

Supplementary financial information

Five-year summary¹

	2020 \$million	2019 \$million	2018 \$million	2017 \$million	2016 \$million
Operating profit before impairment losses and taxation	4,374	4,484	3,142	4,008	3,849
Impairment losses on loans and advances and other credit risk provisions	(2,325)	(908)	(653)	(1,362)	(2,791)
Other impairment	(98)	(136)	(182)	(179)	(612)
Profit before taxation	1,613	3,713	2,548	2,415	409
Profit/(loss) attributable to shareholders	724	2,303	1,054	1,219	(247)
Loans and advances to banks ²	44,347	53,549	61,414	78,188	72,609
Loans and advances to customers ²	281,699	268,523	256,557	282,288	252,719
Total assets	789,050	720,398	688,762	663,501	646,692
Deposits by banks ²	30,255	28,562	29,715	30,945	32,872
Customer accounts ²	439,339	405,357	391,013	370,509	338,185
Shareholders' equity	45,886	44,835	45,118	46,505	44,368
Total capital resources ³	67,383	66,868	65,353	68,983	68,181
Information per ordinary share					
Basic earnings/(loss) per share	10.4c	57.0c	18.7c	23.5c	(14.5)c
Underlying earnings per share	36.1c	75.7c	61.4c	47.2c	3.4c
Dividends per share ⁴	–	22.0c	17.0c	–	–
Net asset value per share	1,409.3c	1,358.3c	1,319.3c	1,366.9c	1,307.8c
Net tangible asset value per share	1,249.0c	1,192.5c	1,167.7c	1,214.7c	1,163.9c
Return on assets ⁵	0.1%	0.3%	0.3%	0.2%	0.0%
Ratios					
Statutory return on ordinary shareholders' equity	0.8%	4.2%	1.4%	1.7%	(1.1)%
Statutory return on ordinary shareholders' tangible equity	0.9%	4.8%	1.6%	2.0%	(1.2)%
Underlying return on ordinary shareholders' equity	2.6%	5.6%	4.6%	3.5%	0.3%
Underlying return on ordinary shareholders' tangible equity	3.0%	6.4%	5.1%	3.9%	0.3%
Statutory cost to income ratio (excluding UK Bank Levy)	68.1%	68.7%	76.6%	70.7%	69.9%
Statutory cost to income ratio (including UK Bank Levy)	70.4%	70.9%	78.8%	72.2%	72.6%
Underlying cost to income ratio (excluding UK Bank levy)	66.4%	65.9%	67.7%	69.3%	69.5%
Underlying cost to income ratio (including UK Bank levy)	68.7%	68.2%	69.9%	70.8%	72.2%
Capital ratios:					
(CET 1)/ Tier 1 capital ⁶	14.4%	13.8%	14.2%	13.6%	13.6%
Total capital ⁶	21.2%	21.2%	21.6%	21.0%	21.3%

¹ The amounts for the two financial years ended 2016 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.

	2020								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	3,485	1,046	926	1,562	1,245	309	579	946	783
Operating expenses	(1,959)	(723)	(667)	(977)	(680)	(176)	(409)	(673)	(525)
Operating profit before impairment losses and taxation	1,526	323	259	585	565	133	170	273	258
Credit impairment	(199)	(43)	(112)	(474)	(227)	(84)	(277)	(128)	(30)
Other impairment	(55)	3	(1)	-	(1)	-	(3)	9	-
Profit from associates and joint ventures	-	-	163	-	-	-	-	-	-
Underlying profit/(loss) before taxation	1,272	283	309	111	337	49	(110)	154	228
Total assets employed	167,080	69,214	41,827	88,246	28,272	4,968	19,856	174,346	63,330
Of which: loans and advances to customers ¹	78,398	42,636	16,877	53,444	14,258	2,212	10,316	45,803	18,103
Total liabilities employed	160,976	60,329	36,713	83,554	20,728	3,494	14,324	133,862	65,307
Of which: customer accounts ¹	135,487	44,748	26,319	63,303	15,058	2,382	11,720	81,198	36,717

	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 ¹	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 ¹	123,330	38,533	21,797	60,821	13,800	2,320	10,078	82,036	34,733

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

Analysis of underlying performance by Retail Banking and Commercial Banking segments

Retail Banking

	2020				
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Total \$million
Operating income	2,989	1,360	635	29	5,013
Operating expenses	(2,036)	(1,057)	(586)	(22)	(3,701)
Operating profit before impairment losses and taxation	953	303	49	7	1,312
Credit impairment	(211)	(376)	(125)	(3)	(715)
Other impairment	–	–	(10)	–	(10)
Underlying profit/(loss) before taxation	742	(73)	(86)	4	587
Restructuring	(13)	(5)	(32)	–	(50)
Statutory profit/(loss) before taxation	729	(78)	(118)	4	537
Loans and advances to customers including FVTPL	81,542	28,776	4,745	548	115,611
Customer accounts including FVTPL and repurchase agreements	106,832	37,266	9,674	1,059	154,831

	2019 (Restated) ¹				
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Total \$million
Operating income	3,018	1,432	700	36	5,186
Operating expenses	(2,020)	(1,097)	(619)	(23)	(3,759)
Operating profit before impairment losses and taxation	998	335	81	13	1,427
Credit impairment	(153)	(136)	(47)	–	(336)
Other impairment	–	–	2	–	2
Underlying profit before taxation	845	199	36	13	1,093
Restructuring	(47)	(7)	(9)	–	(63)
Statutory profit before taxation	798	192	27	13	1,030
Loans and advances to customers including FVTPL	73,329	27,934	5,320	557	107,140
Customer accounts including FVTPL and repurchase agreements	99,149	35,959	8,585	1,067	144,760

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

Commercial Banking

	2020			
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Total \$million
Operating income	487	631	291	1,409
Operating expenses	(330)	(344)	(204)	(878)
Operating profit before impairment losses and taxation	157	287	87	531
Credit impairment	(32)	(190)	(94)	(316)
Other impairment	–	(1)	–	(1)
Underlying profit/(loss) before taxation	125	96	(7)	214
Restructuring	(24)	(7)	(26)	(57)
Statutory profit/(loss) before taxation	101	89	(33)	157
Loans and advances to customers including FVTPL	14,065	9,390	3,887	27,342
Customer accounts including FVTPL and repurchase agreements	31,055	14,078	3,445	48,578

	2019 (Restated) ¹			
	Greater China & North Asia \$million	ASEAN & South Asia \$million	Africa & Middle East \$million	Total \$million
Operating income	564	671	339	1,574
Operating expenses	(383)	(349)	(221)	(953)
Operating profit before impairment losses and taxation	181	322	118	621
Credit impairment	(23)	(34)	(65)	(122)
Other impairment	–	–	–	–
Underlying profit before taxation	158	288	53	499
Restructuring	(8)	(1)	(2)	(11)
Statutory profit before taxation	150	287	51	488
Loans and advances to customers including FVTPL	13,178	10,657	4,996	28,831
Customer accounts including FVTPL and repurchase agreements	22,691	12,948	3,208	38,847

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

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.

	2020					
	Corporate & Institutional Banking \$million	Retail Banking \$million	Commercial Banking \$million	Private Banking \$million	Central & other items \$million	Total \$million
Transaction Banking	2,084	19	734	1	–	2,838
Trade	634	19	340	1	–	994
Cash Management	1,450	–	394	–	–	1,844
Financial Markets	3,532	–	322	–	–	3,854
Foreign Exchange	1,121	–	170	–	–	1,291
Rates	1,036	–	32	–	–	1,068
Commodities	196	–	27	–	–	223
Credit and Capital Markets	602	–	37	–	–	639
Capital Structuring Distribution Group	238	–	36	–	–	274
DVA	13	–	–	–	–	13
Security services	320	–	–	–	–	320
Other Financial Markets	6	–	20	–	–	26
Corporate Finance	1,013	–	103	–	–	1,116
Lending and Portfolio Management	604	–	244	–	–	848
Wealth Management	–	1,586	1	381	–	1,968
Retail Products	–	3,401	6	159	–	3,566
CCPL and other unsecured lending	–	1,211	–	–	–	1,211
Deposits	–	1,326	6	125	–	1,457
Mortgage and Auto	–	716	–	34	–	750
Other Retail Products	–	148	–	–	–	148
Treasury	–	–	–	–	635	635
Other	(19)	7	(1)	(1)	(46)	(60)
Total underlying operating income	7,214	5,013	1,409	540	589	14,765

	2019 (Restated) ¹					
	Corporate & Institutional Banking \$million	Retail Banking \$million	Commercial Banking \$million	Private Banking \$million	Central & other items \$million	Total \$million
Transaction Banking	2,604	19	876	–	–	3,499
Trade	698	19	383	–	–	1,100
Cash Management	1,906	–	493	–	–	2,399
Financial Markets	2,923	–	335	–	–	3,258
Foreign Exchange	943	–	184	–	–	1,127
Rates	664	–	32	–	–	696
Commodities	138	–	27	–	–	165
Credit and Capital Markets	547	–	30	–	–	577
Capital Structuring Distribution Group	295	–	34	–	–	329
DVA	(100)	–	–	–	–	(100)
Security services	342	–	1	–	–	343
Other Financial Markets	94	–	27	–	–	121
Corporate Finance	1,032	–	109	2	–	1,143
Lending and Portfolio Management	540	–	246	–	–	786
Wealth Management	–	1,516	1	362	–	1,879
Retail Products	–	3,642	6	214	–	3,862
CCPL and other unsecured lending	–	1,251	–	–	–	1,251
Deposits	–	1,804	6	179	–	1,989
Mortgage and Auto	–	475	–	36	–	511
Other Retail Products	–	112	–	(1)	–	111
Treasury	–	–	–	–	1,090	1,090
Other	(25)	9	1	(1)	(230)	(246)
Total underlying operating income	7,074	5,186	1,574	577	860	15,271

1 Following a reorganisation of certain clients, there has been a reclassification of balances across products and client segments

Average balance sheets and yields and volume and price variances

Average balance sheets and yields

For the purposes of calculating net interest margin the following adjustments are made:

- Statutory net interest income is adjusted to remove interest expense on amortised cost liabilities used to provide funding to the Financial Markets business
- Financial instruments measured at fair value through profit or loss are classified as non-interest earning
- Premiums on financial guarantees purchased to manage interest earning assets are treated as interest expense

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

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 31 December 2020 and 31 December 2019 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

	2020				
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Average assets					
Cash and balances at central banks	18,185	43,210	113	0.26	0.18
Gross loans and advances to banks	27,684	54,142	801	1.48	0.98
Gross loans and advances to customers	51,322	291,432	8,558	2.94	2.50
Impairment provisions against loans and advances to banks and customers	–	(6,526)	–	–	–
Investment securities	28,313	144,112	2,820	1.96	1.64
Property, plant and equipment and intangible assets	9,787	–	–	–	–
Prepayments, accrued income and other assets	116,263	–	–	–	–
Investment associates and joint ventures	2,122	–	–	–	–
Total average assets	253,676	526,370	12,292	2.34	1.58

	2019				
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Average assets					
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

Average liabilities

	2020				
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Average liabilities					
Deposits by banks	17,899	27,178	237	0.87	0.53
Customer accounts:					
Current accounts and savings deposits	43,729	226,278	1,140	0.50	0.42
Time and other deposits	58,789	154,865	2,531	1.63	1.18
Debt securities in issue	6,883	52,391	836	1.60	1.41
Accruals, deferred income and other liabilities	122,194	1,169	59	5.05	0.05
Subordinated liabilities and other borrowed funds	–	16,170	637	3.94	3.94
Non-controlling interests	319	–	–	–	–
Shareholders' funds	50,377	–	–	–	–
	300,190	478,051	5,440	1.14	0.70
Adjustment for Financial Markets funding costs			(173)		
Financial guarantee fees on interest earning assets			104		
Total average liabilities and shareholders' funds	300,190	478,051	5,371	1.12	0.69
2019					
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Average liabilities					
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	293 ¹	–	–	–	–
Shareholders' funds	50,215	–	–	–	–
	270,763	444,595	8,882	2.00	1.24
Adjustment for Financial Markets funding costs			(340)		
Total average liabilities and shareholders' funds	270,763	444,595	8,542	1.92	1.19

1 Restated from \$31 million to \$293 million

Net interest margin

	2020 \$million	2019 \$million
Interest income (statutory)	12,292	16,549
Average interest earning assets	526,370	494,756
Gross yield (%)	2.34	3.34
Interest expense (statutory)	5,440	8,882
Adjustment for Financial Markets funding costs	(173)	(340)
Financial guarantee fees on interest earning assets	104	–
Adjusted interest expense used to fund financial instruments held at fair value	5,371	8,542
Average interest-bearing liabilities	478,051	444,595
Rate paid (%)	1.12	1.92
Net yield (%)	1.22	1.42
Net interest income adjusted for Financial Markets funding costs and Financial guarantee fees on interest earning assets	6,921	8,007
Net interest margin (%)	1.31	1.62

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.

	2020 versus 2019		
	(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	37	(253)	(216)
Loans and advances to banks	(102)	(931)	(1,033)
Loans and advances to customers	442	(2,659)	(2,217)
Investment securities	191	(982)	(791)
Total interest earning assets	568	(4,825)	(4,257)
Interest bearing liabilities			
Subordinated liabilities and other borrowed funds	44	(163)	(119)
Deposits by banks	(4)	(498)	(502)
Customer accounts:			
Current accounts and savings deposits	233	(1,148)	(915)
Time and other deposits	(213)	(1,409)	(1,622)
Debt securities in issue	49	(333)	(284)
Total interest bearing liabilities	109	(3,551)	(3,442)
	2019 versus 2018		
	(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	(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

Supplementary people information

Global	2020	2019	% change ¹
Full-time equivalent (FTE)	83,601	84,332	(0.9)
Headcount (year end)	83,657	84,398	(0.9)
Employed workers	82,084	82,494	(0.5)
Fixed-term workers	1,573	1,904	(17.4)
Non-employed workers (NEW)	11,632	11,104	4.8
Non-outsourced NEW ²	5,765	6,102	(5.5)
Outsourced NEW ³	5,867	5,002	17.3
Headcount (12-month average)	84,740	83,938	1.0
Male			
FTE	45,632	45,504	0.3
Headcount	45,644	45,518	0.3
Female			
FTE	37,969	38,828	(2.2)
Headcount	38,013	38,880	(2.2)
Nationalities	131	129	1.6
Position type	2020	2019	% change
Executive and non-executive director	13	13	–
Female executive and non-executive director	4	4	–
Management Team and their direct reports ⁴	129	132	(2.3)
Female Management Team and their direct reports	41	41	–
Senior leadership ⁵	4,196	4,076	2.9
Female senior leadership	1,236	1,162	6.4
Rest of employees	79,461	80,322	(1.1)
Female rest of employees	36,777	37,718	(2.5)
Employment type	2020	2019	% change
Business FTE	34,883	37,091	(6.0)
Business headcount	34,905	37,117	(6.0)
Business female headcount	18,016	19,254	(6.4)
Support services FTE	48,717	47,241	3.1
Support services headcount	48,752	47,281	3.1
Female support services headcount	19,997	19,626	1.9
Region	2020	2019	% change
Greater China & North Asia (GCNA) FTE	20,045	20,842	(3.8)
GCNA headcount	20,057	20,857	(3.8)
GCNA female headcount	12,779	13,244	(3.5)
ASEAN & South Asia (ASA) FTE	48,312	47,597	1.5
ASA headcount	48,328	47,619	1.5
ASA female headcount	18,831	18,909	(0.4)
Africa & Middle East (AME) FTE	10,694	11,579	(7.6)
AME headcount	10,695	11,581	(7.7)
AME female headcount	4,652	4,966	(6.3)
Europe & Americas (EA) FTE	4,550	4,314	5.5
EA headcount	4,577	4,341	5.4
EA female headcount	1,751	1,761	(0.6)

Age	2020	2019	% change
< 30 years FTE	15,979	19,079	(16.2)
< 30 years headcount	15,984	19,087	(16.3)
< 30 years female headcount	8,409	10,163	(17.3)
30-50 years FTE	60,881	59,027	3.1
30-50 years headcount	60,912	59,063	3.1
30-50 years female headcount	26,641	25,965	2.6
> 50 years FTE	6,741	6,226	8.3
> 50 years headcount	6,761	6,248	8.2
> 50 years female headcount	2,963	2,752	7.7
Talent management	2020	2019	% change
Global voluntary turnover rate (%)	7.3%	12.7%	(42.8)
Global turnover rate (%)	9.8%	16.1%	(39.0)
Male (%)	9.9%	16.8%	(40.9)
Female (%)	9.7%	15.3%	(36.6)
GCNA (%)	9.8%	15.1%	(35.0)
ASA (%)	9.8%	17.0%	(42.3)
AME (%)	9.6%	14.7%	(35.0)
EA (%)	10.7%	15.4%	(30.6)
< 30 years (%)	14.1%	23.6%	(40.3)
30-50 years (%)	8.2%	13.6%	(39.9)
> 50 years (%)	12.7%	15.3%	(17.1)
Average tenure (years) – Male	7.0	6.7	5.6
Average tenure (years) – Female	7.6	7.0	8.2
Roles filled internally (%)	39.6%	34.2%	15.5
of which filled by females (%)	41.1%	42.6%	(3.4)
New female employees (%)	39.6%	45.2%	(12.3)
Employees with completed performance appraisal (%)	97.7%	99.9%	(2.2)
Absenteeism rate ⁶ (%)	1.3%	1.6%	(16.8)
Learning⁷	2020	2019	% change
Employees receiving training (%)	98.0%	97.8%	0.2
Employees receiving training (excluding mandatory learning) (%)	97.9%	97.6%	0.3
Senior leadership (%) ⁵	99.7%	99.8%	(0.04)
Average number of training days per employee (including mandatory learning)	3.6	3.2	10.8
Average cost of training per employee ⁸	567	773	(26.6)
Work-related health and safety	2020	2019	% change
Fatalities ⁹	1	3	(66.7)
Major injuries ¹⁰	23	46	(50.0)

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

2 Non-outsourced NEWs are resources engaged on a time and materials basis where task selection and supervision is the responsibility of the Group, such as agency workers. References to colleagues in this report is FTE plus non-outsourced NEWs

3 Outsourced NEWs are arrangements with a third-party vendor where the delivery is based on a specific service or outcome at an agreed price, irrespective of the number of resources required to perform the service. These resources are not considered as the Group's headcount

4 Management Team and colleagues who report to them, excluding administrative or executive support roles (personal assistants, business planning managers). Includes Group Head of Internal Audit and Company Secretary.

5 Senior leadership is defined as Managing Directors and Bands 4 (including Management Team)

6 Represents health-related absence including quarantine in respect of COVID-19. The metric has been updated to include disability-related leave and 2019 has been refreshed for comparison. Excludes Korea

7 Learning metrics have been updated to reflect only active employees at year end rather than active and terminated employees. 2019 has been updated for comparison

8 Average cost of training per employee includes cost of learning management system

9 Includes commuting

10 Per UK Health and Safety Executive definition. 2019 has been updated due to recategorisation

Supplementary sustainability information

Business: sustainable finance

Employees trained in environmental and social risk management

	2020	2019	2018
Employees trained ¹	1,604	1,149	1,308

1 Employees targeted for training are those in client-facing roles and relevant support teams.

Environmental and social risk management

	2020	2019	2018
Number of transactions reviewed	1,090	1,127	827

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 2018	4	7	–	–	–	–	3
Total 2019*	6	7	–	1	1	2	–
Total 2020	4	8	–	2	1	–	–

* To align with the Equator Principles reporting requirements, the data in this document has been restated since our 2019 Annual Report. The information restated includes the change of 1 financial product, 1 country and 1 industry.

2020

Sector

Mining	–	–	–	–	–	–
Infrastructure	–	–	–	–	1	–
Oil and gas	1	2	–	1	–	–
Renewables	2	5	–	–	–	–
Telecoms	–	–	–	–	–	–
Power	1	1	–	–	–	–
Other	–	–	–	1	–	–

Region

GCNA	1	–	–	1	–	–
ASA	–	3	–	–	–	–
AME	2	4	–	1	–	–
EA	1	1	–	–	1	–

Designation⁴

Designated	1	1	–	–	1	–
Non-designated	3	7	–	2	–	–

Independent review

Yes	4	8	–	2	1	–
No	–	–	–	–	–	–

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 impacts

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

Responsible company

Environment

	See footnote:	2020		2019		2018	
		Measured	Scaled up	Measured	Scaled up	Measured	Scaled up
Offices reporting		756		164	–	174	–
Net internal area of occupied property (m ²)		933,132	1,050,414	825,088	1,154,999	822,623	1,185,929
Green lease clause inclusion (%)	1	85		82	–	78	–
Occupied net internal area where data is collected (%)		89		71	–	69	–
Full-time employees (FTE)	2	74,316	83,657	73,094	84,398	62,420	85,402
Annual operating income from 1 October to 30 September (\$m)			15,233	–	15,200	–	14,958
Greenhouse gas emissions – absolute (tonnes CO₂eq/year)							
Scope 1 emissions (combustion of fuels)		3,589	3,988	3,435	4,542	4,467	8,584
Scope 2 emissions (purchased electricity)		102,477	113,870	98,383	141,771	104,267	139,366
Scope 1 and 2 emissions		106,066	117,858	101,818	146,313	108,734	147,950
Scope 3 emissions with distance uplift (air travel)	3	31,617	33,811	87,295	94,043	106,636	121,464
Scope 3 emissions (Global Data Centre)	4	–	29,562	–	46,362	–	21,523
Scope 1, 2 and 3 emissions	5	137,683	181,231	189,113	286,718	215,370	290,937
Greenhouse gas emissions – intensity							
Scope 1 and 2 emissions/m ² (kg CO ₂ eq/m ² /year)		114	112	123	127	132	125
Scope 1 and 2 emissions/FTE (tonnes CO ₂ eq/FTE/year)		1.43	1.41	1.39	1.73	1.74	1.73
Scope 3 emissions/FTE with distance uplift (tonnes CO ₂ eq/FTE/year)	5	0.40	0.40	1.11	1.11	1.42	1.42
Scope 1, 2 and 3 emissions/m ² (kg CO ₂ eq/m ² /year)	5	148	173	229	248	262	245
Scope 1, 2 and 3 emissions/FTE (tonnes CO ₂ eq/FTE/year)	5	1.85	2.17	2.59	3.40	3.45	3.41
Scope 1 and 2 emissions/\$m operating income (tonnes CO ₂ eq/\$m/year)		–	7.74	–	9.63	–	9.89
Scope 1, 2 and 3 emissions/\$m operating income (tonnes CO ₂ eq/\$m/year)	5	–	11.90	–	18.86	–	19.45
Environmental resource efficiency							
Energy							
Indirect non-renewable energy consumption (GWh/year)	6	164	184	154	223	162	224
Indirect renewable energy consumption (GWh/year)	7	13	14	16	17	17	17
Direct non-renewable energy consumption (GWh/year)	8	15	16	14	19	18	31
On-site renewable energy consumption (MWh/year)		707	796	537	555	458	458
Energy consumption (GWh/year)		192	216	184	258	198	272
Energy consumption/FTE (kWh/FTE/year)		2,260	2,544	2,522	3,061	3,167	3,187
Energy consumption/m ² (kWh/m ² /year)		205	205	223	224	240	230
Water							
Water consumption (ML/year)		363	483	425	654	605	916
Water consumption/FTE (m ³ /FTE/year)		4	6	6	8	10	11
Water consumption/m ² (kL/m ² /year)		0.39	0.46	0.51	0.57	0.74	0.77
Paper							
Print paper consumption (ktonnes/year)		0.93		1.41		1.05	1.49
Print paper consumption/FTE (kg/FTE/year)		11.2		16.96	–	17.70	–
Waste							
Waste (ktonnes/year)	9	3.67	–	4.8	–	5.1	
Waste/FTE (kg/FTE/year)		43	–	66	–	81	
Waste reused or recycled (%)		23	–	35	–	46	
Retired IT equipment reused or recycled (ktonnes/year)		0.25		0.33	–	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 For environmental reporting purposes, full-time employees (FTE) refers to the Group's headcount as at 31 December 2020

3 Scaled up figures for prior periods, and derivatives of this figure, have been restated.

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

5 From 2020 we have consolidated scope 3 emissions from data centres into our total scope 1, 2 and 3 emissions figure. Prior periods, and derivatives of this figure, have been restated

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

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

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

9 Measured waste produced overall has reduced year-on-year mainly due to COVID-19. However more non-recycled personal protective equipment (PPE) was disposed of, reducing our recycling rate accordingly. We currently do not measure waste in properties < 10,000 square feet so the scaled-up value allows for this

Additional notes on environment data

The emissions within our inventory correspond to a reporting period of 1 October 2019 to 30 September 2020. 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, which we then scale up to reflect the portion of the portfolio we do not gather measurements from. For 2020, we significantly increased the proportion of our property portfolio from which we gathered measured data, which is measured on a square footage basis. For paper and business travel, it is defined per full-time employee.

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 33 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 463km, labelled by the Department for Business, Energy and Industrial Strategy (DBEIS) as domestic flights, have been classified as short haul. All flights with distance flown ranging from 463 to 1,108km, labelled by DBEIS as short haul have been classified as medium haul.

We use an independent third-party assurance provider to verify our greenhouse gas (GHG) emissions. In 2020, our measured Scope 1 and Scope 2 emissions were assured by Global Documentation Ltd, ensuring the accuracy and credibility of our reporting.

 [Read our carbon emission criteria at sc.com/environmentcriteria](https://www.sc.com/environmentcriteria)

 [Read our independent assurance report at sc.com/environmentalassurance](https://www.sc.com/environmentalassurance)

Financial crime prevention

	2020 %	2019 %	2018 %
Staff completing External Financial Crime Risk e-learning (which includes AML, Sanctions, ABC and Fraud Risks)	99.9		
Staff completing Internal Financial Crime Risk e-learning (which includes AML, Sanctions, ABC and Fraud Risks)	99.9		
Staff completing Sanctions e-learning	99.9	99.9	99.9
Staff completing Anti-Money Laundering (AML) e-learning		99.9	99.9
Staff completing Anti-Bribery and Corruption (ABC) e-learning		99.9	99.9

In 2020, the Financial Crime Compliance (FCC) e-learning courses have merged into External and Internal Financial Crime Risk courses (with the stand-alone Sanctions course scheduled to drop in 2021); fraud content was newly introduced in both the External and Internal Risks Courses in 2020

Computing method: (Completed + Due) / (Total Population - Untagged) = rate of completion

Data excludes Korea which manages its learning on a different system/platform

Data is the "Tagged" population

Communities: Inclusive communities

Community expenditure



















Total (\$million)	2020	2019	2018
Cash contributions	71.5	27.5	22.9
Employee time (non-cash item)	11.6	16.9	18.8
Gifts in kind (non-cash item) ¹	1.1	0.3	0.1
Management costs	4.4	4.5	4.5
Total (direct investment by the Group)	88.6	49.2	46.3
Leverage ²	7.1	1.9	2.9
Total (incl. leverage)	95.7	51.1	49.2
Percentage of prior year operating profit (PYOP)	2.58	2.01	2.04

¹ Gifts in kind comprises all non-monetary donations

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





2021 Sustainability Aspirations

Pillar one: sustainable finance


Theme	Aspiration: We will:	Target date
Infrastructure Everyone should have access to safe, reliable and affordable power and infrastructure which transforms lives and strengthens economies   	Facilitate project financing services for \$40 billion of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework	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  	Facilitate \$35 billion worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that aligns to our verified Green and Sustainable Product Framework 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 5% dependent on earnings from thermal coal (based on % EBITDA at group level) 	Jan 2020 – Dec 2024 Jan 2020 – Jan 2030
Entrepreneurs Entrepreneurs are the heart of local economies, creating jobs and empowering people  	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
Retail Banking Enabling individuals to contribute to sustainable development through core banking products   	Launch a suite of five core sustainability-focused Retail Banking products in selected markets across our footprint	Jan 2021 – Dec 2022
Commerce Trade creates jobs and contributes to economies by enabling people to connect across borders  	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   	Roll out digital-only bank in a total of 12 markets Double the number of clients we bank in Africa and the Middle East to 3.2 million	Jan 2020 – Dec 2021 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   	Develop a tailored Impact Profile for all Private Banking clients providing a framework that enables them to understand their passions and harness capital market solutions to support the UN Sustainable Development Goals (SDGs) Triple the percentage of sustainable investing assets under management ¹ Roll out environmental, social and governance (ESG) scores for single-holding investments and funds where applicable ESG scores are available from third-party data providers	Jan 2020 – Dec 2024 Jan 2021 – Dec 2024 Jan 2021 – Dec 2021

¹ This Aspiration has been updated for 2021 to reflect a measurement basis of assets under management instead of portion of solutions

Pillar two: responsible company

Theme	Aspiration: We will:	Target date
People Our people are our greatest asset, and our diversity drives our business success 	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 Increase our 'Culture of Inclusion' score to 84.5% with an interim target: Dec 2021: 80%	Jan 2020 – Dec 2021 Jan 2020 – Dec 2021 Sep 2016 – Dec 2025 Jan 2020 – Dec 2024
Environment Reducing our own impact on the environment will protect our planet for the benefit of our communities 	Reduce annual greenhouse gas emissions (Scope 1 and 2) to net zero by 2030 with interim targets: • Dec 2021: 106,000 tCO ₂ e • Dec 2025: 60,000 tCO ₂ e Source all energy from renewable sources Join the Climate Group 'RE100' Achieve and maintain flight emissions 28% lower than our 2019 baseline of 94,000 tonnes Reduce waste per colleague to 40kg/FTE/year Recycle 90% of waste Develop a methodology to measure Scope 3 emissions from our supply chain Offset all residual emissions from our operations (Scope 1 and 2, Scope 3 flights, waste and data centres)	Jan 2019 – Dec 2030 Jan 2020 – Dec 2030 Jan 2021 – Dec 2021 Jan 2021 – Dec 2023 Jan 2020 – Dec 2025 Jan 2020 – Dec 2025 Jan 2021 – Dec 2021 Jan 2021 – Dec 2021
Conduct Good conduct and high ethical standards are essential in achieving fair outcomes for our clients 	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 	Tackle financial crimes by contributing to developing typologies and 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 50 correspondent banking academies	Ongoing Jan 2021 – Dec 2023

Pillar three: inclusive communities

Theme	Aspiration: We will:	Target date
Community engagement Everyone deserves economic opportunities that enable them to learn, earn and grow 	Invest 0.75% of prior year operating profit (PYOP) in our communities Raise \$75m 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 Increase participation for employee volunteering to 55%	Ongoing Jan 2019 – Dec 2023 Jan 2006 – Dec 2023 Jan 2019 – Dec 2023 Jan 2019 – Dec 2023 Jan 2020 – Dec 2023

Shareholder information

Dividend and interest payment dates

Ordinary shares		Final dividend
Results and dividend announced		25 February 2021
Ex-dividend date		4 (UK) 3 (HK) March 2021
Record date for dividend		5 March 2021
Last date to amend currency election instructions for cash dividend		21 April 2021
Dividend payment date		20 May 2021
Preference shares		
	1st half yearly dividend	2nd half yearly dividend
73/8 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2021	1 October 2021
81/4 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2021	1 October 2021
6.409 per cent non-cumulative redeemable preference shares of \$5 each	30 January and 30 April 2021	30 July and 30 October 2021
7.014 per cent non-cumulative redeemable preference shares of \$5 each	30 January 2021	30 July 2021

Annual General Meeting

The Annual General Meeting (AGM) will be held on Wednesday 12 May 2021 at 11.00am UK time (6.00pm Hong Kong time). Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2021 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 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 2020, on or before 31 December 2021. 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. It allows you to hold your Standard Chartered PLC shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare, you will still be invited to attend the Company's AGM and you 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**.

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

Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, shareholders no longer have an obligation under Part XV of the SFO (other than Divisions 5, 11 and 12 thereof) to notify the Company of substantial shareholding interests, and the Company is no longer required to maintain a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with The Stock Exchange of Hong Kong Limited any disclosure of interests made in the UK.

Taxation

Information on taxation applying to dividends paid to you if you are a shareholder in the UK, Hong Kong or the US will be sent to you with your dividend documents. Shareholders and prospective purchasers should consult an appropriate independent professional adviser regarding the tax consequences of an investment in shares in light of their particular circumstances, including the effect of any national, state or local laws.

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 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
Final 2019	Dividend withdrawn	N/A	N/A
Interim 2020	No dividend declared	N/A	N/A

1 The INR dividend is per Indian Depository Receipt

Chinese translation

If you would like a Chinese version of the 2020 Annual Report please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

二〇二〇年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 in 2020

Major awards 2020

FX-Markets

AsiaRisk

FX Markets Asia Awards 2020

- Currency Derivatives House of the Year

Euromoney

Euromoney Cash Management Survey 2020

(Non Financial Institutions)

- Best Service Provider – Malaysia
- Best Service Provider – The Philippines

Flmetrix

Flmetrix 2020 Distinguished Provider

- Distinguished Provider 2020 – EUR

Global Custodian

Leaders in Custody

- Multi-market Excellence, APAC
- Relationship Management and Client Service, APAC

Global Finance

World's Best Treasury & Cash Management Bank and Providers Awards 2020

- Best Bank for Cash Management (Global Winner)
- Best Bank for Cash Management Asia Pacific
- Best Bank for Cash Management Bangladesh, Botswana, Hong Kong, South Korea

World's Best Trade Finance Provider Awards 2020

- Best Trade Finance Provider Asia Pacific
- Best Trade Finance Provider Middle East
- Best Trade Finance Provider Bangladesh

World's Best Supply Chain Finance Providers Awards 2020

- Best Supply Chain Provider Middle East

World's Best Private Banks 2020

- Global Award, Best Private Bank for Millennials
- Regional Award – Best Private Bank for Business Owners in Africa
- Country Award – Best Private Bank for Kenya

Global Trade Review

GTR Leaders in Trade

- Best Export Finance Bank

Project Finance International

Project Finance International Awards 2020

- **Changfang Xidao Offshore Wind Project**
Asia Pacific Renewables Deal of the year
- **SB Energy Six Solar Project**
India Green Deal of the year
- **Al Dhafra in Abu Dhabi**
Middle East Solar Deal of the year
- **Fujairah 3**
Middle East Power Deal of the year
- **DEWA 5**
Middle East Renewables Deal of the year
- **Galaxy**
Middle East Infrastructure Deal of the year
- **Nigeria LNG**
African LNG Deal of the year
- **Dogger Bank**
Global Green Deal of the year

Treasury Management International (TMI)

TMI Awards for Innovation & Excellence 2020

- Best Bank for Cash & Liquidity Management – Asia Pacific
- Best Bank for Trade Finance & Financial Supply Chain – Asia Pacific
- Best COVID-19 Response – Highly Commended: Hong Kong Council of Social Service
- Best API Project – Highly Commended: Bharti Airtel Kenya

The Asset

Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020

- Best Fund Administrator, Retail Funds – Vietnam, Malaysia
- Best Domestic Custodian – Bangladesh, Sri Lanka, Vietnam, Thailand
- Best Subcustodian in North Asia – South Korea
- Best Subcustodian in ASEAN/Australia – Singapore
- Best Subcustodian in South Asia – Bangladesh, Pakistan, Sri Lanka
- Best Subcustodian in Middle East – Jordan, Bahrain, Oman
- Best in Asset Servicing in China – Best Custodian, Bond Connect

Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2020

- Best Working Capital & Trade Finance Service Provider
- Best Fintech Partner
- Best Renminbi Bank
- Best Renminbi Bank: Hong Kong
- Best Renminbi Bank: Japan
- Best Renminbi Bank: Nigeria
- Best Renminbi Bank: Pakistan
- Best Renminbi Bank: Philippines
- Best Renminbi Bank: Singapore
- Best Renminbi Bank: South Africa
- Best Renminbi Bank: Thailand
- Best Renminbi Bank: UAE
- Best Service Provider: E-Solutions Partner (China)
- Best Service Provider: E-Solutions Partner (Hong Kong)
- Best in Treasury and Working Capital – SMEs (South Korea)
- Best Trade Finance (South Korea)
- Best Digital Solutions: Best Payments and Collection Solution in Bangladesh (for Cloudwell Limited)

- Best Digital Solutions: Best Payments and Collection Solution in Hong Kong (For Hong Kong Jockey Club)
- Best Digital Solutions: Best Payments and Collection Solution in Hong Kong (For Manulife)
- Best Digital Solutions: Best Payments and Collection Solution in India (for Castrol India)

The Banker

2020 Innovation in Digital Banking Awards

- 2020 Innovation in Digital Banking Awards – Payments

Trade Finance Global

International Trade Awards 2020 in cooperation with BAFT

- Best Trade Financier

Asia Money

2020 Asiamoney New Silk Road Finance Awards

- Best International Bank in the Region for BRI (Southeast Asia)
- Best Bank for Infrastructure/Project Finance in the Region (Middle East & Africa)

The Digital Banker

Digital CX Awards 2020

- Winner: Best Private Bank for Customer Experience
- Winner: Best Digital Customer Experience in Private Banking

Financial Times

- Listed among 2020 Europe Diversity Leaders

American Universities China Association

- Most attractive employer to overseas-study students

HR, diversity & inclusion awards

China

Top Human Resources Management Awards

- Top graduate employer
- Top human resources management

Universum 2020

- Most attractive employer

Vietnam

HR Asia

- Listed in Best Companies to Work For in Asia

UAE

UAE Government Gender Balance Council

- Best financial institution in supporting gender balance

USA

Great Place to Work

- Great Place to Work Certification (85% say we're a great place to work)

India

India Workplace Equality Index

- SILVER Employer

Singapore

HR Excellence Awards

- Excellence in HR Innovation, Gold award

Sustainability indices



FTSE4Good

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

China

Society Value Co-creation Committee

- Outstanding CSR Program Award

Jinrongjie.com

- Outstanding Charity Program Award



Global Views Monthly Magazine

- CSR Award in Happy Enterprise

Commonwealth Magazine

- Foreign companies for Excellence in CSR



Taiwan Enterprise Sustainability Award of Taiwan Corporate Sustainability Academy (TCSA)

- The Most Prestigious Sustainability Award – Foreign Corporate



Indonesia

TOP CSR Awards 2020 # Star 4

- TOP CSR Awards 2020



Singapore

National Volunteer and Philanthropy Centre (NVPC)

- Champion of Good

Community Chest

- Charity Silver Award
- Community Spirit Platinum Award

Thailand

American Chamber of Commerce in Thailand

- AMCHAM CSR Excellence Recognition Award (Platinum level)

Jordan

International Business Magazine

- Best CSR Bank

Pakistan

Diversity Hub Pakistan's Global Diversity and Inclusion Benchmarks Awards 2020

- Progressive – Connecting Diversity and Inclusion and Sustainability

UAE

14th Middle East Financial Markets & Public Companies Excellence awards

- CSR Program for the year

International Investor magazine 2021

- Excellence In CSR – Start-up Program Of The Year/Africa & Middle East 2021

Global Finance Magazine

- Outstanding Crisis Leadership – Healthcare

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.

Basel II

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

Basel III

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

BCBS or Basel Committee on Banking Supervision

A forum on banking supervisory matters which develops global supervisory standards for the banking industry. Its members are officials from 45 central banks or prudential supervisors from 27 countries and territories.

Basic earnings per share (EPS)

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

Basis point (bps)

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

CRD or Capital Requirements Directive

A capital adequacy legislative package adopted by EU member states. CRD 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-lite income

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

Capital resources

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

CGU or Cash-generating unit

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

Cash shortfall

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

Clawback

An amount an individual is required to pay back to the Group, which has to be returned to the Group under certain circumstances.

Commercial real estate

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

CET1 or Common Equity Tier 1 capital

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

CET1 ratio

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

Contractual maturity

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

Countercyclical capital buffer

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

Counterparty credit risk

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

CCF or Credit conversion factor

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

CDS or Credit default swaps

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

Credit institutions

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

Credit risk mitigation

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

CVA or Credit valuation adjustments

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

Customer accounts

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

Days past due

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

DVA or Debit valuation adjustment

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

Debt securities

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

Debt securities in issue

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

Deferred tax asset

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

Deferred tax liability

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

Default

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

Defined benefit obligation

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

Defined benefit scheme

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

Defined contribution scheme

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

Delinquency

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

Deposits by banks

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

Diluted earnings per share (EPS)

Represents earnings divided by the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Dividend per share

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

Early alert, purely and non-purely precautionary

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

Effective tax rate

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

Encumbered assets

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

EU or European Union

The European Union (EU) is a political and economic union of 27 member states that are located primarily in Europe.

Eurozone

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

ECL or Expected credit loss

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

Expected loss

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

Exposures

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

EAD or Exposure at default

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

ECAI or External Credit Assessment Institution

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

FCA or Financial Conduct Authority

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

Forbearance

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

Forborne – not impaired loans

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

Funded/unfunded exposures

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

FVA or Funding valuation adjustments

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

G-SIBs or Global Systemically Important Banks

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

G-SIB buffer

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

Hong Kong regional hub

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

Interest rate risk

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

IRB or internal ratings-based approach

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

Internal model approach

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

IAS or International Accounting Standard

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

IASB or International Accounting Standards Board

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

IFRS or International Financial Reporting Standards

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

IFRIC

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

Investment grade

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

Leverage ratio

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

Liquidation portfolio

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

LCR or Liquidity coverage ratio

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

Loan exposure

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

Loans and advances to customers

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

Loans and advances to banks

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

LTV or loan-to-value ratio

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

Loans past due

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

Loans subject to forbearance – impaired

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

Loss rate

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

LGD or Loss given default

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

Low returning clients

See 'Perennial sub-optimal clients'.

Malus

An arrangement that permits the Group to prevent vesting of all or part of the amount of an unvested variable remuneration award, due to a specific crystallised risk, behaviour, conduct or adverse performance outcome.

Master netting agreement

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

Mezzanine capital

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

MREL or minimum requirement for own funds and eligible liabilities

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

Net asset value (NAV) per share

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

Net 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.

NPLs or non-performing loans

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

Non-linearity

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

Normalised items

See 'Underlying' on page 307.

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

Senior debt

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

SICR or Significant increase in credit risk

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

Solo

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

VaR or Value at Risk

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

ViU or Value-in-Use

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

Write-downs

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

XVA

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