes Women Future Leader

- 2019 HERoes Women Role Model
- Joyce Adetu

2019 HERoes Women Executive

- 2019 HERoes Women Role Model
- Souad Benkredda

2019 HERoes Advocate Executive

- 2019 HERoes Women Role Model
- Osman E Faiz

2019 Equileap Gender Equality Global Report – Global ranking is at 44th; UK ranking is 5th; Kenya ranking is 1st

- EQUILEAP

2019 Bloomberg Gender Equality Index recognised among one of 230 companies in the world promoting gender equality

- Bloomberg Gender Equality Index

Best Practice Award in Vision category and “Progressive” award in Benefits Category, Communications Category and Social Responsibility Category by Global Diversity and Inclusion Benchmark

- Global Diversity and Inclusion Benchmark

50 Most Influential Women in Middle East Finance

- Financial Times 50 Middle East Women

50 Most Influential Women in Middle East Finance

- Financial Times 50 Middle East Women

50 Most Influential Women in Middle East Finance

- Financial Times 50 Middle East Women

50 Most Influential Women in Middle East Finance

- Financial Times 50 Middle East Women

Best Places to Work for LGBTQ Equality

- Human Rights Council Corporate Equality Index 2019

Best Places to Work for LGBTQ Equality

- Souad Benkredda

SUSTAINABILITY INDICES

We are listed in the FTSE4Good Index. The FTSE4Good measures the performance of companies that meet globally recognised corporate responsibility standards.



We participate in the CDP Climate questionnaire.

**SUSTAINABILITY AND
COMMUNITY ENGAGEMENT
AWARDS****The Ceylon Chamber of Commerce – Best Corporate Citizen Awards**

- Women Empowerment – Winner : Goal programme
- Best Sustainability Project – Goal programme
- Certificate of Merit – Financial Education in the Tea Estates (Futuremakers by Standard Chartered)
- Overall runners up – Best Corporate Citizen (Less than Rs.15bn annual turnover)

American Chamber of Commerce – CSR Excellence Awards (Thailand)

- Standard Chartered Bank received Gold Status recognising nine consecutive years of CSR Excellence

Global Finance – World’s Best Bank Awards

- World’s Best Bank for Sustainable Finance

Euromoney Awards for Excellence

- Africa’s Best Bank for Sustainable Finance

International Business Magazine (Jordan)

- Best CSR Bank Award

International Finance

- IFM Best CSR Bank

Global Brand Magazine

- Best CSR Bank

Community Chest Awards (Singapore)

- Charity Platinum

People’s Association Community Spirit Awards (Singapore)

- Community Partnership Merit Award

Sustainable Development Goals Pioneer

- Global Compact Network South Africa

Glossary

AT1 or Additional Tier 1 capital

Additional Tier 1 capital consists of instruments other than Common Equity Tier 1 that meet the Capital Requirements Regulation (CRR) criteria for inclusion in Tier 1 capital.

Additional value adjustment

See Prudent valuation adjustment.

Advanced Internal Rating Based (AIRB) approach

The AIRB approach under the Basel framework is used to calculate credit risk capital based on the Group's own estimates of prudential parameters.

Alternative performance measures

A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

ASEAN

Association of South East Asian Nations (ASEAN) which includes the Group's operations in Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

AUM or Assets under management

Total market value of assets such as deposits, securities and funds held by the Group on behalf of the clients.

Average interest bearing liabilities

The annual average total balance of financial liabilities measured at amortised cost that incur interest expense for the Group, excluding liabilities used to fund the Financial Markets business. Average balances are determined using daily balances, except for certain categories which have been determined less frequently.

Average interest earning assets

The annual average total balance of financial assets measured at amortised cost or fair value through other comprehensive income that generate interest income for the Group. Average balances are determined using daily balances, except for certain categories which have been determined less frequently.

Basel II

The capital adequacy framework issued by the Basel Committee on Banking Supervision (BCBS) in June 2006 in the form of the International Convergence of Capital Measurement and Capital Standards.

Basel III

The global regulatory standards on bank capital adequacy and liquidity, originally issued in December 2010 and updated in June 2011. In December 2017, the BCBS published a document setting out the finalisation of the Basel III framework. The latest requirements issued in December 2017 will be implemented from 2022.

BCBS or Basel Committee on Banking Supervision

A forum on banking supervisory matters which develops global supervisory standards for the banking industry. Its members are officials from 45 central banks or prudential supervisors from 28 countries and territories.

Basic underlying earnings per share (EPS)

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

Basis point (bps)

One hundredth of a per cent (0.01 per cent); 100 basis points is 1 per cent.

Capital-lite income

Income derived from products with low RWA consumption or products which are non-funding in nature.

CRD IV or Capital Requirements Directive IV

A capital adequacy legislative package adopted by EU member states. CRD IV comprises the recast Capital Requirements Directive and the Capital Requirements Regulation (CRR). The package implements the Basel III framework together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014. CRR II and CRD V amending the existing package came into force in June 2019 with most changes starting to apply from 28 June 2021.

Capital resources

Sum of Tier 1 and Tier 2 capital after regulatory adjustments.

CGU or Cash-generating unit

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash shortfall

The difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

Clawback

An arrangement under which the an individual has to return ownership of an amount of variable remuneration paid in the past or which has already vested to the Group under certain conditions

CRE or Commercial real estate

Includes office buildings, industrial property, medical centres, hotels, malls, retail stores, shopping centres, farm land, multi-family housing buildings, warehouses, garages, and industrial properties. Commercial real estate loans are those backed by a package of commercial real estate assets.

CET1 or Common Equity Tier 1 capital

Common Equity Tier 1 capital consists of the common shares issued by the Group and related share premium, retained earnings, accumulated other comprehensive income and other disclosed reserves, eligible non-controlling interests and regulatory adjustments required in the calculation of Common Equity Tier 1.

CET1 ratio

A measure of the Group's CET1 capital as a percentage of risk-weighted assets.

Contractual maturity

Contractual maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal and interest is due to be paid.

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) is part of a set of macroprudential instruments, designed to help counter procyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets in a given jurisdiction. The Bank of England's Financial Policy Committee has the power to set the CCyB rate for the United Kingdom. Each bank must calculate its 'institution-specific' CCyB rate, defined as the weighted average of the CCyB rates in effect across the jurisdictions in which it has credit exposures. The institution-specific CCyB rate is then applied to a bank's total risk-weighted assets.

Counterparty credit risk

The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.

CCF or Credit conversion factor

An estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default. This is either prescribed by CRR or modelled by the bank.

CDS or Credit default swaps

A credit derivative is an arrangement whereby the credit risk of an asset (the reference asset) is transferred from the buyer to the seller of protection. A credit default swap is a contract where the protection seller receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event. Credit events normally include bankruptcy, payment default on a reference asset or assets, or downgrades by a rating agency.

Credit institutions

An institution whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account.

Credit risk mitigation

Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

CVA or Credit valuation adjustments

An adjustment to the fair value of derivative contracts that reflects the possibility that the counterparty may default such that the Group would not receive the full market value of the contracts.

Customer accounts

Money deposited by all individuals and companies which are not credit institutions including securities sold under repurchase agreement (see repo/reverse repo). Such funds are recorded as liabilities in the Group's balance sheet under customer accounts.

Days past due

One or more days that interest and/or principal payments are overdue based on the contractual terms.

DVA or Debit valuation adjustment

An adjustment to the fair value of derivative contracts that reflects the possibility that the Group may default and not pay the full market value of contracts.

Debt securities

Debt securities are assets on the Group's balance sheet and represent certificates of indebtedness of credit institutions, public bodies or other undertakings excluding those issued by central banks.

Debt securities in issue

Debt securities in issue are transferrable certificates of indebtedness of the Group to the bearer of the certificate. These are liabilities of the Group and include certificates of deposits.

Default

Financial assets in default represent those that are at least 90 days past due in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

DTA or Deferred tax asset

Income taxes recoverable in future periods in respect of deductible temporary differences between the accounting and tax base of an asset or liability that will result in tax deductible amounts in future periods, the carry-forward of tax losses or the carry-forward of unused tax credits.

DTL or Deferred tax liability

Income taxes payable in future periods in respect of taxable temporary differences between the accounting and tax base of an asset or liability that will result in taxable amounts in future periods.

Defined benefit obligation

The present value of expected future payments required to settle the obligations of a defined benefit scheme resulting from employee service.

Defined benefit scheme

Pension or other post-retirement benefit scheme other than a defined contribution scheme.

Defined contribution scheme

A pension or other post-retirement benefit scheme where the employer's obligation is limited to its contributions to the fund.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as arrears.

Deposits by banks

Deposits by banks comprise amounts owed to other domestic or foreign credit institutions by the Group including securities sold under repo.

Diluted underlying earnings per share (EPS)

Represents the underlying earnings divided by the diluted weighted average number of shares.

Dividend per share

Represents the entitlement of each shareholder in the share of the profits of the Company. Calculated in the lowest unit of currency in which the shares are quoted.

Early alert, purely and non-purely precautionary

A borrower's account which exhibits risks or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded to credit grade 12 or worse. When an account is on early alert, it is classified as either purely precautionary or non-purely precautionary. A purely precautionary account is one that exhibits early alert characteristics, but these do not present any imminent credit concern. If the symptoms present an imminent credit concern, an account will be considered for classification as non-purely precautionary.

Effective tax rate

The tax on profit/ (losses) on ordinary activities as a percentage of profit/ (loss) on ordinary activities before taxation.

Encumbered assets

On-balance sheet assets pledged or used as collateral in respect of certain of the Group's liabilities.

EU or European Union

The European Union (EU) is a political and economic union of 28 member states that are located primarily in Europe.

Eurozone

Represents the 19 EU countries that have adopted the euro as their common currency.

ECL or Expected credit loss

Represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

Expected loss

The Group measure of anticipated loss for exposures captured under an internal ratings-based credit risk approach for capital adequacy calculations. It is measured as the Group-modelled view of anticipated loss based on probability of default, loss given default and exposure at default, with a one-year time horizon.

Exposures

Credit exposures represent the amount lent to a customer, together with any undrawn commitments.

EAD or Exposure at default

The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.

ECAI or External Credit Assessment Institution

External credit ratings are used to assign risk-weights under the standardised approach for sovereigns, corporates and institutions. The external ratings are from credit rating agencies that are registered or certified in accordance with the credit rating agencies regulation or from a central bank issuing credit ratings which is exempt from the application of this regulation.

FCA or Financial Conduct Authority

The Financial Conduct Authority regulates the conduct of financial firms and, for certain firms, prudential standards in the UK. It has a strategic objective to ensure that the relevant markets function well.

Forbearance

Forbearance takes place when a concession is made to the contractual terms of a loan in response to an obligor's financial difficulties. The Group classifies such modified loans as either 'Forborne – not impaired loans' or 'Loans subject to forbearance – impaired'. Once a loan is categorised as either of these, it will remain in one of these two categories until the loan matures or satisfies the 'curing' conditions described in Note 8 to the financial statements.

Forborne – not impaired loans

Loans where the contractual terms have been modified due to financial difficulties of the borrower, but the loan is not considered to be impaired. See 'Forbearance'.

Free deliveries

A transaction where a bank takes receipt of a debt or equity security, a commodity or foreign exchange without making immediate payment, or where a bank delivers a debt or equity security, a commodity or foreign exchange without receiving immediate payment.

Free funds

Free funds include equity capital, retained reserves, current year unremitted profits and capital injections net of proposed dividends. It does not include debt capital instruments, unrealised profits or losses or any non-cash items.

Funded/unfunded exposures

Exposures where the notional amount of the transaction is funded or unfunded. Represents exposures where a commitment to provide future funding is made but funds have been released/ not released.

FVA or Funding valuation adjustments

FVA reflects an adjustment to fair value in respect of derivative contracts that reflects the funding costs that the market participant would incorporate when determining an exit price.

G-SIBs or Global Systemically Important Banks

Global banking financial institutions whose size, complexity and systemic interconnectedness mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The list of G-SIBs is assessed under a framework established by the FSB and the BCBS. In the EU, the G-SIB framework is implemented via CRD IV and G-SIBs are referred to as Global Systemically Important Institutions (G-SIIs).

G-SIB buffer

A CET1 capital buffer which results from designation as a G-SIB. The G-SIB buffer is between 1 per cent and 3.5 per cent, depending on the allocation to one of five buckets based on the annual scoring. In the EU, the G-SIB buffer is implemented via CRD IV as Global Systemically Important Institutions (G-SII) buffer requirement.

GCNA hub

See 'Hong Kong regional hub'.

Hong Kong regional hub

Standard Chartered Bank (Hong Kong) Limited and its subsidiaries including the primary operating entities in China, Korea and Taiwan. Standard Chartered PLC is the ultimate parent company of Standard Chartered Bank (Hong Kong) Limited.

Interest rate risk

The risk of an adverse impact on the Group's income statement due to changes in interest rates.

IMA approach or internal model approach

The approach used to calculate market risk capital and RWA with an internal market risk model approved by the PRA under the terms of CRD IV/CRR.

IRB or internal ratings-based approach

Risk-weighting methodology in accordance with the Basel Capital Accord where capital requirements are based on a firm's own estimates of prudential parameters.

IAS or International Accounting Standard

A standard that forms part of the International Financial Reporting Standards framework.

IASB or International Accounting Standards Board

An independent standard-setting body responsible for the development and publication of IFRS, and approving interpretations of IFRS standards that are recommended by the IFRS Interpretations Committee (IFRIC).

IFRIC

The IFRS Interpretations Committee supports the IASB in providing authoritative guidance on the accounting treatment of issues not specifically dealt with by existing IFRSs and IASs.

IFRS or International Financial Reporting Standards

A set of international accounting standards developed and issued by the International Accounting Standards Board, consisting of principles-based guidance contained within IFRSs and IASs. All companies that have issued publicly traded securities in the EU are required to prepare annual and interim reports under IFRS and IAS standards that have been endorsed by the EU.

Investment grade

A debt security, treasury bill or similar instrument with a credit rating measured by external agencies of AAA to BBB.

Leverage ratio

A ratio introduced under CRD IV that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk-based backstop measure.

Liquid asset ratio

Ratio of total liquid assets to total assets. Liquid assets comprise cash (less restricted balances), net interbank, treasury bills and debt securities less illiquid securities.

Liquidation portfolio

A portfolio of assets which is beyond our current risk appetite metrics and is held for liquidation.

LCR or Liquidity coverage ratio

The ratio of the stock of high-quality liquid assets to expected net cash outflows over the following 30 days. High-quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.

Loan exposure

Loans and advances to customers reported on the balance sheet held at amortised cost or FVOCI, non-cancellable credit commitments and cancellable credit commitments for credit cards and overdraft facilities.

Loans and advances

This represents lending made under bilateral agreements with customers entered into in the normal course of business and is based on the legal form of the instrument.

Loans to banks

Amounts loaned to credit institutions including securities bought under Reverse repo.

LTV or loan-to-value ratio

A calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The loan-to-value ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

Loans past due

Loans on which payments have been due for up to a maximum of 90 days including those on which partial payments are being made.

Loans subject to forbearance – impaired

Loans where the terms have been renegotiated on terms not consistent with current market levels due to financial difficulties of the borrower. Loans in this category are necessarily impaired. See 'Forbearance'.

LGD or Loss given default

The percentage of an exposure that a lender expects to lose in the event of obligor default.

Loss rate

Uses an adjusted gross charge-off rate, developed using monthly write-off and recoveries over the preceding 12 months and total outstanding balances.

Low returning clients

See 'Perennial sub-optimal clients'.

Main bank net promoter score

'Main bank' is the net promoter score given from clients who use Standard Chartered as their main bank.

Malus

An arrangement that permits the Group to reduce the value of all or part of deferred variable remuneration based on ex-post risk adjustments before it has vested.

Master netting agreement

An agreement between two counterparties that have multiple derivative contracts with each other that provides for the net settlement of all contracts through a single payment, in a single currency, in the event of default on, or termination of, any one contract.

Mezzanine capital

Financing that combines debt and equity characteristics. For example, a loan that also confers some profit participation to the lender.

MREL or minimum requirement for own funds and eligible liabilities

A requirement under the Bank Recovery and Resolution Directive for EU resolution authorities to set a minimum requirement for own funds and eligible liabilities for banks, implementing the FSB's Total Loss Absorbing Capacity (TLAC) standard. MREL is intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss.

Network income

Income generated outside of a client group's headquarter country, mainly within Corporate & Institutional Banking and Commercial Banking.

Net asset value (NAV) per share

Ratio of net assets (total assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.

Net exposure

The aggregate of loans and advances to customers/loans and advances to banks after impairment provisions, restricted balances with central banks, derivatives (net of master netting agreements), investment debt and equity securities, and letters of credit and guarantees.

NII or Net interest income

The difference between interest received on assets and interest paid on liabilities.

NSFR or Net stable funding ratio

The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one-year time horizon.

Non-linearity

Non-linearity of expected credit loss occurs when the average of expected credit loss for a portfolio is higher than the base case (median) due to the fact that bad economic environment could have a larger impact on ECL calculation than good economic environment.

NPLs or non-performing loans

An NPL is any loan that is more than 90 days past due or is otherwise individually impaired. This excludes Retail loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected.

Normalised items

See 'Underlying' on page 265.

Operating expenses

Staff and premises costs, general and administrative expenses, depreciation and amortisation. Underlying operating expenses exclude expenses as described in 'Underlying earnings'. A reconciliation between underlying and statutory earnings is contained in Note 2 to the financial statements.

Operating income or operating profit

Net interest, net fee and net trading income, as well as other operating income. Underlying operating income represents the income line items above, on an underlying basis. See 'Underlying earnings'.

OTC or Over-the-counter derivatives

A bilateral transaction (e.g. derivatives) that is not exchange traded and that is valued using valuation models.

OCA or Own credit adjustment

An adjustment to the Group's issued debt designated at fair value through profit or loss that reflects the possibility that the Group may default and not pay the full market value of the contracts.

Perennial sub-optimal clients

Clients that have returned below 3% return on risk-weighted assets for the last three years.

Physical risks

The risk of increased extreme weather events including flood, drought and sea level rise.

Pillar 1

The first pillar of the three pillars of the Basel framework which provides the approach to calculation of the minimum capital requirements for credit, market and operational risk. Minimum capital requirements are 8 per cent of the Group's risk-weighted assets.

Pillar 2

The second pillar of the three pillars of the Basel framework which requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.

Pillar 3

The third pillar of the three pillars of the Basel framework which aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.

Priority Banking

Priority Banking customers are individuals who have met certain criteria for deposits, AUM, mortgage loans or monthly payroll. Criteria varies by country.

Private equity investments

Equity securities in operating companies generally not quoted on a public exchange. Investment in private equity often involves the investment of capital in private companies. Capital for private equity investment is raised by retail or institutional investors and used to fund investment strategies such as leveraged buyouts, venture capital, growth capital, distressed investments and mezzanine capital.

PD or Probability of default

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation over a given time horizon.

Probability weighted

Obtained by considering the values the metric can assume, weighted by the probability of each value occurring.

Profit (loss) attributable to ordinary shareholders

Profit (loss) for the year after non-controlling interests and dividends declared in respect of preference shares classified as equity.

PVA or Prudent valuation adjustment

An adjustment to CET1 capital to reflect the difference between fair value and prudent value positions, where the application of prudence results in a lower absolute carrying value than recognised in the financial statements.

PRA or Prudential Regulation Authority

The Prudential Regulation Authority is the statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and a small number of significant investment firms in the UK. The PRA is a part of the Bank of England.

Regulatory consolidation

The regulatory consolidation of Standard Chartered PLC differs from the statutory consolidation in that it excludes Standard Chartered Assurance Limited and Standard Chartered Insurance Limited and includes the full consolidation of PT Bank Permata Tbk.

Repo/reverse repo

A repurchase agreement or repo is a short-term funding agreement, which allows a borrower to sell a financial asset, such as asset-backed securities or government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future), it is a reverse repurchase agreement or reverse repo.

Residential mortgage

A loan to purchase a residential property which is then used as collateral to guarantee repayment of the loan. The borrower gives the lender a lien against the property, and the lender can foreclose on the property if the borrower does not repay the loan per the agreed terms. Also known as a home loan.

RoRWA or Return on risk-weighted assets

Profit before tax for year as a percentage of RWA. Profit may be statutory or underlying and is specified where used. See 'RWA' and 'Underlying earnings'.

RWA or Risk-weighted assets

A measure of a bank's assets adjusted for their associated risks, expressed as a percentage of an exposure value in accordance with the applicable standardised or IRB approach provisions.

Risks-not-in-VaR (RNIV)

A framework for identifying and quantifying marginal types of market risk that are not captured in the Value at Risk (VaR) measure for any reason, such as being a far-tail risk or the necessary historical market data not being available.

Roll rate

Uses a matrix that gives average loan migration rate from delinquency states from period to period. A matrix multiplication is then performed to generate the final PDs by delinquency bucket over different time horizons.

Secured (fully and partially)

A secured loan is a loan in which the borrower pledges an asset as collateral for a loan which, in the event that the borrower defaults, the Group is able to take possession of. All secured loans are considered fully secured if the fair value of the collateral is equal to or greater than the loan at the time of origination. All other secured loans are considered to be partly secured.

Securitisation

Securitisation is a process by which credit exposures are aggregated into a pool, which is used to back new securities. Under traditional securitisation transactions, assets are sold to a structured entity (SE) which then issues new securities to investors at different levels of seniority (credit tranching). This allows the credit quality of the assets to be separated from the credit rating of the originating institution and transfers risk to external investors in a way that meets their risk appetite. Under synthetic securitisation transactions, the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originating institution.

Senior debt

Debt that takes priority over other unsecured or otherwise more 'junior' debt owed by the issuer. Senior debt has greater seniority in the issuer's capital structure after subordinated debt. In the event the issuer goes bankrupt, senior debt theoretically must be repaid before other creditors receive any payment.

SICR or Significant increase in credit risk

Assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after considering the passage of time).

Solo

The solo regulatory group as defined in the Prudential Regulation Authority waiver letter dated 24 August 2017 differs from Standard Chartered Bank Company in that it includes the full consolidation of eight subsidiaries, namely Standard Chartered Holdings (International) B.V., Standard Chartered MB Holdings B.V., Standard Chartered UK Holdings Limited, Standard Chartered Grindlays PTY Limited, SCMB Overseas Limited, Standard Chartered Capital Management (Jersey) LLC, Standard Chartered Debt Trading Limited and Cerulean Investments LP.

Sovereign exposures

Exposures to central governments and central government departments, central banks and entities owned or guaranteed by the aforementioned. Sovereign exposures, as defined by the European Banking Authority, include only exposures to central governments.

Stage 1

Assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

Stage 2

Assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3

Assets that are in default and considered credit-impaired (non-performing loans).

Standardised approach

In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.

Structured note

An investment tool which pays a return linked to the value or level of a specified asset or index and sometimes offers capital protection if the value declines. Structured notes can be linked to equities, interest rates, funds, commodities and foreign currency.

Subordinated liabilities

Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer.

Tier 1 capital

The sum of Common Equity Tier 1 capital and Additional Tier 1 capital.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk-weighted assets.

Tier 2 capital

Tier 2 capital comprises qualifying subordinated liabilities and related share premium accounts.

TLAC or Total loss absorbing capacity

An international standard for TLAC issued by the FSB, which requires G-SIBs to have sufficient loss-absorbing and recapitalisation capacity available in resolution, to minimise impacts on financial stability, maintain the continuity of critical functions and avoid exposing public funds to loss.

Transition risks

The risk of changes to market dynamics or sectoral economics due to governments' response to climate change.

UK bank levy

A levy that applies to certain UK banks and the UK operations of foreign banks. The levy is payable each year based on a percentage of the chargeable equities and liabilities on the Group's consolidated balance sheet date. Key exclusions from chargeable equities and liabilities include Tier 1 capital, insured or guaranteed retail deposits, repos secured on certain sovereign debt and liabilities subject to netting.

Unbiased

Not overly optimistic or pessimistic, represents information that is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to increase the probability that the financial information will be received favourably or unfavourably by users.

Unlikely to pay

Indications of unlikelihood to pay shall include placing the credit obligation on non-accrued status; the recognition of a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the Group taking on the exposure; selling the credit obligation at a material credit-related economic loss; the Group consenting to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or, where relevant fees; filing for the obligor's bankruptcy or a similar order in respect of an obligor's credit obligation to the Group; the obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to the Group.

VaR or Value at Risk

A quantitative measure of market risk estimating the potential loss that will not be exceeded in a set time period at a set statistical confidence level.

ViU or Value-in-Use

The present value of the future expected cash flows expected to be derived from an asset or CGU.

Write-downs

After an advance has been identified as impaired and is subject to an impairment provision, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write-downs will occur when, and to the extent that, the whole or part of a debt is considered irrecoverable.

XVA

The term used to incorporate credit, debit and funding valuation adjustments to the fair value of derivative financial instruments. See 'CVA', 'DVA' and 'FVA'.