

Financial statements

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► Bolstering the client experience for affluent clients in Asia ◀

To enrich client experiences with holistic wealth advice for affluent clients, we opened two new Private Banking Centres in India as well as two Priority Private Centres for high-net-worth (HNW) clients in Shanghai and Hong Kong. The hubs offer bespoke services to HNW and Ultra HNW clients and form part of our continuing growth in the affluent sector. We also introduced an enhanced Priority Private value proposition for HNW clients during the launch of the Shanghai centre. In addition to the new openings, we also renovated and rebranded 17 branches across Asia, the Middle East and Africa, creating additional Priority Centres.



Read more on our new centres in India at sc.com/privatebankingcentres





Independent Auditor's Report to the members of Standard Chartered PLC

Opinion

In our opinion:

- the financial statements of Standard Chartered PLC (the 'Company' or the 'Parent Company'), its subsidiaries, interests in associates and jointly controlled entities (together with the Company, the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU IFRS);
- the Company financial statements have been properly prepared in accordance with UK adopted IAS as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Group and the Company for the year ended 31 December 2023 which comprise:

Group	Company
Consolidated income statement for the year ended 31 December 2023;	Balance sheet as at 31 December 2023;
Consolidated statement of comprehensive income for the year then ended;	Cash flow statement for the year then ended;
Consolidated balance sheet as at 31 December 2023;	Statement of changes in equity for the year then ended; and
Consolidated statement of changes in equity for the year then ended;	Related notes 1 to 40, where relevant to the financial statements, including material accounting policy information.
Consolidated cash flow statement for the year then ended;	
Related notes 1 to 40 to the financial statements, including material accounting policy information;	
Information marked as 'audited' within the Directors' remuneration report from page 182 to 216; and	
Risk Review and Capital Review disclosures marked as 'audited' from page 232 to 343.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted IAS and EU IFRS; and as regards the Parent Company financial statements, UK adopted IAS as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of external risks such as geopolitical risk.
- Assessing the directors' going concern assessment including the Group's forecast capital, liquidity, and leverage ratios over the period of twelve months from 23 February 2024 to evaluate the headroom against the minimum regulatory requirements and the risk appetite set by the directors.
- Engaging internal valuation and economic specialists to assess and challenge the reasonableness of assumptions used to develop the forecasts in the Corporate Plan and evaluating the accuracy of historical forecasting.
- Assessing the Group's funding plan and repayment plan for funding instruments maturing over the period of twelve months from 23 February 2024.
- Understanding and evaluating credit rating agency ratings and actions.
- Engaging internal prudential regulatory specialists to assess the results of management's stress testing, including consideration of principal and emerging risks, on funding, liquidity, and regulatory capital.
- Reviewing correspondence with prudential regulators and authorities for matters that may impact the going concern assessment; and
- Evaluating the going concern disclosure included in note 1 to the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of twelve months from 23 February 2024.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of 10 components in 8 countries and audit procedures on specific balances for a further 17 components in 14 countries. In addition to the above, the Primary Audit Team also performed full-scope audit procedures on components related to the Group consolidation process. The components where we performed full or specific audit procedures accounted for 78% of the absolute profit before tax (PBT), 87% of absolute operating income and 94% of Total assets.
Key audit matters	<ul style="list-style-type: none"> Credit impairment Basis of accounting and impairment assessment of China Bohai Bank (interest in associate) Privileged Access Management Impairment of goodwill and investments in subsidiary undertakings Valuation of financial instruments held at fair value with higher risk characteristics
Materiality	<ul style="list-style-type: none"> Overall group materiality of \$274m which represents 5% of Adjusted PBT.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We took into account the size, risk profile, the organisation of the Group and effectiveness of control environment, changes in the business environment and other factors such as the level of issues and misstatements noted in prior period when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 346 reporting units of the Group, we selected 66 reporting units which represent 27 components in 21 countries: Bahrain, Bangladesh, Hong Kong, India, Indonesia, Japan, Jersey, Kenya, Mainland China, Malaysia, Nigeria, Pakistan, Republic of Ireland, Republic of Korea, Singapore, Sri Lanka, Taiwan, United Arab Emirates, United Kingdom, United States of America, and Zambia.

The definition of a component is aligned with the structure of the Group's consolidation system, typically these are either a branch, group of branches, group of subsidiaries (or associates), or a subsidiary.

We took a centralised approach to auditing certain processes and controls, as well as the substantive testing of specific balances. This included audit work over Group's Global Business Services shared services centre (SSC), Commercial, Corporate and Institutional Banking SSC, Credit Impairment SSC and Technology, as well as certain other matters audited centrally by the Primary Audit Team.

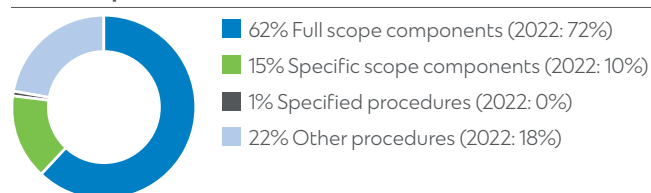
Of the 27 components selected in 21 countries, we performed an audit of the complete financial information of 10 components ("full scope components") which were selected based on their size or risk characteristics. For 14 components ("specific scope components") we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the Group financial statements either because of the size of these accounts or their risk profile. We also instructed 3 locations to perform specified procedures over certain aspects of credit impairment risk.

	Group's Absolute PBT		Group's Total assets		Group's Absolute Operating Income	
	2023	2022	2023	2022	2023	2022
Full scope components	62%	72%	87%	87%	72%	79%
Specific scope components	15%	10%	7%	8%	14%	10%
Specified procedures	1%	0%	0.10%	0%	1%	0%
Total	78%	82%	94%	95%	87%	89%

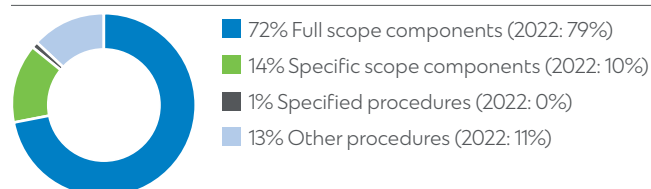
Of the remaining reporting units that together represent 22% of the Group's absolute PBT, none are individually greater than 2.3% of the Group's absolute PBT. For the components represented by these reporting units, we performed other procedures at the Group level which included: performing analytical reviews at the Group financial statement line item level, evaluating entity level controls, performing audit procedures on the centralised shared service centres, testing of consolidation journals and intercompany eliminations, inquiring with selected overseas EY teams on the outcome of prior year local statutory audits (where audited by EY) to identify any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

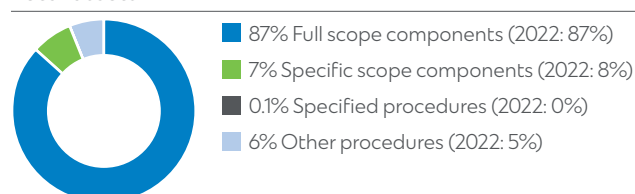
Absolute profit before tax



Absolute operating income



Total assets



Changes from the prior year

We assessed our 2023 audit scope with consideration of history or expectation of unusual or complex transactions and potential for material misstatements. We also kept our audit scope under review throughout the year.

Three components in Cameroon, Republic of Ireland, and South Africa, which were included in prior year audit scope and assigned specific scope, were excluded from the Group audit scope in the current year based on our updated risk assessment. These components represent individually no more than 0.1% of Group absolute PBT, 0.4% of the Group's absolute operating income and 0.3% of the Group's Total assets respectively in the current year. No component which was full scope in the prior year, has been excluded from Group audit scope for the 2023 audit.

For Germany, Australia, Ghana and Cameroon, the Primary Audit Team performed certain procedures centrally over the cash balances as at 31 December 2023. Taiwan, Malaysia, Indonesia, Pakistan and Kenya were full scope components in the prior year but were designated as specific scope components in the current year based on our updated risk assessment.

In 2023, we assigned a specific scope to Bahrain and United Kingdom (Jersey) components that are significant based on risk, and specified procedures to Taiwan (Taipei Branch). These components were not in-scope in the prior year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team (the "Primary Audit Team"), or by component auditors from other firms operating under our instruction. All of the direct components of the Group (full, specific or specified procedures) were audited by EY global network firms. There were two non-EY component teams auditing a single component in a single location, which were instructed by a direct component of the Group.

Of the 10 full scope components, audit procedures were performed on 3 of these (including the audit of the Company) directly by the Primary Audit Team (EY London) in the United Kingdom. For 1 specific scope component, the audit procedures were performed by the Primary Audit Team. Where components were audited by the Primary Audit Team, this was under the direction and supervision of the Senior Statutory Auditor. For the 23 remaining components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

In addition to the above, the Primary Audit Team also performed full-scope audit procedures on components related to the Group consolidation process.

In addition, the Group has centralised processes and controls over key areas in its shared service centres. Members of the Primary Audit Team undertook direct oversight, review and coordination of our shared service centre audits.

The Primary Audit Team continued to follow a programme of planned visits to component teams and shared service centres. During the current year's audit cycle, visits were undertaken by the Primary Audit Team to the component teams in the following locations:

- Bangladesh
- Hong Kong
- India (including the shared services centre)
- Indonesia
- Mainland China
- Malaysia (including the shared services centre)
- Pakistan
- Republic of Korea
- Singapore (including the shared services centre)
- United Arab Emirates
- United States of America

These visits typically involved oversight of work undertaken at those locations, discussion of the audit approach and any issues arising from their work, meeting with local management, and reviewing relevant audit working papers on key risk areas.

In addition to the site visits, the Primary Audit Team interacted regularly with the component and SSC audit teams where appropriate during various stages of the audit, reviewed relevant working papers and deliverables to the Primary Audit Team, and were responsible for the scope and direction of the audit process.

The Primary Audit Team also undertook video conference meetings with component and SSC audit teams and management. These virtual meetings involved discussing the audit approach and any issues arising from their work, as well as performing remote reviews of key audit workpapers.

This, together with the procedures performed at Group level, gave us appropriate evidence for our opinion on the Group and Company financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the economy, including the banking sector, and further how this may consequently impact the valuation of assets and liabilities held on bank balance sheets. The Group manages climate risk according to the characteristics of the impacted risk types and is embedding climate-risk considerations into relevant frameworks, including principal risk type frameworks, and processes. The assessment of the risk by the Group is explained on pages 336 and 298-313 in the “Risk review: Climate Risk” section, and on pages 90-133 in the “Sustainability review” section of the Annual Report, where the Group has also explained their climate commitments.

All of these disclosures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

The Group has explained in the “Sustainability review” section of the Annual Report how they have reflected the impact of climate change in their financial statements, including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050. Significant judgements and estimates relating to climate change are included in the section “Climate impact on the Group’s balance sheet” of note 1 to the financial statements. As stated in these disclosures, the Group has considered Climate to be an area of significant accounting estimate and judgement through the uncertainty of future events and the impact of that uncertainty on the Group’s assets and liabilities. The Group has concluded that whilst it is not currently quantitatively material, it considers climate to be qualitatively material.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating whether management’s assessment of the impact of climate risk, physical and transition, their climate commitments, and the significant judgements and estimates disclosed in note 1 have been appropriately reflected in the valuation of assets and liabilities, where these can be reliably measured, following the currently effective requirements of UK adopted IAS and EU IFRS. This was in the context of the Group’s process being limited, given that this is an emerging area, as a result of limitations in the data available and the availability of sophisticated models, and as the Group considers how it further embeds its climate ambitions into the planning process.

As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors’ considerations of climate change risks in their assessment of going concern and viability, and the associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are covered by the procedures described above.

Based on our work, we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>1. Credit Impairment</p> <p>Refer to the Audit Committee Report (page 163); Accounting policies (page 380); Note 8 of the financial statements; and relevant credit risk disclosures (including pages 238 and 274)</p> <p>At 31 December 2023, the Group reported total credit impairment balance sheet provision of \$5,601 million (2022: \$6,075 million).</p> <p>Management's judgements and estimates are highly subjective as a result of the significant uncertainty associated with the estimation of expected future credit losses that are dependent upon several hard to estimate factors. Assumptions with increased complexity in respect of the timing and measurement of expected credit losses (ECL) include:</p> <ul style="list-style-type: none"> • Staging – the determination of what constitutes significant increase in credit risk and consequent timely allocation of qualifying assets to the appropriate stage in accordance with IFRS 9; • Model output and adjustments – Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL, including the appropriateness, completeness and valuation of post-model adjustments applied to model output to address identified model deficiencies or risks not fully captured by the models; • Economic scenarios – Significant judgements involved in the determination of the appropriateness of economic variables, the future forecasting of these variables and the parameters used in the Monte Carlo Simulation. The assessment of non-linearity produced by the Monte Carlo simulation, the benchmarking of the output and the evaluation of the need for any Post Model adjustments; • Management overlays – Appropriateness, completeness and valuation of risk event overlays to capture risks not identified by the credit impairment models, including the consideration of the risk of management override; and • Individually assessed ECL allowances – Measurement of individual provisions including the assessment of probability weighted recovery scenarios, exit strategies, collateral valuations, expected future cashflows and the timing of these cashflows. 	<p>We evaluated the design of controls relevant to the Group's systems and processes over material ECL balances, including the judgements and estimates noted, involving EY specialists to assist us in performing our procedures where relevant. Based on our evaluation we selected the controls upon which we intended to rely and tested those for operating effectiveness. We increased the extent of our reliance on controls over model governance and in certain locations of the stage 3 exposures.</p> <p>We performed an overall stand-back assessment of the ECL allowance in total and by stage to determine if the ECL was reasonable. We considered the overall credit quality of the Group's portfolios, risk profile, the impact of sovereign downgrades and challenges facing the China Commercial Real Estate sector. We performed peer benchmarking to the extent that this was considered relevant and investigated and sought explanations for any areas noted as being outliers. Our assessment also included the evaluation of the macroeconomic environment by considering trends in the economies and countries to which the Group is exposed.</p> <p>Staging – We evaluated the criteria used to determine significant increase in credit risk including quantitative backstops with the resultant allocation of financial assets to stage 1, 2 or 3 in accordance with IFRS 9. We reperformed the staging distribution for a sample of financial assets and assessed the reasonableness of staging downgrades applied by management.</p> <p>To test the completeness of the identification of significant increase in credit risk, we challenged the risk ratings (including appropriate operation of quantitative backstops) for a sample of performing accounts and other accounts exhibiting risk characteristics such as financial difficulties, deferment of payment, late payment and watchlist. We also considered whether vulnerable and cyclical sectors (as defined on page 265 in the annual report) resulted in a significant increase in credit risk at a sector level.</p>	<p>We highlighted the following matters to the Audit Committee:</p> <ul style="list-style-type: none"> • We increased the extent of our reliance of controls over model governance and stage 3 exposures in certain locations; • Our evaluation of the appropriateness of the significant increase in credit risk triggers, and the results of our sensitivity analysis and recalculation of the staging. • Our assessment of the assumptions used to determine the Stage 3 ECL with a focus on sponsor and developers exposed to China Commercial Real Estate and the appropriateness of the management overlay applied to the sector's modelled ECL; • Our assessment of the completeness and measurement of post model adjustments and overlays. • Our assessment of the quantum of the non-linearity adjustment produced by the Monte Carlo model including the comparison to the non-linearity produced by running narrative discrete scenarios. • Our assessment of the appropriateness of the Group's models to generate the ECL and staging outcomes including the appropriateness and validity of the data used in the models and to generate the staging and consequent ECL. • Our evaluation of management's enhanced modelling approach to the assessment of the potential impact on ECL from climate change; <p>We concluded that management's methodology, judgements and assumptions used in calculating credit impairment are materially in accordance with the accounting standard.</p>

1. Credit Impairment continued

In 2023, the most material factors impacting the ECL were in relation to the China Commercial Real Estate (CRE) portfolio, sovereign downgrades impacted by dollar availability, the continuing impact of higher interest rates and inflation and geopolitical uncertainty. In addition, where relevant we considered the impact of climate on the impairment provisions. Overall, these factors were prevalent in the prior year, and consequently the risk of a material misstatement to the ECL remained consistent with that of the prior year.

Modelled output and adjustments – We

performed a risk assessment on models involved in the ECL calculation using EY independently determined quantitative and qualitative criteria to select a sample of models to test. Based on this risk assessment, we engaged our modelling specialists to evaluate a sample of ECL models by assessing the reasonableness of underpinning assumptions, inputs and formulae used.

This included a combination of assessing the appropriateness of model design, formulae and algorithms, alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default parameters. Together with our modelling specialists, we also assessed material post-model adjustments which were applied as a response to risks not fully captured by the models or for known model deficiencies.

This included the completeness and appropriateness of these adjustments.

In response to new or enhanced models implemented this year to address known weaknesses in previous models, we performed substantive testing procedures as defined by our model inherent risk assessment process, including code review and implementation testing.

We did not rely on controls over model monitoring and therefore adopted a substantive approach comprising reperformance of model monitoring procedures for models classified as higher risk in accordance with our EY independent risk assessment.

To evaluate data quality, we agreed a sample of ECL calculation data points to source systems, including, among other data points, balance sheet data used to run the models. We also tested a sample of the ECL data points from the calculation engine through to the general ledger and disclosures.

Economic scenarios – In collaboration with our economists and modelling specialists, we challenged the completeness and appropriateness of the macroeconomic variables used as inputs to the ECL models.

Additionally, we involved our economic specialists to assist us in evaluating the reasonableness of the base forecast for sample of macroeconomic variables most relevant for the Group's ECL calculation influenced by the above assessment. Procedures performed included benchmarking the forecast for a sample of macroeconomic variables to a variety of global external sources. We reviewed and challenged the appropriateness of the underlying coding and assumptions used in the Monte Carlo simulation.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
1. Credit Impairment continued	<p>We assessed the reasonableness of the non-linearity impact on ECL allowances. We engaged our economists and modelling specialists, to assess and challenge the Group's choice of discrete scenarios to benchmark the output from the Monte Carlo model and determine the sensitivity analysis as set out on page 280 in the annual report. This challenge included the choice of narrative scenarios and we independently challenged the output from these scenarios using independently determined EY weights for each scenario. We also performed a stand-back assessment by benchmarking the resulting non-linearity up-lift and overall ECL charge and provision coverage to peers.</p> <p>Management overlays – We challenged the completeness and appropriateness of overlays used for risks not captured by the models. We focussed our challenge on China Commercial Real Estate, sovereign risks and the sustained impact of higher interest rates and inflation. Our procedures included assessing the need for management overlays, evaluating the assumptions and judgments used to determine each overlay taking current market conditions into account. We computed a range of EY independently determined outcomes for the China Commercial Real Estate overlay.</p> <p>Individually assessed ECL allowances – Our procedures included challenging management's forward-looking economic assumptions of the recovery outcomes identified, cashflow profile and timing, individual probability weightings for each scenario, and recalculating a sample of individually assessed provisions.</p> <p>We also engaged our valuation specialists to test the value of the collateral used in management's calculations. Our sample was based on quantitative thresholds and qualitative factors, including exposure to vulnerable sectors. We have independently assessed all material China CRE developers in Stage 3 including challenging the plausibility of the applied scenarios, the corresponding weights assigned to work out scenarios and engaging local EY Real Estate specialists to validate the collateral values. We also considered whether planned exit strategies were viable.</p>	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>2. Basis of accounting and impairment assessment of China Bohai Bank (Interest in Associate)</p> <p>Refer to the Audit Committee Report (page 163); Accounting policies (page 452); and Note 32 of the financial statements</p> <p>Interest in Associate – China Bohai Bank \$700 million (2022: \$1,421million).</p> <p>Other impairment – China Bohai Bank – \$850 million (2022: \$308 million).</p> <p>At 31 December 2023, the Group's share of China Bohai Bank's market capitalisation was \$282m lower than the carrying value of \$700m.</p> <p>We focused on judgements and estimates, including the appropriateness of the equity accounting treatment under IAS 28 and the assessment of whether the investment was impaired.</p> <p>Basis of accounting</p> <p>The Group holds a 16.26% stake in China Bohai Bank and equity accounts for the investment as an associate, on the grounds that the Group is able to exercise significant influence over China Bohai Bank.</p> <p>IAS 28 states that if the entity holds, directly or indirectly, less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated.</p> <p>There is a risk that the equity accounting treatment may not be appropriate, if the Group cannot demonstrate that it exerts significant influence over China Bohai Bank.</p> <p>Impairment testing</p> <p>At 31 December 2023, China Bohai Bank's market capitalisation was significantly lower than the carrying value of the investment. In addition, the financial performance of China Bohai Bank deteriorated during 2023. These matters are indicators of impairment.</p> <p>Impairment of the investment in China Bohai Bank is determined by comparing the carrying value to the value-in-use (VIU). The VIU is modelled by reference to future cashflow forecasts (forecast profit, including a haircut for regulatory capital), discount rate and macroeconomic assumptions such as long-term growth rates.</p> <p>The assumptions underpinning management's assessment of China Bohai Bank's VIU are subject to estimation uncertainty and consequently, there is a risk that if the judgements and assumptions are inappropriate, the investment in China Bohai Bank may be misstated.</p> <p>The risk of the impairment has increased in the current year in the context of economic headwinds in Mainland China impacting the banking sector, as well as Bohai's deteriorating financial performance.</p> <p>The risk in respect of significant influence has not changed compared to the prior year.</p>	<p>Basis of accounting</p> <p>We evaluated the facts and circumstances that the Group presented to demonstrate that it exercises significant influence over China Bohai Bank, through Board representation, membership of Board Committees and sharing of technical advice.</p> <p>Impairment testing</p> <p>The Group impaired the value of the investment in China Bohai Bank by \$850 million in 2023 (2022: \$308 million). This brings the cumulative impairment recorded in relation to the Group's investment in China Bohai Bank to \$1,458 million as at 31 December 2023.</p> <p>We assessed the appropriateness of the Group's VIU methodology for testing the impairment of the investment in China Bohai Bank for compliance with the accounting standards. We tested the mathematical accuracy of the VIU model and engaged our valuation and modelling specialists to support the audit team in calculating an independent range for the VIU.</p> <p>We performed audit procedures to assess the reasonableness of the Group's forecast of the future cashflows relating to Bohai, by evaluating management's assessment, benchmarking the forecasts to broker reports published for comparable companies and challenging management with regard to the relevance and reliability of historical data, including an evaluation of the public disclosures by Bohai.</p> <p>We assessed the appropriateness of disclosures in the annual report in relation to the impact of reasonably possible changes in key assumptions on the carrying value of the investment in China Bohai Bank.</p>	<p>On the basis of the evidence, we concluded that the Group continues to maintain significant influence over China Bohai Bank as at 31 December 2023.</p> <p>We concluded that the Interest in Associate – China Bohai Bank balance was not materially misstated as at 31 December 2023. Management's carrying value for the investment in Bohai of \$700 million is within EY's independent range.</p> <p>We concluded that the disclosures in the annual report appropriately reflect the sensitivity of the carrying value to reasonably possible changes in key assumptions in the valuation of the investment in China Bohai Bank.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>3. Impairment assessment of goodwill and investments in subsidiary undertakings</p> <p>a) Impairment of Goodwill: Accounting policies (page 424); and Note 17 of the financial statements. Refer to the Audit Committee Report (page 164).</p> <p>b) Impairment of investments in subsidiary undertakings: Accounting policies (page 452); and Note 32 of the financial statements. Refer to the Audit Committee Report (page 164).</p> <p>At 31 December 2023, the Group reported a goodwill balance of \$2,429 million (2022: \$2,471 million). During the year no impairment was recognised for goodwill (2022: \$14million). In the Parent Company financial statements, the investment in subsidiary undertakings balance was \$60,791 million (2022: \$60,975 million).</p> <p>On an annual basis, management is required to perform an impairment assessment for goodwill, and to assess for indicators of impairment in respect of investments in subsidiary undertakings. Where indicators of impairment are identified, the recoverable amount of the investment should be estimated.</p> <p>The impairment assessment of goodwill is performed by calculating a value in use ("VIU") as the recoverable amount of the related cash generating unit ("CGU").</p> <p>The Group identified indicators of impairment of investments in subsidiary undertakings, including macroeconomic and geopolitical factors which have an impact on the financial position and performance of the subsidiaries.</p> <p>In assessing for indicators of impairment, among other procedures, management compares the Net Asset Value ("NAV") of the subsidiary to the carrying value of each direct subsidiary of the Parent Company. Where the net assets do not support the carrying value, the recoverable amount is estimated by determining the higher of VIU or fair value less cost to sell.</p> <p>Where the recoverable amount is based on the VIU, this is modelled by reference to future cashflow forecasts (profit forecast including a regulatory capital haircut adjustment), discount rates and macroeconomic assumptions such as long-term growth rates.</p> <p>There is a risk that if the judgements and assumptions underpinning the impairment assessments are inappropriate, then the goodwill and investments in subsidiaries balances may be misstated.</p> <p>The level of risk remains consistent with the prior year.</p>	<p>We obtained an understanding of management's process and evaluated the design of controls. Our audit strategy was fully substantive.</p> <p>We assessed the appropriateness of the Group's methodology for testing the impairment of goodwill and investments in subsidiary undertakings for compliance with accounting standards.</p> <p>For goodwill, we assessed the appropriateness of the cash generating units identified by management.</p> <p>We agreed the inputs in the VIU model to their source and tested the mathematical accuracy of the VIU model. We engaged EY specialists to support the audit team in assessing reasonableness of the regulatory haircut adjustment to future profitability forecasts and calculating an independent range for assumptions underlying the VIU calculations, such as the discount rate and long-term growth rate for each cash generating unit.</p> <p>We also reconciled the future profitability forecasts of each CGU to the Group's approved Corporate Plan ("the Plan"). We engaged our specialist team to determine the reasonableness of the forward macroeconomic inputs used in the Plan.</p> <p>We performed audit procedures to assess the reasonableness of the forecasts by understanding the Group Strategy, challenging key assumptions underpinning the Plan, assessing the feasibility of management actions necessary to achieve the Plan and testing the reliability of the Group's historical forecasting by comparing with the actual performance.</p> <p>We performed a stand back assessment to evaluate the appropriateness of the audit evidence obtained and our conclusion in relation to these estimates.</p> <p>We agreed the NAV of the subsidiaries to their carrying value to confirm impairment or reversal of impairment recognised in the Parent's Company financial results.</p> <p>We assessed the appropriateness of disclosures for impairment of goodwill and investments in subsidiary undertakings in accordance with IAS 36.</p>	<p>We concluded that the goodwill balance as at 31 December 2023 and the related disclosures, are not materially misstated.</p> <p>We concluded that the disclosures in the annual report appropriately reflect the sensitivity of the carrying value of goodwill to reasonably possible changes in key assumptions, noting that these downside scenarios could necessitate an adjustment to the carrying amount of goodwill in future.</p> <p>We also concluded that the investments in subsidiary undertakings balance reported in the Parent Company financial statements and the associated disclosures, are not materially misstated as at 31 December 2023.</p>

4. Valuation of financial instruments held at fair value with higher risk characteristics

Refer to the Audit Committee Report (page 163); Accounting policies (page 390); and Note 13 of the financial statements.

At 31 December 2023, the Group reported financial assets measured at fair value of \$301,976 million (2022: \$282,263 million), and financial liabilities at fair value of \$139,157 million (2022: \$149,765 million), of which financial assets of \$6,714 million (2022: \$5,865 million) and financial liabilities of \$2,960 million (2022: \$1,878 million) are classified as Level 3 in the fair value hierarchy.

The fair value of financial instruments with higher risk characteristics involves the use of management judgement in the selection of valuation models and techniques, pricing inputs and assumptions and fair value adjustments.

A higher level of estimation uncertainty is involved for financial instruments valued using complex models, pricing inputs that have limited observability, and fair value adjustments, including the Credit Valuation Adjustment, Funding Valuation Adjustment, Debit Valuation Adjustment and Own Credit Adjustment.

We considered the following portfolios presented a higher level of estimation uncertainty:

Level 3 derivatives and debt securities in issue and a portfolio of Level 2 financial instruments whose valuation involves the use of complex models, and

Unlisted equity investments, loans at fair value, debt and other financial instruments classified in Level 3 with unobservable pricing inputs.

The level of risk remains consistent with the prior year.

We evaluated the design and operating effectiveness of controls relating to the valuation of financial instruments, including independent price verification, model validation and approval, fair value adjustments, income statement analysis and reporting.

Among other procedures, we engaged our valuation specialists to assist the audit team in performing the following testing on a risk-assessed sample basis:

- Test complex model-dependent valuations by independently revaluing Level 3 and complex Level 2 derivative financial instruments and debt securities in issue, in order to assess the appropriateness of models and the adequacy of assumptions and inputs used by the Group;
- Test valuations of other financial instruments with higher estimation uncertainty, such as unlisted equity investments, Level 3 loans at fair value, Level 3 debt and other financial instruments. We compared management's valuation to our own independently developed range, where appropriate;
- Assessed the appropriateness of pricing inputs as part of the Independent Price Verification process; and
- Compared the methodology used for fair value adjustments to current market practice. We revalued a sample of valuation adjustments, compared funding and credit spreads to third party data and challenged the basis for determining illiquid credit spreads.

Where differences between our independent valuation and management's valuation were outside our thresholds, we performed additional testing to assess the impact on the valuation of financial instruments.

Throughout our audit procedures we considered the continuing uncertainty arising from the current macroeconomic environment. In addition, we assessed whether there were any indicators of aggregate bias in financial instrument marking and methodology assumptions.

We concluded that assumptions used by management to estimate the fair value of financial instruments with higher risk characteristics and the recognition of related income were reasonable. We highlighted the following matters to the Audit Committee:

- We did not identify material differences arising from our independent testing of complex model-dependent valuations;
- Fair values of derivative transactions, debt securities in issue, unlisted equity investments, Level 3 loans, Level 3 debt and other financial instruments valued using pricing information with limited observability were not materially misstated as at 31 December 2023, based on the output of our independent calculations; and
- Valuation adjustments in respect of credit, funding, own credit and other risks applied to derivative portfolios and debt securities in issue were appropriate, based on our analysis of market data and benchmarking of pricing information.

5. Privileged Access Management

IT General Controls (ITGCs) support the continuous operation of the automated and other IT dependent controls within the business processes related to financial reporting. Effective IT general controls are needed to ensure that IT applications process business data as expected and that changes are made in an appropriate manner.

During the 2020, 2021 and 2022 audits, a number of significant infrastructure privileged access management control deficiencies were identified by us. Similar deficiencies were identified by Group Internal Audit (GIA) and the predecessor auditor in 2018 and 2019.

The possibility of users gaining access privileges beyond those necessary to perform their assigned duties may result in breaches in segregation of duties, including inappropriate manual intervention, unauthorised changes to systems or programmes.

The risk has decreased in comparison to prior year due to management's remediation program.

We evaluated the results of management's remediation program and risk assessment for applications in our audit scope.

We also tested IT controls (including IT compensating controls) where possible, and also performed additional IT substantive procedures to assess the impact of risks associated with the reported deficiencies, on the financial statements.

We assessed the impact of the results of the above on our audit procedures over the financial statements for the year ended 31 December 2023.

We communicated the results of our audit procedures to the Audit Committee throughout the audit, in respect of the effectiveness of privileged access management controls and explained the results of the additional audit procedures performed and noted an overall improvement in the control environment during the course of the year.

As a result of the procedures performed, we have reduced the risk that our audit has not identified a material error in the financial statements, related to infrastructure privileged access management, to an appropriate level.

The key audit matters remain consistent from prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be \$274 million (2022: \$234 million), which is 5% (2022: 5%) of adjusted PBT. This reflects actual PBT adjusted for non-recurring items relating to restructuring and the impairment of China Bohai Bank. We believe that adjusted PBT provides us with most appropriate measure for the users of the financial statements, given the Group is profit making, it is consistent with the wider industry, it is the standard for listed and regulated entities and we believe it reflects the most relevant measure for users of the financial statements. We also believe that the adjustments are appropriate as they relate to material non-recurring items.

During our audit, we performed a reassessment of our initial materiality. This assessment resulted in higher final materiality calculated based on the actual financial performance of the Group for the year. There were no changes to the basis for materiality calculation from the planning stage.

Starting basis

- Reported profit before tax – \$5,093m

Adjustments

- Add China Bohai Bank Impairment – \$850m
- Deduct Other restructuring – \$460m

Materiality

- Totals \$5,483m Adjusted PBT
- Materiality of \$274m (5% of Adjusted PBT)

We determined materiality for the Parent Company to be \$247 million (2022: \$210 million), which is 0.5% (2022: 0.4%) of the equity of the Parent Company. We believe that equity provides us with the most appropriate measure for the users of the Parent Company's financial statements, given that the Parent Company is primarily a holding company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our evaluation of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely \$137m (2022: \$117m). We have set performance materiality at this percentage based on a variety of risk assessment factors such as the expectation of misstatements, internal control environment considerations and other factors such as the global complexity of the Group.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was \$11.4 million to \$26.2 million (2022: \$8.8 million to \$34.1 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$14 million (2022: \$11 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report and Accounts, including: the Strategic Report, Sustainability Review, Directors' Report (other than those sections of the Directors Remuneration Report marked as audited), Risk Review and Capital Review (other than those sections marked as audited) and Supplementary Information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 218;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 88 and 89;

- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 89;
- Directors' statement on fair, balanced and understandable set out on page 217;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 221;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 230 to 343; and
- The section describing the work of the audit committee set out on pages 162 to 167.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 229, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted IAS and EU IFRS, the Companies Act 2006 and the UK Corporate Governance Code, the Financial Conduct Authority (FCA) Listing Rules, the Main Board Listing Rules of the Hong Kong Stock Exchange), regulations and supervisory requirements of the Prudential Regulation Authority (PRA), FRC, FCA and other overseas regulatory requirements, including but not limited to regulations in its major markets such as Mainland China, Hong Kong, India, Republic of Korea, Singapore, the United Arab Emirates, the United State of America, and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to regulatory capital and liquidity, conduct, financial crime including anti-money laundering, sanctions and market abuse recognising the financial and regulated nature of the Group's activities.
- We understood how the Group is complying with those frameworks by performing a combination of inquiries of senior management and those charged with governance as required by auditing standards, review of board and certain committee meeting minutes, gaining an understanding of the Group's approach to governance, inspection of regulatory correspondence in the year and engaging with internal and external legal counsel. We also engaged EY financial crime and forensics specialists to perform procedures on areas relating to anti-money laundering, whistleblowing, and sanctions compliance. Through these procedures, we became aware of actual or suspected non-compliance. The identified actual or suspected non-compliance was not sufficiently significant to our audit that it would have resulted in it being identified as a key audit matter.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management in their significant accounting estimates and journal entry testing.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of the Group's internal and external legal counsel, money laundering reporting officer, internal audit, certain senior management executives and focused testing on a sample basis, including journal entry testing. We also performed inspection of key regulatory correspondence from the principal regulatory authorities as well as review of board and committee minutes.

- For instances of actual or suspected non-compliance with laws and regulations, which have a material impact on the financial statements, these were communicated by management to the Group audit engagement team and component teams (where applicable) who performed audit procedures such as inquiries with management, sending confirmations to external legal counsel, substantive testing and meeting with regulators. Where appropriate, we involved specialists from our firm to support the audit team.
- The Group is authorised to provide banking, insurance, mortgages and home finance, consumer credit, pensions, investments and other activities. The Group operates in the banking industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the Group audit engagement team, the component teams and the shared service centre teams to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

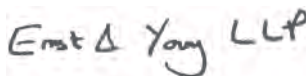
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were re-appointed by the Company at the Annual General Meeting on 3 May 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods.
- The period of total uninterrupted engagement is four years, covering the years ended 31 December 2020 to 31 December 2023.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Canning-Jones (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

23 February 2024

Consolidated income statement

For the year ended 31 December 2023

	Notes	2023 \$million	2022 \$million
Interest income		27,227	15,252
Interest expense		(19,458)	(7,659)
Net interest income	3	7,769	7,593
Fees and commission income		4,067	3,972
Fees and commission expense		(815)	(859)
Net fee and commission income	4	3,252	3,113
Net trading income	5	6,292	5,310
Other operating income	6	706	302
Operating income		18,019	16,318
Staff costs		(8,256)	(7,618)
Premises costs		(422)	(401)
General administrative expenses		(1,802)	(1,708)
Depreciation and amortisation		(1,071)	(1,186)
Operating expenses	7	(11,551)	(10,913)
Operating profit before impairment losses and taxation		6,468	5,405
Credit impairment	8	(508)	(836)
Goodwill, property, plant and equipment and other impairment	9	(1,008)	(439)
Profit from associates and joint ventures	32	141	156
Profit before taxation		5,093	4,286
Taxation	10	(1,631)	(1,384)
Profit for the year		3,462	2,902
Profit attributable to:			
Non-controlling interests	29	(7)	(46)
Parent company shareholders		3,469	2,948
Profit for the year		3,462	2,902
		cents	cents
Earnings per share:			
Basic earnings per ordinary share	12	108.6	85.9
Diluted earnings per ordinary share	12	106.2	84.3

The notes on pages 367 to 487 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 \$million	2022 \$million
Profit for the year		3,462	2,902
Other comprehensive income:			
Items that will not be reclassified to income statement:		239	(75)
Own credit gains/(losses) on financial liabilities designated at fair value through profit or loss		212	(56)
Equity instruments at fair value through other comprehensive income		181	(75)
Actuarial (losses)/gains on retirement benefit obligations	30	(47)	41
Taxation relating to components of other comprehensive income	10	(107)	15
Items that may be reclassified subsequently to income statement:		562	(3,703)
Exchange differences on translation of foreign operations:			
Net loss taken to equity		(734)	(2,466)
Net gains on net investment hedges	14	215	512
Share of other comprehensive loss from associates and joint ventures	32	(7)	(79)
Debt instruments at fair value through other comprehensive income:			
Net valuation gain/(loss) taken to equity		383	(1,528)
Reclassified to income statement	6	115	207
Net impact of expected credit losses		(48)	118
Cash flow hedges:			
Net movements in cash flow hedge reserve	14	767	(619)
Taxation relating to components of other comprehensive income	10	(129)	152
Other comprehensive income/(loss) for the year, net of taxation		801	(3,778)
Total comprehensive income/(loss) for the year		4,263	(876)
Total comprehensive income/(loss) attributable to:			
Non-controlling interests	29	(38)	(88)
Parent company shareholders		4,301	(788)
Total comprehensive income/(loss) for the year		4,263	(876)

Consolidated balance sheet

As at 31 December 2023

	Notes	2023 \$million	2022 \$million
Assets			
Cash and balances at central banks	13,35	69,905	58,263
Financial assets held at fair value through profit or loss	13	147,222	105,812
Derivative financial instruments	13,14	50,434	63,717
Loans and advances to banks	13,15	44,977	39,519
Loans and advances to customers	13,15	286,975	310,647
Investment securities	13	161,255	172,448
Other assets	20	47,594	50,383
Current tax assets	10	484	503
Prepayments and accrued income		3,033	3,149
Interests in associates and joint ventures	32	966	1,631
Goodwill and intangible assets	17	6,214	5,869
Property, plant and equipment	18	2,274	5,522
Deferred tax assets	10	702	834
Assets classified as held for sale	21	809	1,625
Total assets		822,844	819,922
Liabilities			
Deposits by banks	13	28,030	28,789
Customer accounts	13	469,418	461,677
Repurchase agreements and other similar secured borrowing	13,16	12,258	2,108
Financial liabilities held at fair value through profit or loss	13	83,096	79,903
Derivative financial instruments	13,14	56,061	69,862
Debt securities in issue	13,22	62,546	61,242
Other liabilities	23	39,221	43,527
Current tax liabilities	10	811	583
Accruals and deferred income		6,975	5,895
Subordinated liabilities and other borrowed funds	13,27	12,036	13,715
Deferred tax liabilities	10	770	769
Provisions for liabilities and charges	24	299	383
Retirement benefit obligations	30	183	146
Liabilities included in disposal groups held for sale	21	787	1,307
Total liabilities		772,491	769,906
Equity			
Share capital and share premium account	28	6,815	6,930
Other reserves		9,171	8,165
Retained earnings		28,459	28,067
Total parent company shareholders' equity		44,445	43,162
Other equity instruments	28	5,512	6,504
Total equity excluding non-controlling interests		49,957	49,666
Non-controlling interests	29	396	350
Total equity		50,353	50,016
Total equity and liabilities		822,844	819,922

The notes on pages 367 to 487 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 23 February 2024 and signed on its behalf by:



José Viñals
Group Chairman



Bill Winters
Group Chief Executive



Diego De Giorgi
Group Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Ordinary share capital and share premium account \$million	Preference share capital and share premium account \$million	Capital and merger reserves \$million	Own credit adjustment reserve \$million	Fair value through other comprehensive income reserve – debt \$million	Fair value through other comprehensive income reserve – equity \$million	Cash-flow hedge reserve \$million	Translation reserve \$million	Retained earnings \$million	Parent company shareholders' equity \$million	Other equity instruments \$million	Non-controlling interests \$million	Total \$million
As at 1 January 2022	5,528	1,494	17,246	(15)	103	249	(34)	(5,744)	27,184	46,011	6,254	371	52,636
Profit/(loss) for the year	–	–	–	–	–	–	–	–	2,948	2,948	–	(46)	2,902
Other comprehensive (loss)/income ¹¹	–	–	–	(48)	(1,219)	(43)	(530)	(1,904)	8 ²	(3,736)	–	(42)	(3,778)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	1,240	–	1,240
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	–	(999)	–	(999)
Treasury shares net movement	–	–	–	–	–	–	–	–	(203)	(203)	–	–	(203)
Share option expenses	–	–	–	–	–	–	–	–	163	163	–	–	163
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(393)	(393)	–	–	(393)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(401)	(401)	–	–	(401)
Share buyback ^{3,4}	(92)	–	92	–	–	–	–	–	(1,258)	(1,258)	–	–	(1,258)
Other movements	–	–	–	–	–	–	–	12 ⁵	19 ^{5,6}	31	9 ⁵	98 ⁷	138
As at 31 December 2022	5,436	1,494	17,338	(63)	(1,116)	206	(564)	(7,636)	28,067	43,162	6,504	350	50,016
Profit/(loss) for the year	–	–	–	–	–	–	–	–	3,469	3,469	–	(7)	3,462
Other comprehensive income/(loss) ¹¹	–	–	–	163	426	124	655	(489)	(47) ²	832	–	(31)	801
Distributions	–	–	–	–	–	–	–	–	–	–	–	(26)	(26)
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	–	(1,000)	–	(1,000)
Treasury shares net movement	–	–	–	–	–	–	–	–	(189)	(189)	–	–	(189)
Share option expenses	–	–	–	–	–	–	–	–	173	173	–	–	173
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(568)	(568)	–	–	(568)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(452)	(452)	–	–	(452)
Share buyback ^{8,9}	(115)	–	115	–	–	–	–	–	(2,000)	(2,000)	–	–	(2,000)
Other movements	–	–	–	–	–	–	–	12 ⁵	6 ⁵	18	8 ⁵	110 ¹⁰	136
As at 31 December 2023	5,321	1,494	17,453	100	(690)	330	91	(8,113)	28,459	44,445	5,512	396	50,353

1 Includes capital reserve of \$5 million, capital redemption reserve of \$337 million and merger reserve of \$17,111 million

2 Comprises actuarial gain on Group defined benefit schemes

3 On 18 February 2022, the Group announced the buyback programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$56 million, and the total consideration paid was \$754 million, the buyback completed on 19 May 2022. The total number of shares purchased was 111,295,408, representing 3.61 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

4 On 1 August 2022, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$36 million, and the total consideration paid was \$504 million. The total number of shares purchased was 73,073,837 representing 2.5 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

5 Movement related to Translation adjustment and AT1 Securities charges

6 Movement mainly related to \$21 million NCI on Power2SME Pte. Ltd. and \$8 million on CurrencyFair Limited & \$(9) million related to AT1 securities charges

7 Movements primarily from non-controlling interest pertaining to Mox Bank Limited (\$39 million), Trust Bank Singapore Limited (\$47 million), Zodia Markets Holdings Limited (\$3 million) and Power2SME Pte. Ltd. (\$9 million)

8 On 16 February 2023, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$58 million, and the total consideration paid was \$1,000 million and the buyback completed on 29 September 2023. The total number of shares purchased was 116,710,492, representing 4.03 per cent of the ordinary shares in issue as at the commencement of the buyback. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

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

10 Movements primarily from non-controlling interest pertaining to Mox Bank Limited (\$48 million), Trust Bank Singapore Limited (\$34 million) and Zodia Custody Limited (\$28 million)

11 All the amounts are net of tax

Note 28 includes a description of each reserve.

The notes on pages 367 to 487 form an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2023

	Notes	Group		Company	
		2023 \$million	2022 (Restated) \$million	2023 \$million	2022 \$million
Cash flows from operating activities:					
Profit before taxation		5,093	4,286	4,269	402
Adjustments for non-cash items and other adjustments included within income statement	34	3,274	3,549	(2,847)	565
Change in operating assets ³	34	(14,458)	12,989	(3,819)	(258)
Change in operating liabilities	34	1,977	8,786	3,239	(966)
Contributions to defined benefit schemes	30	(81)	(80)	-	-
UK and overseas taxes paid	10	(1,367)	(821)	-	-
Net cash (used in)/from operating activities		(5,562)	28,709	842	(257)
Cash flows from investing activities:					
Internally generated capitalised software	17	(1,124)	(1,096)	-	-
Purchase of property, plant and equipment	18	(159)	(835)	-	-
Disposal of property, plant and equipment	18	53	343	-	-
Disposal of held for sale property, plant and equipment	21	191	79	-	-
Acquisition of investment associates, and joint ventures, net of cash acquired	32	(47)	(26)	-	-
Dividends received from subsidiaries, associates and joint ventures	32	11	58	4,738	1,047
Disposal of investment in subsidiaries, associates, and joint ventures, net of cash acquired ²	32	3,603	-	-	-
Purchase of investment securities		(229,302)	(280,952)	(423)	-
Disposal and maturity of investment securities		242,585	259,853	2,000	960
Net cash from/(used in) from investing activities		15,811	(22,576)	6,315	2,007
Cash flows from financing activities:					
Exercise of share options		26	12	26	12
Purchase of own shares		(215)	(215)	(215)	(215)
Cancellation of shares including share buyback		(2,000)	(1,258)	(2,000)	(1,258)
Premises and equipment lease liability principal payment		(234)	(269)	-	-
Issue of additional Tier 1 Capital, net of expenses	28	-	1,240	-	1,240
Redemption of Tier 1 Capital	28	(1,000)	(999)	(1,000)	(999)
Gross proceeds from issue of subordinated liabilities	34	18	750	-	750
Interest paid on subordinated liabilities	34	(563)	(667)	(545)	(619)
Repayment of subordinated liabilities	34	(2,160)	(1,848)	(2,160)	(1,800)
Proceeds from issue of senior debts	34	15,261	11,902	5,105	1,500
Repayment of senior debts	34	(6,471)	(7,838)	(2,037)	(2,980)
Interest paid on senior debts	34	(1,145)	(845)	(434)	(506)
Net cash inflow from non-controlling interest	29	116	88	-	-
Distributions and dividends paid to non-controlling interests, preference shareholders and AT1 Securities	11,29	(478)	(432)	(452)	(401)
Dividends paid to ordinary shareholders	11	(568)	(393)	(568)	(393)
Net cash from/(used in) financing activities		587	(772)	(4,280)	(5,669)
Net increase/(decrease) in cash and cash equivalents		10,836	5,361	2,877	(3,919)
Cash and cash equivalents at beginning of the year ³		97,595	94,947	7,417	11,336
Effect of exchange rate movements on cash and cash equivalents		(796)	(2,713)	-	-
Cash and cash equivalents at end of the year^{1,3}	35	107,635	97,595	10,294	7,417

1 Comprises cash and balances at central banks \$69,905 million (31 December 2022: \$58,263 million), treasury bills and other eligible bills \$5,931 million (31 December 2022: \$12,661 million), loans and advances to banks \$11,879 million (31 December 2022: \$10,144 million), loans and advances to customers \$25,829 million (31 December 2022: \$24,586 million) investments \$244 million (31 December 2022: \$1,114 million) less restricted balances \$6,153 million (31 December 2022: \$9,173 million)

2 Includes disposal of aviation finance leasing business (\$3,570 million), sale of Metaco SA (\$14 million), Cardspal Pte. Ltd. (\$12 million) and Kozagi (\$7 million)

3 Refer to note 34 and 35 for details of the restatement

Interest received was \$27,136 million (31 December 2022: \$14,590 million), interest paid was \$18,379 million (31 December 2022: \$6,200 million).

Company balance sheet

For the year ended 31 December 2023

	Notes	2023 \$million	2022 \$million
Non-current assets			
Investments in subsidiary undertakings	32	60,791	60,975
Current assets			
Derivative financial instruments	39	80	61
Financial assets held at fair value through profit or loss	39	19,425	15,358
Investment securities	39	6,944	8,423
Amounts owed by subsidiary undertakings	39	10,294	7,417
Total current assets		36,743	31,259
Current liabilities			
Derivative financial instruments	39	1,104	1,343
Amounts owed to subsidiary undertakings		–	2
Financial liabilities held at fair value through profit or loss	39	16,704	12,842
Other creditors		650	423
Total current liabilities		18,458	14,610
Net current assets		18,285	16,649
Total assets less current liabilities		79,076	77,624
Non-current liabilities			
Debt securities in issue	39	17,142	13,891
Subordinated liabilities and other borrowed funds	39	9,248	11,239
Total non-current liabilities		26,390	25,130
Total assets less liabilities		52,686	52,494
Equity			
Share capital and share premium account	28	6,815	6,930
Other reserves		17,409	17,271
Retained earnings		22,952	21,791
Total shareholders' equity		47,176	45,992
Other equity instruments	28	5,510	6,502
Total equity		52,686	52,494

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these financial statements. The Company profit for the period after tax is \$4,205 million (31 December 2022: \$471 million).

The notes on pages 367 to 487 form an integral part of these financial statements.

These financial statements were approved by the Board of directors and authorised for issue on 23 February 2024 and signed on its behalf by:



José Viñals
Group Chairman



Bill Winters
Group Chief Executive



Diego De Giorgi
Group Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2023

	Share capital and share premium account \$million	Capital and merger reserve ¹ \$million	Own credit adjustment reserve \$million	Cash flow hedge reserve \$million	Retained earnings \$million	Other equity instruments \$million	Total \$million
As at 1 January 2022	7,022	17,246	(14)	(12)	23,418	6,252	53,912
Profit for the year ²	–	–	–	–	471	–	471
Other comprehensive loss ⁸	–	–	(5)	(36)	–	–	(41)
Other equity instruments issued, net of expenses	–	–	–	–	–	1,240	1,240
Treasury shares net movement	–	–	–	–	(203)	–	(203)
Share option expenses	–	–	–	–	163	–	163
Dividends on ordinary shares	–	–	–	–	(393)	–	(393)
Dividends on preference share and AT1 securities	–	–	–	–	(401)	–	(401)
Redemption of other equity instruments	–	–	–	–	–	(999)	(999)
Share buyback ^{3,4}	(92)	92	–	–	(1,258)	–	(1,258)
Other Movements ⁵	–	–	–	–	(6)	9	3
As at 31 December 2022	6,930	17,338	(19)	(48)	21,791	6,502	52,494
Profit for the year ²	–	–	–	–	4,205	–	4,205
Other comprehensive income ⁸	–	–	11	12	–	–	23
Treasury shares net movement	–	–	–	–	(189)	–	(189)
Share option expenses	–	–	–	–	170	–	170
Dividends on ordinary shares	–	–	–	–	(568)	–	(568)
Dividends on preference share and AT1 securities	–	–	–	–	(452)	–	(452)
Redemption of other equity instruments	–	–	–	–	–	(1,000)	(1,000)
Share buyback ^{6,7}	(115)	115	–	–	(2,000)	–	(2,000)
Other Movements ⁵	–	–	–	–	(5)	8	3
As at 31 December 2023	6,815	17,453	(8)	(36)	22,952	5,510	52,686

1 Includes capital reserve of \$5 million, capital redemption reserve of \$337 million and merger reserve of \$17,111 million

2 Includes dividend received of \$2,789 million (2022: \$550 million) from Standard Chartered Holding Limited

3 On 18 February 2022, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$56 million, and the total consideration paid was \$754 million, the buyback completed on 19 May 2022. The total number of shares purchased was 111,295,408, representing 3.61 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

4 On 1 August 2022, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$37 million, and the total consideration paid was \$504 million. The total number of shares purchased was 73,073,837 representing 2.5 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

5 Movement mainly related to AT1 securities charges

6 On 16 February 2023, the Group announced the buyback programme for a share buyback of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$58 million, and the total consideration paid was \$1,000 million and the buyback completed on 29 September 2023. The total number of shares purchased was 116,710,492, representing 4.03 per cent of the ordinary shares in issue as at the commencement of the buyback. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

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

8 All the amounts are net of tax

Note 28 includes a description of each reserve.

The notes on pages 367 to 487 form an integral part of these financial statements.

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Notes to the financial statements

1. Accounting policies

Statement of compliance

The Group financial statements consolidate Standard Chartered PLC (the Company) and its subsidiaries (together referred to as the Group) and equity account the Group's interests in associates and jointly controlled entities. The parent company financial statements present information about the Company as a separate entity.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU IFRS). The Company financial statements have been prepared in accordance with UK-adopted international accounting standards as applied in conformity with section 408 of the Companies Act 2006. The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

There are no significant differences between UK-adopted international accounting standards and EU IFRS.

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

a) Risk review: Disclosures marked as 'audited' from the start of the Credit Risk section (page 234) to the end of Other principal risks in the same section (page 297).

b) Capital review: Tables marked as 'audited' from the start of 'CRD Capital base' to the end of 'Movement in total capital', excluding 'Total risk-weighted assets' (page 339 to 340).

Basis of preparation

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

The consolidated financial statements are presented in United States dollars (\$), being the presentation currency of the Group and functional currency of the Company, and all values are rounded to the nearest million dollars, except when otherwise indicated.

Significant and other accounting estimates and judgement

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty and judgement, are set out in the relevant disclosure notes for the areas set out under the relevant headings below:

Significant accounting estimates and critical judgements

Significant accounting estimates and judgements represent those items which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year. Significant accounting estimates and judgements are:

- Expected credit loss calculations (Note 8)
- Financial instruments measured at fair value (Note 13)
- Investments in subsidiary undertakings, joint ventures and associates – China Bohai associate accounting and impairment analysis (Note 32)

Other areas of accounting estimate and judgement

Other areas of accounting estimate and judgement do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, but the recognition of certain material assets and liabilities are based on assumptions and/or are subject to long-term uncertainties. The other areas of accounting estimate and judgement are:

- Taxation (Note 10)
- Goodwill impairment (Note 17)
- Retirement benefit obligations (Note 30)
- Share-based payments (Note 31)

Climate impact on the Group's balance sheet

Climate, and the impact of climate on the Group's balance sheet is considered as an area of significant accounting estimate and judgment through the uncertainty of future events and the impact of that uncertainty on the Group's assets and liabilities. It is noted that although not currently quantitatively material, the Group considers climate to be qualitatively material to the Group.

The Group has assessed the impact of climate risk on the financial report. This is set out within the Sustainability Review chapter which incorporates the Group's Climate-related Financial Disclosures which align with the recommendations from the Task Force for Climate related Financial Disclosures (TCFD). Further risk disclosure has been provided in the Principal Risks and Uncertainties section of the Annual Report where the Group has described how it manages climate risk as an Integrated Risk Type.

1. Accounting policies continued

The areas of impact where judgements and the use of estimates have been applied were credit risk and the impact on lending portfolios; ESG features within issued loans and bonds; physical risk on our mortgage lending portfolio; and, the corporate plan, in respect of which forward looking cash flows impact the recoverability of certain assets, including of goodwill, deferred tax assets and investments in subsidiary undertakings.

This assessment on the corporate loan portfolio was undertaken by considering the maturity profile of the loan portfolio which is majority shorter term. Transition risk, as our clients move to lower carbon emitting revenues, (either by virtue of legislation or changing end customer preference) is considered with reference to client transition pathways and manifests over a longer term than the maturity of the loan book (up to 2050). The setting of net zero targets for our high carbon sectors, which as of this annual report covers 11 of the 12 high carbon sectors as mandated by the Net Zero Banking Alliance, manages transition risk. Net zero targets enable the portfolio managers to work with our clients on their transition, deploy capital to those clients which are engaged and have adequate transition pathways, and exit clients that refuse to work with the Group on moving from a high carbon present to a low carbon future. All of these actions manage the Group's transition risk and engage clients before transition risk manifests itself into credit losses.

Physical risk is already included within the majority of our mortgage lending decisions, and we have applied scenario analysis against the pathways of different temperature additions and country policy scenarios. We also assess the impact of climate risk on the classification of financial instruments under IFRS 9, when Environmental, Sustainability or Governance (ESG) triggers may affect the cash flows received by the Group under the contractual terms of the instrument.

The Group Climate Risk team have performed a quantitative assessment of the impact of climate risk on the IFRS 9 ECL provision. This assessment has been performed across both the CCIB and CPBB portfolios. The Climate risk impact assessment on IFRS 9 business as usual ECL has been conducted based on newly developed internal climate risk models for four Corporate sectors (Oil and Gas, Power, Steel and Mining) and Sovereigns, whilst the top-down approach developed in 2022 was used for the remaining portfolios. The impact assessment resulted in a marginal ECL increase across CCIB and CPBB, which will not be recorded as an overlay for the 2023 year end.

The Group's corporate plan has a 5 year outlook and considers the high carbon sectors the Group finances. The majority of the Group high carbon sector targets are production/physical intensities which allow continued levels of lending as long as the products the client produce have a decreasing carbon cost. For Coal Mining and Oil and Gas, these sectors have absolute targets which represent a decreasing carbon budget. Coal Mining is an immaterial book, whilst for Oil and Gas lending is being actively monitored towards lower carbon counterparties and technologies. The corporate plan is shorter term than many of the climate scenario outlooks but seeks to capture the nearer term performance as required by recoverability models. The Group has for the second time in the 2024 corporate plan included anticipated ECL charges linked to climate for four sectors (Oil and Gas, Metals and Mining, Power and Transport excluding Aviation) over the 5 years. This addition of ECL has not in itself, impacted the recoverability of assets supported by discounted cash flow models (such as Value in Use) which utilise the Corporate plan.

The Group has further progressively strengthened its scenario analysis capabilities with the modelling of Climate Risk impact over a 30-year period across multiple dimensions including scenario data and pathways. This has been limited by availability of client-specific data, and modelling limitations which have required judgements to be made around scenarios chosen, regression and proxies used. Notwithstanding these challenges, our work to date, using certain assumptions and proxies, indicates that our business is resilient to all Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and bespoke scenarios that were explored.

The Group, although acknowledging the limitations of current data available, increasing sophistication of models evolving and nascent nature of climate impacts on internal and client assets, considers Climate Risk to have limited quantitative impact in the immediate term and as a longer-term risk will be addressed through its business strategy and financial planning as the Group implements its net zero journey.

IFRS and Hong Kong accounting requirements

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

1. Accounting policies continued

Comparatives

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

- Cash flow statement
- Note 2 Segmental information
- Note 12 Earnings per ordinary share
- Note 34 Cash flow statement
- Note 35 Cash and cash equivalents

New accounting standards adopted by the group

There were no new accounting standards or interpretations that had a material effect on the Group's Financial Statements in 2023.

New accounting standards in issue but not yet effective IAS 21 Amendment - Lack of Exchangeability

The IAS 21 amendment was issued in August 2023 and is effective for annual reporting periods beginning on or after January 1, 2025. This amendment is not yet endorsed for use in the United Kingdom. The amendment provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendment requires disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The Group will apply the IAS 21 Amendment for annual reporting periods beginning on January 1, 2025 and is currently assessing the impact on the Group's financial statements but do not expect this to be material.

Going concern

These financial statements were approved by the Board of directors on 23 February 2024. The directors have made an assessment of the Group's ability to continue as a going concern. This assessment has been made having considered the current macroeconomic and geopolitical headwinds, including:

- Review of the Group Strategy and Corporate Plan
- An assessment of the actual performance to date, loan book quality, credit impairment, legal, regulatory and compliance matters, and the updated annual budget

- Consideration of stress testing performed, including the Group Recovery Plan (RP) which include the application of stressed scenarios. Under the tests and through the range of scenarios, the results of these exercises and the RP demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet minimum regulatory capital and liquidity requirements
- Analysis of the capital, funding and liquidity position of the Group, including the capital and leverage ratios, and ICAAP which summarises the Group's capital and risk assessment processes, assesses its capital requirements and the adequacy of resources to meet them. Further, funding and liquidity was considered in the context of the risk appetite metrics, including the LCR ratio.
- The Group's Internal Liquidity Adequacy Assessment Process (ILAAP), which considers the Group's liquidity position, its framework and whether sufficient liquidity resources are being maintained to meet liabilities as they fall due, was also reviewed
- The level of debt in issue, including redemptions and issuances during the year, debt falling due for repayment in the next 12 months and further planned debt issuances, including the appetite in the market for the Group's debt
- A detailed review of all principal and emerging risks

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of at least 12 months from 23 February 2024. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

Changes in accounting policies

The Group has changed its accounting policy regarding the determination of the cost of its portfolio of Investment Securities held at amortised cost and Debt securities and other eligible bills, other than those included within financial instruments held at fair value through profit or loss. Refer to Note 13 Financial Instruments.

2. Segmental information

Basis of preparation

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

Segments and regions

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

Restructuring items excluded from underlying results

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

Restructuring losses of \$14 million primarily relates to exits in AME and the Aviation finance business performance until actual disposal. The Group is also reclassifying the movements in the Debit Valuation Adjustment (DVA) into restructuring and other items.

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

	2023					
	Underlying \$million	Restructuring \$million	Net gain on businesses disposed of ³ \$million	Goodwill and other Impairment ¹ \$million	DVA \$million	Reported \$million
Operating income	17,378	362	262	–	17	18,019
Operating expenses	(11,136)	(415)	–	–	–	(11,551)
Operating profit/(loss) before impairment losses and taxation	6,242	(53)	262	–	17	6,468
Credit impairment	(528)	20	–	–	–	(508)
Other impairment	(130)	(28)	–	(850)	–	(1,008)
Profit from associates and joint ventures	94	47	–	–	–	141
Profit/(loss) before taxation	5,678	(14)	262	(850)	17	5,093

	2022 ²					
	Underlying \$million	Restructuring \$million	Net gain on businesses disposed of \$million	Goodwill and other Impairment ¹ \$million	DVA \$million	Reported \$million
Operating income	15,762	494	20	–	42	16,318
Operating expenses	(10,409)	(504)	–	–	–	(10,913)
Operating profit/(loss) before impairment losses and taxation	5,353	(10)	20	–	42	5,405
Credit impairment	(836)	–	–	–	–	(836)
Other impairment	(39)	(78)	–	(322)	–	(439)
Profit/(loss) from associates and joint ventures	167	(11)	–	–	–	156
Profit/(loss) before taxation	4,645	(99)	20	(322)	42	4,286

1 Goodwill and other impairment include \$850 million (31 December 2022: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

2 Restructuring, DVA and other items for relevant periods in 2022 have been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA from underlying operating performance

3 Net gain on businesses disposed of includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

2. Segmental information continued

Underlying performance by client segment

	2023				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Operating income	11,218	7,106	156	(1,102)	17,378
External	8,543	3,902	157	4,776	17,378
Inter-segment	2,675	3,204	(1)	(5,878)	–
Operating expenses	(5,627)	(4,261)	(429)	(819)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,591	2,845	(273)	(1,921)	6,242
Credit impairment	(123)	(354)	(85)	34	(528)
Other impairment	(32)	(4)	(26)	(68)	(130)
(Loss)/profit from associates and joint ventures	–	–	(24)	118	94
Underlying profit/(loss) before taxation	5,436	2,487	(408)	(1,837)	5,678
Restructuring	32	(60)	(4)	18	(14)
Goodwill and other impairment ⁴	–	–	–	(850)	(850)
DVA	17	–	–	–	17
Other items ⁵	262	–	–	–	262
Reported profit/(loss) before taxation	5,747	2,427	(412)	(2,669)	5,093
Total assets	403,058	128,768	4,009	287,009	822,844
Of which: loans and advances to customers	189,395	126,117	1,035	28,939	345,486
loans and advances to customers	130,897	126,104	1,035	28,939	286,975
loans held at fair value through profit or loss (FVTPL) ²	58,498	13	–	–	58,511
Total liabilities	464,968	200,263	3,096	104,164	772,491
Of which: customer accounts ³	328,211	195,678	2,825	7,908	534,622

	2022 ¹				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Operating income	9,608	5,969	29	156	15,762
External	8,462	4,942	29	2,329	15,762
Inter-segment	1,146	1,027	–	(2,173)	–
Operating expenses	(5,193)	(4,104)	(336)	(776)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,415	1,865	(307)	(620)	5,353
Credit impairment	(425)	(262)	(16)	(133)	(836)
Other impairment	–	(10)	(24)	(5)	(39)
(Loss)/profit from associates and joint ventures	–	–	(16)	183	167
Underlying profit/(loss) before taxation	3,990	1,593	(363)	(575)	4,645
Restructuring	14	(56)	(1)	(56)	(99)
Goodwill and other impairment ⁴	–	–	–	(322)	(322)
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported profit/(loss) before taxation	4,046	1,537	(364)	(933)	4,286
Total assets	401,567	133,956	2,451	281,948	819,922
Of which: loans and advances to customers	184,254	130,985	702	41,789	357,730
loans and advances to customers	139,756	130,957	702	39,232	310,647
loans held at fair value through profit or loss (FVTPL) ²	44,498	28	–	2,557	47,083
Total liabilities	479,981	185,396	1,658	102,871	769,906
Of which: customer accounts ³	332,176	180,659	1,548	5,846	520,229

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance

2 Loans held at FVTPL includes \$51,299 million (2022: \$40,537 million) of reverse repurchase agreements

3 Customer accounts includes \$17,248 million (2022: \$11,706 million) of FVTPL and \$47,956 million (2022: \$46,846 million) of reverse repurchase agreements

4 Goodwill and other impairment include \$850 million (31 December 2023: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

5 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

2. Segmental information continued

Operating income by client segment

	2023				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Underlying operating income	11,218	7,106	156	(1,102)	17,378
Restructuring	291	45	–	26	362
DVA	17	–	–	–	17
Other items ²	262	–	–	–	262
Reported operating income	11,788	7,151	156	(1,076)	18,019

	2022 ¹				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Underlying operating income	9,608	5,969	29	156	15,762
Restructuring	436	47	–	11	494
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported operating income	10,086	6,016	29	187	16,318

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance

2 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

Underlying performance by region

	2023				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Operating income	12,429	2,806	1,397	746	17,378
Operating expenses	(7,096)	(1,571)	(1,733)	(736)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,333	1,235	(336)	10	6,242
Credit impairment	(644)	91	19	6	(528)
Other impairment	(63)	(15)	(13)	(39)	(130)
Profit/(loss) from associates and joint ventures	114	–	–	(20)	94
Underlying profit/(loss) before taxation	4,740	1,311	(330)	(43)	5,678
Restructuring	(97)	(2)	32	53	(14)
Goodwill and other impairment ¹	(850)	–	–	–	(850)
DVA	(16)	26	7	–	17
Other items ⁴	35	(18)	263	(18)	262
Reported profit/(loss) before taxation	3,812	1,317	(28)	(8)	5,093
Total assets	505,905	54,140	253,410	9,389	822,844
Of which: loans and advances to customers	256,400	25,870	63,216	–	345,486
loans and advances to customers	233,417	22,774	30,784	–	286,975
loans held at fair value through profit or loss (FVTPL) ²	22,983	3,096	32,432	–	58,511
Total liabilities	461,568	40,612	181,417	88,894	772,491
Of which: customer accounts ³	377,020	33,059	124,543	–	534,622

1 Goodwill and other impairment include \$850 million (31 December 2023: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

2 Loans held at FVTPL includes \$51,299 million (2022: \$40,537 million) of reverse repurchase agreements

3 Customer accounts includes \$17,248 million (2022: \$11,706 million) of FVTPL and \$47,956 million (2022: \$46,846 million) of reverse repurchase agreements

4 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

2. Segmental information continued

2022 ¹					
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Operating income	10,912	2,460	2,303	87	15,762
Operating expenses	(6,675)	(1,551)	(1,548)	(635)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,237	909	755	(548)	5,353
Credit impairment	(790)	(119)	78	(5)	(836)
Other impairment	(10)	2	1	(32)	(39)
Profit/(loss) from associates and joint ventures	179	–	–	(12)	167
Underlying profit/(loss) before taxation	3,616	792	834	(597)	4,645
Restructuring	(46)	21	(13)	(61)	(99)
Goodwill and other impairment ²	(308)	–	–	(14)	(322)
DVA	20	8	14	–	42
Other items	20	–	–	–	20
Reported profit/(loss) before taxation	3,302	821	835	(672)	4,286
Total assets	488,399	53,086	268,960	9,477	819,922
Of which: loans and advances to customers	270,892	23,857	62,981	–	357,730
loans and advances to customers	257,171	21,570	31,906	–	310,647
loans held at fair value through profit or loss (FVTPL) ³	13,721	2,287	31,075	–	47,083
Total liabilities	441,349	40,902	219,701	67,954	769,906
Of which: customer accounts ⁴	346,832	31,860	141,537	–	520,229

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance

2 Goodwill and other impairment include \$850 million (31 December 2023: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

3 Loans held at FVTPL includes \$51,299 million (2022: \$40,537 million) of reverse repurchase agreements

4 Customer accounts includes \$17,248 million (2022: \$11,706 million) of FVTPL and \$47,956 million (2022: \$46,846 million) of reverse repurchase agreements

5 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

Operating income by region

2023					
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Underlying operating income	12,429	2,806	1,397	746	17,378
Restructuring	203	110	35	14	362
DVA	(16)	26	7	–	17
Other items ²	35	(18)	263	(18)	262
Reported operating income	12,651	2,924	1,702	742	18,019

2022 ¹					
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Underlying operating income	10,912	2,460	2,303	87	15,762
Restructuring	304	140	35	15	494
DVA	20	8	14	–	42
Other items	20	–	–	–	20
Reported operating income	11,256	2,608	2,352	102	16,318

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance

2 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

2. Segmental information continued

Additional segmental information (reported)

	2023				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Net interest income	4,541	4,970	81	(1,823)	7,769
Net fees and commission income	1,753	1,538	43	(82)	3,252
Net trading and other income	5,494	643	32	829	6,998
Operating income	11,788	7,151	156	(1,076)	18,019

	2022				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items (segment) \$million	Total \$million
Net interest income	3,616	3,969	18	(10)	7,593
Net fees and commission income	1,706	1,524	8	(125)	3,113
Net trading and other income	4,764	523	3	322	5,612
Operating income	10,086	6,016	29	187	16,318

	2023				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Net interest income	5,872	1,584	(545)	858	7,769
Net fees and commission income	2,237	509	553	(47)	3,252
Net trading and other income	4,542	831	1,694	(69)	6,998
Operating income	12,651	2,924	1,702	742	18,019

	2022				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items (region) \$million	Total \$million
Net interest income	5,747	1,299	260	287	7,593
Net fees and commission income	2,224	526	526	(163)	3,113
Net trading and other income	3,285	783	1,566	(22)	5,612
Operating income	11,256	2,608	2,352	102	16,318

	2023									
	Hong Kong \$million	Korea \$million	China \$million	Taiwan \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Net interest income	1,946	684	520	154	937	654	110	390	(930)	170
Net fees and commission income	615	171	149	182	576	221	53	81	18	441
Net trading and other income	2,052	216	487	214	929	330	78	330	1,277	263
Operating income	4,613	1,071	1,156	550	2,442	1,205	241	801	365	874

	2022									
	Hong Kong \$million	Korea \$million	China \$million	Taiwan \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Net interest income	1,843	751	561	171	982	611	89	281	(189)	330
Net fees and commission income	658	157	143	162	553	239	52	81	44	393
Net trading and other income	1,235	237	450	141	380	377	73	268	1,167	306
Operating income	3,736	1,145	1,154	474	1,915	1,227	214	630	1,022	1,029

3. Net interest income

Accounting policy

Interest income for financial assets held at either fair value through other comprehensive income or amortised cost, and interest expense on all financial liabilities held at amortised cost is recognised in profit or loss 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 or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. For floating-rate financial instruments, periodic re-estimation of cash flows that reflect the movements in the market rates of interest alters the effective interest rate. Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instruments original effective interest rate. The adjustment is recognised as interest income or expense in the period in which the revision is made as long as the change in estimates is not due to credit issues.

Interest income for financial assets that are either held at fair value through other comprehensive income or amortised cost that have become credit-impaired subsequent to initial recognition (stage 3) and have had amounts written off, is recognised using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Interest income is therefore recognised on the amortised cost of the financial asset including expected credit losses. Should the credit risk on a stage 3 financial asset improve such that the financial asset is no longer considered credit-impaired, interest income recognition reverts to a computation based on the rehabilitated gross carrying value of the financial asset.

	2023 \$million	2022 \$million
Balances at central banks	2,833	765
Loans and advances to banks	2,095	853
Loans and advances to customers	15,518	10,032
Debt securities	5,005	2,836
Other eligible bills	1,596	630
Accrued on impaired assets (discount unwind)	180	136
Interest income	27,227	15,252
Of which: financial instruments held at fair value through other comprehensive income	3,445	2,167
Deposits by banks	796	433
Customer accounts	14,292	5,443
Debt securities in issue	3,367	1,169
Subordinated liabilities and other borrowed funds	951	570
Interest expense on IFRS 16 lease liabilities	52	44
Interest expense	19,458	7,659
Net interest income	7,769	7,593

4. Net fees and commission

Accounting policy

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

4. Net fees and commission continued

The Group applies the following practical expedients:

- information on amounts of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of the reporting period is not disclosed as almost all fee-earning contracts have an expected duration of less than one year
- promised consideration is not adjusted for the effects of a significant financing component as the period between the Group providing a service and the customer paying for it is expected to be less than one year
- incremental costs of obtaining a fee-earning contract are recognised upfront in 'Fees and commission expense' rather than amortised, if the expected term of the contract is less than one year

The determination of the services performed for the customer, the transaction price, and when the services are completed depends on the nature of the product with the customer. The main considerations on income recognition by product are as follows:

Transaction Banking

The Group recognises fee income associated with transactional trade and cash management at the point in time the service is provided. The Group recognises income associated with trade contingent risk exposures (such as letters of credit and guarantees) over the period in which the service is provided.

Payment of fees is usually received at the same time the service is provided. In some cases, letters of credit and guarantees issued by the Group have annual upfront premiums, which are amortised on a straight-line basis to fee income over the year.

Financial Markets

The Group recognises fee income at the point in time the service is provided. Fee income is recognised for a significant non-lending service when the transaction has been completed and the terms of the contract with the customer entitle the Group to the fee. This includes fees such as structuring and advisory fees. Fees are usually received shortly after the service is provided.

Syndication fees are recognised when the syndication is complete defined as achieving the final approved hold position. Fees are generally received before completion of the syndication, or within 12 months of the transaction date.

Securities services include custody services, fund accounting and administration, and broker clearing. Fees are recognised over the period the custody or fund management services are provided, or as and when broker services are requested.

Wealth Management

Upfront consideration on bancassurance agreements is amortised straight-line over the contractual term. Commissions for bancassurance activities are recorded as they are earned through sales of third-party insurance products to customers. These commissions are received within a short time frame of the commission being earned. Target-linked fees are accrued based on percentage of the target achieved, provided it is assessed as highly probable that the target will be met. Cash payment is received at a contractually specified date after achievement of a target has been confirmed.

Upfront and trailing commissions for managed investment placements are recorded as they are confirmed. Income from these activities is relatively even throughout the period, and cash is usually received within a short time frame after the commission is earned.

Retail Products

The Group recognises most income at the point in time the Group is entitled to the fee, since most services are provided at the time of the customer's request.

Credit card annual fees are recognised over the service period. In most of our retail markets there are circumstances under which fees are waived, income recognition is adjusted to reflect customer's intent to pay the annual fee. The Group defers the fair value of reward points on its credit card reward programmes, and recognises income and costs associated with fulfilling the reward at the time of redemption.

Upfront bancassurance consideration amounts are amortised on a straight-line basis over the contractual period to which the consideration relates.

4. Net fees and commission continued

	2023 \$million	2022 \$million
Fees and commissions income	4,067	3,972
Of which:		
Financial instruments that are not fair valued through profit or loss	1,374	1,306
Trust and other fiduciary activities	508	520
Fees and commissions expense	(815)	(859)
Of which:		
Financial instruments that are not fair valued through profit or loss	(169)	(303)
Trust and other fiduciary activities	(52)	(49)
Net fees and commission	3,252	3,113

	2023				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other Items (segment) \$million	Total \$million
Transaction Banking	1,142	32	–	–	1,174
Trade & Working capital	576	25	–	–	601
Cash Management	566	7	–	–	573
Financial Markets	882	–	–	–	882
Lending & Portfolio Management	141	6	–	–	147
Principal Finance	(1)	–	–	–	(1)
Wealth Management	–	1,225	–	–	1,225
Retail Products	–	592	32	–	624
Treasury	–	–	–	(15)	(15)
Others	–	2	35	(6)	31
Fees and commission income	2,164	1,857	67	(21)	4,067
Fees and commission expense	(411)	(319)	(24)	(61)	(815)
Net fees and commission	1,753	1,538	43	(82)	3,252

	2022				
	Corporate, Commercial & Institutional Banking \$million	Consumer Private & Business Banking \$million	Ventures \$million	Central & other Items (segment) \$million	Total \$million
Transaction Banking	1,143	32	–	–	1,175
Trade & Working capital	594	25	–	–	619
Cash Management	549	7	–	–	556
Financial Markets	958	–	–	–	958
Lending & Portfolio Management	124	5	–	–	129
Wealth Management	–	1,127	–	–	1,127
Retail Products	–	582	12	–	594
Treasury	–	–	–	(5)	(5)
Others	–	(2)	8	(12)	(6)
Fees and commission income	2,225	1,744	20	(17)	3,972
Fees and commission expense	(519)	(220)	(12)	(108)	(859)
Net fees and commission	1,706	1,524	8	(125)	3,113

Upfront bancassurance consideration amounts are amortised on a straight-line basis over the contractual period to which the consideration relates. Deferred income on the balance sheet in respect of these activities is \$474 million (31 December 2022: \$549 million). Following renegotiation of the contract in 2023, the life of the contract was extended for a further 3 years. Accordingly, the income will be earned evenly over a longer period for the next 8.5 years (31 December 2022: 6.5 years). For the twelve months ended 31 December 2023, \$75 million of fee income was released from deferred income (31 December 2022: \$84 million).

5. Net trading income

Accounting policy

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are recorded in net trading income in the period in which they arise. This includes contractual interest receivable or payable.

When the initial fair value of a financial instrument held at fair value through profit or loss relies on unobservable inputs, the difference between the initial valuation and the transaction price is amortised to net trading income as the inputs become observable or over the life of the instrument, whichever is shorter. Any unamortised 'day one' gain is released to net trading income if the transaction is terminated.

Income is recognised from the sale and purchase of trading positions, margins on market making and customer business and fair value changes.

	2023 \$million	2022 \$million
Net trading income	6,292	5,310
Significant items within net trading income include:		
Gains on instruments held for trading ¹	4,625	4,942
Gains on financial assets mandatorily at fair value through profit or loss	4,270	1,087
Gains/(losses) on financial assets designated at fair value through profit or loss	10	(6)
Losses on financial liabilities designated at fair value through profit or loss	(2,649)	(677)

1 Includes \$299 million loss (31 December 2022: \$365 million gain) from the translation of foreign currency monetary assets and liabilities

6. Other operating income

	2023 \$million	2022 \$million
Other operating income includes:		
Rental income from operating lease assets	375	421
Net loss on disposal of fair value through other comprehensive income debt instruments	(115)	(207)
Net (loss)/gain on disposal of amortised cost financial assets ¹	(94)	17
Net gain/(loss) on sale of businesses ²	351	(1)
Dividend income	15	14
Gain on sale of aircrafts	-	21
Others ³	174	37
Other operating income	706	302

1 Includes \$47 million loss on sale of a portfolio of aviation loans

2 2023 includes \$309 million gain from the sale of the aviation finance leasing business, \$18 million from sale of associate (Metaco SA), \$16 million gain from sale of subsidiary (\$9 million from Cardspal and \$7 million from Kozagi) and \$8 million gain from the sale of Jordan one of the AME regions exit markets

3 2023 mainly includes \$59 million tax credit against Research & Development Expenditure, \$38 million gain on disposal of premises, \$21 million income from VISA sponsorship in Hong Kong, \$10 million from gain on lease modification in Hong Kong and \$16 million interest income from tax refund in India

7. Operating expenses

	2023 \$million	2022 \$million
Staff costs:		
Wages and salaries	6,459	6,014
Social security costs	233	210
Other pension costs (Note 30)	431	390
Share-based payment costs (Note 31)	226	199
Other staff costs	907	805
	8,256	7,618

Other staff costs include redundancy expenses of \$106 million (31 December 2022: \$79 million). Further costs in this category include training, travel costs and other staff-related costs.

Details of directors' pay, benefits, pensions and benefits and interests in shares are disclosed in the Directors' remuneration report (page 195).

Transactions with directors, officers and other related parties are disclosed in Note 36.

	2023 \$million	2022 \$million
Premises and equipment expenses:	422	401
General administrative expenses:		
UK bank levy	111	102
Provision for regulatory matters	–	14
Other general administrative expenses	1,691	1,592
	1,802	1,708
Depreciation and amortisation:		
Property, plant and equipment:		
Premises	315	326
Equipment	103	123
Operating lease assets	27	202
	445	651
Intangibles:		
Software	625	531
Acquired on business combinations	1	4
	1,071	1,186
Total operating expenses	11,551	10,913

Operating expenses include research expenditure of \$996 million (31 December 2022: \$946 million), which was recognized as an expense in the year

The UK bank levy is applied to chargeable equity and liabilities on the balance sheet of UK operations. Key exclusions from chargeable equity and liabilities include Tier 1 capital, insured or guaranteed retail deposits, repos secured on certain sovereign debt and liabilities subject to netting. The rates are 0.10 per cent for short-term liabilities and 0.05 per cent for long-term liabilities.

8. Credit impairment

Accounting policy

Significant accounting estimates and judgements

The Group's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions. The significant judgements in determining expected credit loss include:

- The Group's criteria for assessing if there has been a significant increase in credit risk;
- Development of expected credit loss models, including the choice of inputs relating to macroeconomic variables;
- Determining estimates of forward looking macroeconomic forecasts;
- Evaluation of management overlays and post-model adjustments;
- Determination of probability weightings for Stage 3 individually assessed provisions

The calculation of credit impairment provisions also involves expert credit judgement to be applied by the credit risk management team based upon counterparty information they receive from various sources including relationship managers and on external market information. Details on the approach for determining expected credit loss can be found in the credit risk section, under IFRS 9 Methodology (page 273).

Estimates of forecasts of key macroeconomic variables underlying the expected credit loss calculation can be found within the Risk review, Key assumptions and judgements in determining expected credit loss (page 275).

Expected credit losses

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

A cash shortfall is 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.

Measurement

ECL 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). There may be multiple default events over the lifetime of an instrument. Further details on the components of PD, LGD and EAD are disclosed in the Credit risk section. For less material Retail Banking loan portfolios, the Group has adopted less sophisticated approaches based on historical roll rates or loss rates.

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, interest rates, house price indices and commodity prices among others. These assumptions are incorporated using the Group's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios. For example, where there is a greater risk of downside credit losses than upside gains, multiple forward-looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall ECL amounts. These scenarios are determined using a Monte Carlo approach centred around the Group's most likely forecast of macroeconomic assumptions.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Group is exposed to credit risk. However, for certain revolving credit facilities, which include credit cards or overdrafts, the Group's exposure to credit risk is not limited to the contractual period. For these instruments, the Group estimates an appropriate life based on the period that the Group is exposed to credit risk, which includes the effect of credit risk management actions such as the withdrawal of undrawn facilities.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement.

8. Credit impairment continued

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, regardless of whether foreclosure is deemed probable.

Cash flows from unfunded credit enhancements held are included within the measurement of expected credit losses if they are part of, or integral to, the contractual terms of the instrument (this includes financial guarantees, unfunded risk participations and other non-derivative credit insurance). Although non-integral credit enhancements do not impact the measurement of expected credit losses, a reimbursement asset is recognised to the extent of the ECL recorded.

Cash shortfalls are discounted using the effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired instruments (POCI)) 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 ¹
Financial assets held FVOCI – Debt instruments	Other comprehensive income (FVOCI expected credit loss reserve) ²
Loan commitments	Provisions for liabilities and charges ³
Financial guarantees	Provisions for liabilities and charges ³

1 Purchased or originated credit-impaired assets do not attract an expected credit loss provision on initial recognition. An expected credit loss provision will be recognised only if there is an increase in expected credit losses from that considered at initial recognition

2 Debt and treasury securities classified as fair value through other comprehensive income (FVOCI) are held at fair value on the face of the balance sheet. The expected credit loss attributed to these instruments is held as a separate reserve within other comprehensive income (OCI) and is recycled to the profit and loss account along with any fair value measurement gains or losses held within FVOCI when the applicable instruments are derecognised

3 Expected credit loss on loan commitments and financial guarantees is recognised as a liability provision. Where a financial instrument includes both a loan (i.e. financial asset component) and an undrawn commitment (i.e. loan commitment component), and it is not possible to separately identify the expected credit loss on these components, expected credit loss amounts on the loan commitment are recognised together with expected credit loss amounts on the financial asset. To the extent the combined expected credit loss exceeds the gross carrying amount of the financial asset, the expected credit loss is recognised as a liability provision

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) 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.

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. We compare the residual lifetime PD at the balance sheet date to the residual lifetime PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk (see page 282 to 284).

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on non-purely precautionary early alert (and subject to closer monitoring).

A non-purely precautionary early alert account is one which exhibits risk 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. Indicators could include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances among other factors.

8. Credit impairment 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.

- Evidence that a financial asset is credit-impaired includes observable data about the following events:
- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concession/s that lenders would not otherwise consider. This would include forbearance actions (page 257);
- Pending or actual bankruptcy or other financial reorganisation to avoid or delay discharge of the borrower's obligation/s;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower;
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses

Lending commitments to a credit-impaired obligor that have not yet been drawn down are included to the extent that the commitment cannot be withdrawn. Loss provisions against credit-impaired financial assets are determined based on an assessment of the present value of expected cash shortfalls (discounted at the instrument's original effective interest rate) under a range of scenarios, including the realisation of any collateral held where appropriate. The Group's definition of default is aligned with the regulatory definition of default as set out in the UK's onshore capital requirements regulations (Art 178).

Expert credit judgement

For Corporate & Institutional, Commercial and Private Banking, borrowers are graded by credit risk management on a credit grading (CG) scale from CG1 to CG14. Once a borrower starts to exhibit credit deterioration, it will move along the credit grading scale in the performing book and when it is classified as CG12 (which is a qualitative trigger for significant increase in credit risk (see page 283)) the credit assessment and oversight of the loan will normally be performed by Stressed Assets Risk (SAR).

Borrowers graded CG12 exhibit well-defined weaknesses in areas such as management and/or performance but there is no current expectation of a loss of principal or interest in the likely scenario. Where the impairment assessment indicates that there will be a loss of principal on a loan in the likely scenario, the borrower is graded a CG14 while borrowers of other credit-impaired loans are graded CG13. Instruments graded CG13 or CG14 are regarded as stage 3.

For individually significant financial assets within stage 3, SAR will consider all judgements that have an impact on the expected future cash flows of the asset. These include: the business prospects, industry and geo political climate of the customer, quality of realisable value of collateral, the Group's legal position relative to other claimants and any renegotiation/ forbearance/ modification options. The future cash flow calculation involves significant judgements and estimates. As new information becomes available and further negotiations/ forbearance measures are taken the estimates of the future cash flows will be revised, and will have an impact on the future cash flow analysis.

For financial assets which are not individually significant, such as the Retail Banking portfolio or small business loans, which comprise a large number of homogenous loans that share similar characteristics, statistical estimates and techniques are used, as well as credit scoring analysis.

Consumer and Business Banking clients are considered credit-impaired where they are more 90 days past due, or if the borrower files for bankruptcy or other forbearance programme, the borrower is deceased or the business is closed in the case of a small business, or if the borrower surrenders the collateral, or there is an identified fraud on the account. Additionally, if the account is unsecured and the borrower has other credit accounts with the Group that are considered credit-impaired, the account may be also be credit-impaired.

Techniques used to compute impairment amounts use models which analyse historical repayment and default rates over a time horizon. Where various models are used, judgement is required to analyse the available information provided and select the appropriate model or combination of models to use.

Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the models.

Modified financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised (an instrument is derecognised when a modification results in a change in cash flows that the Group would consider substantial), the resulting modification loss is recognised within credit impairment in the income statement with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the bank would not otherwise consider, the instrument is considered to be credit-impaired and is considered forborne.

8. Credit impairment continued

Expected credit loss for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed (by comparison to the origination date) to determine whether there has been a significant increase in credit risk subsequent to the modification. Although loans may be modified for non-credit reasons, a significant increase in credit risk may occur. In addition to the recognition of modification gains and losses, the revised carrying value of modified financial assets will impact the calculation of expected credit losses, with any increase or decrease in expected credit loss recognised within impairment.

Forborne loans

Forborne loans are those loans that have been modified in response to a customer's financial difficulties. Forbearance strategies assist clients who are temporarily in financial distress and are unable to meet their original contractual repayment terms. Forbearance can be initiated by the client, the Group or a third-party including government sponsored programmes or a conglomerate of credit institutions. Forbearance may include debt restructuring such as new repayment schedules, payment deferrals, tenor extensions, interest only payments, lower interest rates, forgiveness of principal, interest or fees, or relaxation of loan covenants.

Forborne loans that have been modified (and not derecognised) on terms that are not consistent with those readily available in the market and/or where we have granted a concession compared to the original terms of the loans are considered credit-impaired if there is a detrimental impact on cash flows. The modification loss (see Classification and measurement – Modifications) is recognised in the profit or loss within credit impairment and the gross carrying value of the loan reduced by the same amount. The modified loan is disclosed as 'Loans subject to forbearance – credit-impaired'.

Loans that have been subject to a forbearance modification, but which are not considered credit-impaired (not classified as CG13 or CG14), are disclosed as 'Forborne – not credit-impaired'. This may include amendments to covenants within the contractual terms.

Write-offs of credit-impaired instruments and reversal of impairment

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for credit impairment in the income statement.

Loss provisions on purchased or originated credit-impaired instruments (POCI)

The Group measures expected credit loss on a lifetime basis for POCI instruments throughout the life of the instrument. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Group recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the income statement and the cumulative change as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as impairment gains in the income statement (and as impairment loss where the expected credit losses are greater).

Improvement in credit risk/curing

For financial assets that are credit-impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

A forborne loan can only be removed from being disclosed as forborne if the loan is performing (stage 1 or 2) and a further two-year probation period is met.

In order for a forborne loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default based upon the forborne contract terms
- The customer is likely to repay its obligations in full without realising security
- The customer has no accumulated impairment against amount outstanding (except for ECL)

Subsequent to the criteria above, a further two-year probation period has to be fulfilled, whereby regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

8. Credit impairment continued

	2023 \$million	2022 \$million
Net credit impairment on loans and advances to banks and customers	606	743
Net credit impairment on debt securities ¹	(50)	122
Net credit impairment relating to financial guarantees and loan commitments	(48)	(27)
Net credit impairment relating to other financial assets	-	(2)
Credit impairment	508	836

1 Includes impairment of \$1 million (2022: \$13 million) on originated credit-impaired debt securities

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

Accounting policy

Refer to the below referenced notes for the relevant accounting policy.

	2023 \$million	2022 \$million
Impairment of goodwill (Note 17)	-	14
Impairment of property, plant and equipment (Note 18)	12	50
Impairment of other intangible assets (Note 17)	112	12
Other ¹	884	363
Property, plant and equipment and other impairment	1,008	425
Goodwill, property, plant and equipment and other impairment	1,008	439

1 Other includes \$850 million (2022: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai), reflecting Bohai's lower reported net profit in 2023 (compared to 2022), as well as banking industry challenges and property market uncertainties in Mainland China, that may impact Bohai's future profitability

10. Taxation

Accounting policy

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

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

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where permitted, deferred tax assets and liabilities are offset on an entity basis and not by component of deferred taxation.

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

Other accounting estimates and judgements

- Determining the Group's tax charge for the year involves estimation and judgement, which includes an interpretation of local tax laws and an assessment of whether the tax authorities will accept the position taken. These judgements take account of external advice where appropriate, and the Group's view on settling with the relevant tax authorities.
- The Group provides for current tax liabilities at the best estimate of the amount that is expected to be paid to the tax authorities where an outflow is probable. In making its estimates the Group assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all relevant information.
- The recoverability of the Group's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised. In preparing management forecasts the effect of applicable laws and regulations relevant to the utilisation of future taxable profits have been considered.

10. Taxation continued

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

	2023 \$million	2022 \$million
The charge for taxation based upon the profit for the year comprises:		
Current tax:		
United Kingdom corporation tax at 23.5 per cent (2022: 19 per cent):		
Current tax charge on income for the year	(48)	48
Adjustments in respect of prior years (including double tax relief)	14	–
Foreign tax:		
Current tax charge on income for the year	1,695	1,216
Adjustments in respect of prior years	(11)	5
	1,650	1,269
Deferred tax:		
Origination/reversal of temporary differences	(22)	144
Adjustments in respect of prior years	3	(29)
	(19)	115
Tax on profits on ordinary activities	1,631	1,384
Effective tax rate	32.0%	32.3%

The tax charge for the year of \$1,631 million (31 December 2022: \$1,384 million) on a profit before tax of \$5,093 million (31 December 2022: \$4,286 million) reflects the impact of tax losses for which no deferred tax assets are recognised, non-deductible expenses, and non-creditable withholding taxes and other taxes. These are partly offset by tax exempt income.

Foreign tax includes current tax of \$201 million (31 December 2022: \$35 million) on the profits assessable in Hong Kong. Deferred tax includes origination or reversal of temporary differences of \$nil million (31 December 2022: \$51 million) provided at a rate of 16.5 per cent (31 December 2022: 16.5 per cent) on the profits assessable in Hong Kong.

The Group will be in scope of the new Pillar Two global minimum tax rules which were substantively enacted in the UK on 20 June 2023 to apply for periods commencing 1 January 2024. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

Based on an initial impact assessment undertaken in respect of historical financial data together with corporate plan data available, the Group's exposure to Pillar Two income taxes are not expected to be material. The Group is closely monitoring developments to assess potential future implications and implementation efforts.

Tax rate: The tax charge for the year is higher than the charge at the rate of corporation tax in the UK, 23.5 per cent.

The differences are explained below:

	2023		2022	
	\$million	%	\$million	%
Profit on ordinary activities before tax	5,093		4,286	
Tax at 23.5 per cent (2022: 19 per cent)	1,197	23.5	814	19.0
Lower tax rates on overseas earnings	(330)	(6.5)	(122)	(2.8)
Higher tax rates on overseas earnings	306	6.0	435	10.1
Tax at domestic rates applicable where profits earned	1,173	23.0	1,127	26.3
Non-creditable withholding taxes and other taxes ¹	85	1.7	170	4.0
Tax exempt income	(131)	(2.6)	(69)	(1.6)
Share of associates and joint ventures	(14)	(0.3)	(27)	(0.6)
Non-deductible expenses	219	4.3	115	2.7
Bank levy	26	0.5	19	0.4
Non-taxable losses on investments ²	64	1.3	51	1.2
Payments on financial instruments in reserves	(68)	(1.3)	(56)	(1.3)
Goodwill impairment	–	–	3	0.1
Deferred tax not recognised	278	5.4	77	1.8
Deferred tax rate changes	(1)	–	(9)	(0.2)
Adjustments to tax charge in respect of prior years	6	0.1	(24)	(0.6)
Other items ¹	(6)	(0.1)	7	0.1
Tax on profit on ordinary activities	1,631	32.0	1,384	32.3

1 The comparatives have been reclassified by moving the effect of other taxes from Other items to Non-creditable withholding taxes and other taxes in order to provide more clarity to the reader. The 2022 comparatives have been reclassified as follows to align with the presentation in the current period: Non-creditable withholding taxes and other taxes from \$90 million to \$170 million, and Other items from \$87 million to \$7 million.

2 Non-taxable losses on investments includes \$140 million (2022: \$51 million) in respect of the tax impact of the impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai).

10. Taxation continued

Factors affecting the tax charge in future years: the Group's tax charge, and effective tax rate in future years could be affected by several factors including acquisitions, disposals and restructuring of our businesses, the mix of profits across jurisdictions with different statutory tax rates, changes in tax legislation and tax rates and resolution of uncertain tax positions.

The evaluation of uncertain tax positions involves an interpretation of local tax laws which could be subject to challenge by a tax authority, and an assessment of whether the tax authorities will accept the position taken. The Group does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk of resulting in a material adjustment within the next financial year.

Tax recognised in other comprehensive income	2023			2022		
	Current tax \$million	Deferred tax \$million	Total \$million	Current tax \$million	Deferred tax \$million	Total
Items that will not be reclassified to income statement	–	(107)	(107)	–	15	15
Own credit adjustment	–	(49)	(49)	–	8	8
Equity instruments at fair value through other comprehensive income	–	(69)	(69)	–	27	27
Retirement benefit obligations	–	11	11	–	(20)	(20)
Items that may be reclassified subsequently to income statement	–	(129)	(129)	–	152	152
Debt instruments at fair value through other comprehensive income	–	(17)	(17)	–	63	63
Cashflow hedges	–	(112)	(112)	–	89	89
Total tax credit/(charge) recognised in equity	–	(236)	(236)	–	167	167

Current tax: The following are the movements in current tax during the year:

Current tax comprises:	2023 \$million	2022 \$million
Current tax assets	503	766
Current tax liabilities	(583)	(348)
Net current tax opening balance	(80)	418
Movements in income statement	(1,650)	(1,269)
Movements in other comprehensive income	–	–
Taxes paid	1,367	821
Other movements	36	(50)
Net current tax balance as at 31 December	(327)	(80)
Current tax assets	484	503
Current tax liabilities	(811)	(583)
Total	(327)	(80)

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

	At 1 January 2023 \$million	Exchange & other adjustments \$million	(Charge)/credit to profit \$million	(Charge)/credit to equity \$million	At 31 December 2023 \$million
Deferred tax comprises:					
Accelerated tax depreciation	(589)	236	(71)	–	(424)
Impairment provisions on loans and advances	334	(20)	(28)	–	286
Tax losses carried forward	212	(106)	(9)	–	97
Equity instruments at fair value through other comprehensive income	(74)	(1)	–	(69)	(144)
Debt instruments at fair value through other comprehensive income	61	(14)	(3)	(17)	27
Cashflow hedges	89	(2)	–	(112)	(25)
Own credit adjustment	5	(27)	–	(49)	(71)
Retirement benefit obligations	2	2	(11)	11	4
Share-based payments	36	–	7	–	43
Other temporary differences	(11)	16	134	–	139
Net deferred tax assets/(liabilities)	65	84	19	(236)	(68)

10. Taxation continued

	At 1 January 2022 \$million	Exchange & other adjustments \$million	(Charge)/credit to profit \$million	(Charge)/credit to equity \$million	At 31 December 2022 \$million
Deferred tax comprises:					
Accelerated tax depreciation	(515)	(8)	(66)	–	(589)
Impairment provisions on loans and advances	351	(41)	24	–	334
Tax losses carried forward	263	16	(67)	–	212
Equity instruments at fair value through other comprehensive income ¹	(96)	(6)	1	27	(74)
Debt instruments at fair value through other comprehensive income ¹	(30)	5	23	63	61
Cashflow hedges	–	–	–	89	89
Own credit adjustment	(3)	–	–	8	5
Retirement benefit obligations	27	(5)	–	(20)	2
Share-based payments	32	–	4	–	36
Other temporary differences	30	(7)	(34)	–	(11)
Net deferred tax assets/(liabilities)	59	(46)	(115)	167	65

1 2022 has been reclassified to separately disclose Equity instruments at fair value through other comprehensive income and Debt instruments at fair value through other comprehensive income. No change in overall balance.

Deferred tax comprises assets and liabilities as follows:

	2023			2022		
	Total \$million	Asset \$million	Liability \$million	Total \$million	Asset \$million	Liability \$million
Deferred tax comprises:						
Accelerated tax depreciation	(424)	3	(427)	(589)	1	(590)
Impairment provisions on loans and advances	286	282	4	334	339	(5)
Tax losses carried forward	97	49	48	212	90	122
Equity instruments at fair value through other comprehensive income ¹	(144)	(1)	(143)	(74)	–	(74)
Debt instruments at fair value through other comprehensive income ¹	27	29	(2)	61	45	16
Cashflow hedges	(25)	12	(37)	89	85	4
Own credit adjustment	(71)	(1)	(70)	5	(1)	6
Retirement benefit obligations	4	13	(9)	2	15	(13)
Share-based payments	43	9	34	36	5	31
Other temporary differences	139	307	(168)	(11)	255	(266)
	(68)	702	(770)	65	834	(769)

1 2022 has been reclassified to separately disclose Equity instruments at fair value through other comprehensive income and Debt instruments at fair value through other comprehensive income. No change in overall balance.

The recoverability of the Group's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised. The Group's total deferred tax assets include \$97 million relating to tax losses carried forward, of which \$48 million arises in legal entities with offsetting deferred tax liabilities. The remaining deferred tax assets on losses of \$49 million are forecast to be recovered before expiry and within five years.

Sale of aircraft leasing business during the year, included within Other operating income, resulted in the disposal of \$113 million of deferred tax assets relating to losses in Ireland held at 31 December 2022.

Unrecognised deferred tax

	Net 2023 \$million	Gross 2023 \$million	Net 2022 \$million	Gross 2022 \$million
No account has been taken of the following potential deferred tax assets/(liabilities):				
Withholding tax on unremitted earnings from overseas subsidiaries and associates	(653)	(7,685)	(507)	(6,434)
Tax losses	2,242	9,326	1,980	8,231
Held over gains on incorporation of overseas branches	(366)	(1,389)	(346)	(1,313)
Other temporary differences	397	1,516	544	1,991

11. Dividends

Accounting policy

The Board considers a number of factors prior to dividend declaration which includes the rate of recovery in the Group's financial performance, the macroeconomic environment, and opportunities to further invest in our business and grow profitably in our markets.

Ordinary equity shares

	2023		2022	
	Cents per share	\$million	Cents per share	\$million
2022/2021 final dividend declared and paid during the year	14	401	9	274
2023/2022 interim dividend declared and paid during the year	6	167	4	119

Dividends on ordinary equity shares are recorded in the period in which they are declared and, in respect of the final dividend, have been approved by the shareholders. Accordingly, the final ordinary equity share dividends set out above relate to the respective prior years.

2023 recommended final ordinary equity share dividend

The 2023 ordinary equity share dividend recommended by the Board is 21 cents per share. The financial statements for the year ended 31 December 2023 do not reflect this dividend as this will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2024.

The dividend will be paid in either pounds sterling, Hong Kong dollars or US dollars on 17 May 2024 to shareholders on the UK register of members at the close of business in the UK on 8 March 2024.

Preference shares and Additional Tier 1 securities

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

		2023 \$million	2022 \$million
Non-cumulative redeemable preference shares:	7.014 per cent preference shares of \$5 each	53	53
	Floating rate preference shares of \$5 each ¹	50	20
		103	73
Additional Tier 1 securities: fixed rate resetting perpetual subordinated contingent convertible securities		349	328
		452	401

¹ Floating rate is based on Secured Overnight Financing Rate (SOFR), average rate paid for floating preference shares is 6.62% (2022: 2.71%)

12. Earnings per ordinary share

Earnings per share on an underlying basis differs from earnings defined in IAS 33 Earnings per share. Underlying earnings is profit/(loss) attributable to ordinary shareholders adjusted for profits or losses of a capital nature; amounts consequent to investment transactions driven by strategic intent; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the year.

The table below provides the basis of underlying earnings.

	2023 \$million	2022 ¹ \$million
Profit for the period attributable to equity holders	3,462	2,902
Non-controlling interest	7	46
Dividend payable on preference shares and AT1 classified as equity	(452)	(401)
Profit for the period attributable to ordinary shareholders	3,017	2,547
Items normalised:		
Restructuring	14	99
Goodwill and other impairment ²	850	322
DVA	(17)	(42)
Net gains on sale of Businesses ³	(262)	(20)
Tax on normalised items	(21)	(3)
Underlying profit	3,581	2,903
Basic – Weighted average number of shares (millions)	2,778	2,966
Diluted – Weighted average number of shares (millions)	2,841	3,023
Basic earnings per ordinary share (cents)	108.6	85.9
Diluted earnings per ordinary share (cents)	106.2	84.3
Underlying basic earnings per ordinary share (cents)	128.9	97.9
Underlying diluted earnings per ordinary share (cents)	126.0	96.0

- Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
- Goodwill and other impairment include \$850 million (2022: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
- Includes the sale of the Aviation Finance business, of which there was a gain on sale of \$309 million on the leasing business and a loss of \$47 million in relation to a sale of a portfolio of Aviation loans

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the basic weighted average number of shares excluding treasury shares held in employees benefit trust. When calculating diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all expected dilutive potential ordinary shares held in respect of Standard Chartered PLC totalling 56 million (2022: 52 million). The total number of share options outstanding, under schemes considered to be potentially dilutive, was 7 million (2022: 5 million). These options have strike prices ranging from \$3.99 to \$7.49.

Of the total number of employee share options and share awards at 31 December 2023 there were nil share options and awards which were anti dilutive.

The 188 million decrease (2022: 142 million decrease) in the basic weighted average number of shares is primarily due to the impact of the share buy-back programmes completed in the year.

13. Financial instruments

Classification and measurement

Accounting policy

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

Debt instruments held at amortised cost or held at FVOCI have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI) characteristics.

In assessing whether the contractual cash flows have SPPI characteristics, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows
- Leverage features
- Prepayment and extension terms
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements)
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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 flow.

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. Factors considered include:

- How the performance of the product business line is evaluated and reported to the Group's management
- How managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected
- The risks that affect the performance of the business model and how those risks are managed
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

The Group's business model assessment is as follows:

Business model	Business objective	Characteristics	Businesses	Products
Hold to collect	Intent is to originate financial assets and hold them to maturity, collecting the contractual cash flows over the term of the instrument	<ul style="list-style-type: none"> • Providing financing and originating assets to earn interest income as primary income stream • Performing credit risk management activities • Costs include funding costs, transaction costs and impairment losses 	<ul style="list-style-type: none"> • Corporate Lending • Financial Markets • Transaction Banking • Retail Lending • Treasury Markets (Loans and Borrowings) 	<ul style="list-style-type: none"> • Loans and advances • Debt securities
Hold to collect and sell	Business objective met through both hold to collect and by selling financial assets	<ul style="list-style-type: none"> • Portfolios held for liquidity needs; or where a certain interest yield profile is maintained; or that are normally rebalanced to achieve matching of duration of assets and liabilities • Income streams come from interest income, fair value changes, and impairment losses 	<ul style="list-style-type: none"> • Treasury Markets 	<ul style="list-style-type: none"> • Debt securities
Fair value through profit or loss	All other business objectives, including trading and managing financial assets on a fair value basis	<ul style="list-style-type: none"> • Assets held for trading • Assets that are originated, purchased, and sold for profit taking or underwriting activity • Performance of the portfolio is evaluated on a fair value basis • Income streams are from fair value changes or trading gains or losses 	<ul style="list-style-type: none"> • Financial Markets • All other business lines 	<ul style="list-style-type: none"> • Derivatives • Equity shares • Trading portfolios • Financial Markets reverse repos • Financial Markets (FM Bond and Loan Syndication)

13. Financial instruments continued

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cashflows (hold to collect) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets (Hold to collect and sell) are classified as held at FVOCI. Both hold to collect and hold to collect and sell business models involve holding financial assets to collect the contractual cashflows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed. Hold to collect business models are characterised by asset sales that are incidental to meeting the objectives under which a group of assets is managed. Sales of assets under a hold to collect business model can be made to manage increases in the credit risk of financial assets but sales for other reasons should be infrequent or insignificant. Cashflows from the sale of financial assets under a hold to collect and sell business model by contrast are integral to achieving the objectives under which a particular group of financial assets are managed. This may be the case where frequent sales of financial assets are required to manage the Group's daily liquidity requirements or to meet regulatory requirements to demonstrate liquidity of financial instruments. Sales of assets under hold to collect and sell business models are therefore both more frequent and more significant in value than those under the hold to collect model.

Equity instruments designated as held at FVOCI

Non-trading equity instruments acquired for strategic purposes rather than capital gain may be irrevocably designated at initial recognition as held at FVOCI on an instrument-by-instrument basis. Dividends received are recognised in profit or loss. 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.

Mandatorily classified at fair value through profit or loss

Financial assets and liabilities which are mandatorily held at fair value through profit or loss are split between two subcategories as follows:

Trading, including:

- Financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short-term
- Derivatives

Non-trading mandatorily at fair value through profit or loss, including:

- Instruments in a business which has a fair value business model (see the Group's business model assessment) which are not trading or derivatives
- 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 an embedded derivative where the Group is not able to bifurcate and 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.

Preference shares which carry a mandatory coupon that represents a market rate of interest at the issue date, or which are redeemable on a specific date or at the option of the 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.

13. Financial instruments continued

Financial guarantee contracts and loan commitments

The Group issues financial guarantee contracts and loan commitments in return for fees. Financial guarantee contracts and any loan commitments issued at below-market interest rates are initially recognised at their fair value as a financial liability, and subsequently measured at the higher of the initial value less the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers and their expected credit loss provision. Loan commitments may be designated at fair value through profit or loss where that is the business model under which such contracts are held.

Fair value of financial assets and liabilities

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

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market for a financial instrument, and for unlisted securities, is not active, the Group establishes fair value by using valuation techniques.

Initial recognition

Regular way purchases and sales of financial assets held at fair value through profit or loss, and held at fair value through other comprehensive income 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 and liabilities which are not subsequently measured at fair value through profit or loss.

In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market data. Where the initially recognised fair value is based on a valuation model that uses unobservable inputs, the difference between the transaction price and the valuation model is not recognised immediately in the income statement but following the passage of time, or as the inputs become observable, or the transaction matures or is terminated.

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 (see 'Interest income and expense'). Foreign exchange gains and losses are recognised in the income statement.

Where a financial instrument carried at amortised cost is the hedged item in a qualifying fair value hedge relationship, its carrying value is adjusted by the fair value gain or loss attributable to the hedged risk.

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 equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

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. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

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

Gains and losses arising from changes in fair value, including contractual interest income or expense, recorded in the net trading income line in the profit or loss unless the instrument is part of a cash flow hedging relationship.

13. Financial instruments continued

Derecognition of financial instruments

Financial assets which are subject to commercial refinancing where the loan is priced to the market with no payment related concessions regardless of form of legal documentation or nature of lending will be derecognised. Where the Group's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. For all other modifications for example forbore loans or restructuring, whether or not a change in the cash flows is 'substantially different' is judgemental and will be considered on a case-by-case basis, taking into account all the relevant facts and circumstances.

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.

Modified financial instruments

Financial assets and financial liabilities whose original contractual terms have been modified, including those loans subject to forbearance strategies, are considered to be modified instruments. Modifications may include changes to the tenor, cash flows and or interest rates among other factors.

Where derecognition of financial assets is appropriate (see Derecognition), the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

Where derecognition is not appropriate, the gross carrying amount of the applicable instruments is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (or credit adjusted effective interest rate for POCI financial assets). The difference between the recalculated values and the pre-modified gross carrying values of the instruments are recorded as a modification gain or loss in the profit or loss.

Gains and losses arising from modifications for credit reasons are recorded as part of 'Credit Impairment' (see Credit Impairment policy). Modification gains and losses arising from non-credit reasons are recognised either as part of 'Credit Impairment' or within income depending on whether there has been a change in the credit risk on the financial asset subsequent to the modification. Modification gains and losses arising on financial liabilities are recognised within income. The movements in the applicable expected credit loss loan positions are disclosed in further detail in Risk Review.

13. Financial instruments continued

The Group's classification of its financial assets and liabilities is summarised in the following tables.

Assets	Notes	Assets at fair value						Assets held at amortised cost \$million	Total \$million
		Trading \$million	Derivatives held for hedging \$million	Non-trading mandatorily at fair value through profit or loss \$million	Designated at fair value through profit or loss \$million	Fair value through other comprehensive income \$million	Total financial assets at fair value \$million		
Cash and balances at central banks ¹		-	-	-	-	-	-	69,905	69,905
Financial assets held at fair value through profit or loss									
Loans and advances to banks ²		2,265	-	-	-	-	2,265	-	2,265
Loans and advances to customers ²		6,930	-	282	-	-	7,212	-	7,212
Reverse repurchase agreements and other similar secured lending	16	9,997	-	71,850	-	-	81,847	-	81,847
Debt securities, alternative tier one and other eligible bills		52,776	-	98	78	-	52,952	-	52,952
Equity shares		2,721	-	219	-	-	2,940	-	2,940
Other assets		-	-	6	-	-	6	-	6
		74,689	-	72,455	78	-	147,222	-	147,222
Derivative financial instruments	14	48,333	2,101	-	-	-	50,434	-	50,434
Loans and advances to banks ²	15	-	-	-	-	-	-	44,977	44,977
of which – reverse repurchase agreements and other similar secured lending	16	-	-	-	-	-	-	1,738	1,738
Loans and advances to customers ²	15	-	-	-	-	-	-	286,975	286,975
of which – reverse repurchase agreements and other similar secured lending	16	-	-	-	-	-	-	13,996	13,996
Investment securities									
Debt securities, alternative tier one and other eligible bills		-	-	-	-	103,328	103,328	56,935	160,263
Equity shares		-	-	-	-	992	992	-	992
		-	-	-	-	104,320	104,320	56,935	161,255
Other assets	20	-	-	-	-	-	-	38,140	38,140
Assets held for sale	21	-	-	-	-	-	-	701	701
Total at 31 December 2023		123,022	2,101	72,455	78	104,320	301,976	497,633	799,609

1 Cash and balances at central banks includes both cash held in restricted accounts and on demand or placements which are contractually due to mature overnight only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 230 to 343)

13. Financial instruments continued

Assets	Notes	Assets at fair value						Assets held at amortised cost \$million	Total \$million
		Trading \$million	Derivatives held for hedging \$million	Non-trading mandatorily at fair value through profit or loss \$million	Designated at fair value through profit or loss \$million	Fair value through other comprehensive income \$million	Total financial assets at fair value \$million		
Cash and balances at central banks ¹		–	–	–	–	–	–	58,263	58,263
Financial assets held at fair value through profit or loss									
Loans and advances to banks ²		976	–	–	–	–	976	–	976
Loans and advances to customers ²		5,765	–	781	–	–	6,546	–	6,546
Reverse repurchase agreements and other similar secured lending	16	1,175	–	63,316	–	–	64,491	–	64,491
Debt securities, alternative tier one and other eligible bills		30,162	–	324	76	–	30,562	–	30,562
Equity shares		2,997	–	233	–	–	3,230	–	3,230
Other assets		–	–	7	–	–	7	–	7
		41,075	–	64,661	76	–	105,812	–	105,812
Derivative financial instruments	14	60,858	2,859	–	–	–	63,717	–	63,717
Loans and advances to banks ²	15	–	–	–	–	–	–	39,519	39,519
of which – reverse repurchase agreements and other similar secured lending	16	–	–	–	–	–	–	978	978
Loans and advances to customers ²	15	–	–	–	–	–	–	310,647	310,647
of which – reverse repurchase agreements and other similar secured lending	16	–	–	–	–	–	–	24,498	24,498
Investment securities									
Debt securities, alternative tier one and other eligible bills		–	–	–	–	111,926	111,926	59,714	171,640
Equity shares		–	–	–	–	808	808	–	808
		–	–	–	–	112,734	112,734	59,714	172,448
Other assets	20	–	–	–	–	–	–	39,295	39,295
Assets held for sale	21	–	–	–	3	–	3	1,388	1,391
Total at 31 December 2022		101,933	2,859	64,661	79	112,734	282,266	508,826	791,092

1 Cash and balances at central banks includes both cash held in restricted accounts and on demand or placements which are contractually due to mature overnight only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 230 to 343)

13. Financial instruments continued

Liabilities	Notes	Liabilities at fair value				Amortised cost \$million	Total \$million
		Trading \$million	Derivatives held for hedging \$million	Designated at fair value through profit or loss \$million	Total financial liabilities at fair value \$million		
Deposits by banks		–	–	–	–	28,030	28,030
Customer accounts		–	–	–	–	469,418	469,418
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	1,894	1,894	–	1,894
Customer accounts		39	–	17,209	17,248	–	17,248
Repurchase agreements and other similar secured borrowing	16	1,660	–	39,623	41,283	–	41,283
Debt securities in issue	22	–	–	10,817	10,817	–	10,817
Short positions		11,846	–	–	11,846	–	11,846
Other liabilities		–	–	8	8	–	8
		13,545	–	69,551	83,096	–	83,096
Derivative financial instruments	14	52,747	3,314	–	56,061	–	56,061
Repurchase agreements and other similar secured borrowing	16	–	–	–	–	12,258	12,258
Debt securities in issue	22	–	–	–	–	62,546	62,546
Other liabilities	23	–	–	–	–	38,663	38,663
Subordinated liabilities and other borrowed funds	27	–	–	–	–	12,036	12,036
Liabilities included in disposal groups held for sale	21	–	–	–	–	726	726
Total at 31 December 2023		66,292	3,314	69,551	139,157	623,677	762,834

Liabilities	Notes	Liabilities at fair value				Amortised cost \$million	Total \$million
		Trading \$million	Derivatives held for hedging \$million	Designated at fair value through profit or loss \$million	Total financial liabilities at fair value \$million		
Deposits by banks		–	–	–	–	28,789	28,789
Customer accounts		–	–	–	–	461,677	461,677
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	1,066	1,066	–	1,066
Customer accounts		29	–	11,677	11,706	–	11,706
Repurchase agreements and other similar secured borrowing	16	–	–	51,706	51,706	–	51,706
Debt securities in issue	22	–	–	8,572	8,572	–	8,572
Short positions		6,847	–	–	6,847	–	6,847
Other liabilities		–	–	6	6	–	6
		6,876	–	73,027	79,903	–	79,903
Derivative financial instruments	14	65,316	4,546	–	69,862	–	69,862
Repurchase agreements and other similar secured borrowing	16	–	–	–	–	2,108	2,108
Debt securities in issue	22	–	–	–	–	61,242	61,242
Other liabilities	23	–	–	–	–	42,915	42,915
Subordinated liabilities and other borrowed funds	27	–	–	–	–	13,715	13,715
Liabilities included in disposal groups held for sale	21	5	–	–	5	1,230	1,235
Total at 31 December 2022		72,197	4,546	73,027	149,770	611,676	761,446

13. Financial instruments continued

Interest rate benchmark reform

During 2023, significant progress was made in support of LIBOR transition.

New LIBOR-referencing business had ceased and a full suite of Risk Free Rate-referencing derivative and cash products were standard offerings across the Group.

Having completed the remediation of all non-USD LIBOR exposures at the end of 2021 with no reliance on synthetic rates, the Programme focused on remediating legacy USD LIBOR stock ahead of the USD LIBOR cessation date (30 June 2023).

The Group made significant progress towards completing its remediation of legacy exposures over the course of 2023. Clients with legacy USD LIBOR loans were engaged to remediate their contracts via active conversion to alternative rates, or other suitable transition mechanisms such as the inclusion of robust fallbacks. For derivatives, the Group adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol for all its trading entities and continued to engage clients to do the same or to negotiate remediation bilaterally. The Group also successfully participated in CCP conversion events, including both tranches of the London Clearing House (LCH) conversions for USD LIBOR and also the SGD/THB conversion, as well as the CME Eurodollar futures and the Hong Kong Exchanges and Clearing (HKEX) USD LIBOR events. This significantly reduced our overall notional exposure to USD LIBOR, as centrally cleared derivatives and bilateral derivatives with fallbacks represented a substantial portion of the Group's overall USD LIBOR notional exposure.

At 31 December 2023, a number of contracts remain subject to remediation but these are considered immaterial for the Group. The largest population of remaining exposures are syndicated loans, either on a standalone basis, or where the loans have been hedged with derivatives. These contracts currently operate under a synthetic USD LIBOR rate.

Risks which the Group is exposed to due to LIBOR transition

The Group has largely mitigated all material adverse outcomes associated with the cessation of IBOR benchmarks, and these have not required a change to the Group's risk management strategy.

However, the Group will continue to focus on the un-remediated contracts, and manage the risks of the transition until fully complete.

Particular attention will continue to be paid to: legal risk of any contracts that may remain outstanding after the end of synthetic LIBOR (currently scheduled for end of September 2024); conduct risk arising from continued remediation; financial and accounting risk in terms of the financial impact of IBOR transition for the outstanding contracts, and also financial instruments that may be affected by accounting issues such as accounting for contractual changes due to IBOR reform, fair value measurement and hedge accounting, as well as other risks inherent in the reform.

As at 31 December 2022 the Group had the following notional principal exposures to interest rate benchmarks that were subject to interest rate benchmark reform.

IBOR exposures by benchmark at 31 December 2022	USD LIBOR \$million	GBP LIBOR \$million	SGD SOR \$million	THB FIX \$million	Other IBOR \$million	Total IBOR \$million
Assets						
Loans and advances to banks	145	–	–	–	–	145
Loans and advances to customers	21,395	–	420	–	–	21,815
Debt securities, AT1 and other eligible bills	2,843	–	15	–	–	2,858
	24,383	–	435	–	–	24,818
Liabilities						
Deposits by banks	332	–	–	–	–	332
Customer accounts	3,066	–	–	34	–	3,100
Repurchase agreements and other secured borrowing	671	–	–	–	–	671
Debt securities in issue	1,211	–	–	–	–	1,211
Subordinated liabilities and other borrowed funds	–	–	–	–	–	–
	5,280	–	–	34	–	5,314
Derivatives – Foreign exchange contracts						
Currency swaps and options	135,145	–	2,273	959	–	138,377
Derivatives – Interest rate contracts						
Swaps	671,534	–	7,512	10,998	–	690,044
Forward rate agreements and options	22,067	–	–	9	–	22,076
Exchange traded futures and options	31,922	–	–	–	–	31,922
Equity and stock index options	49	–	–	–	–	49
Credit derivative contracts	3,974	–	46	129	–	4,149
Total IBOR derivative exposure	864,691	–	9,831	12,095	–	886,617
Total IBOR exposure	894,354	–	10,266	12,129	–	916,749
Loan commitments off-balance sheet	2,798	–	14	–	–	2,812

13. Financial instruments continued

Offsetting of financial instruments

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

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

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

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

	2023					
	Gross amounts of recognised financial instruments \$million	Impact of offset in the balance sheet \$million	Net amounts of financial instruments presented in the balance sheet \$million	Related amount not offset in the balance sheet		Net amount \$million
				Financial instruments \$million	Financial collateral \$million	
Assets						
Derivative financial instruments	99,929	(49,495)	50,434	(39,293)	(8,440)	2,701
Reverse repurchase agreements and other similar secured lending	109,413	(11,832)	97,581	–	(97,581)	–
At 31 December 2023	209,342	(61,327)	148,015	(39,293)	(106,021)	2,701
Liabilities						
Derivative financial instruments	105,556	(49,495)	56,061	(39,293)	(10,337)	6,431
Repurchase agreements and other similar secured borrowing	65,373	(11,832)	53,541	–	(53,541)	–
At 31 December 2023	170,929	(61,327)	109,602	(39,293)	(63,878)	6,431

	2022					
	Gross amounts of recognised financial instruments \$million	Impact of offset in the balance sheet \$million	Net amounts of financial instruments presented in the balance sheet \$million	Related amount not offset in the balance sheet		Net amount \$million
				Financial instruments \$million	Financial collateral \$million	
Assets						
Derivative financial instruments	120,799	(57,082)	63,717	(50,133)	(9,206)	4,378
Reverse repurchase agreements and other similar secured lending	105,891	(15,924)	89,967	–	(89,967)	–
At 31 December 2022	226,690	(73,006)	153,684	(50,133)	(99,173)	4,378
Liabilities						
Derivative financial instruments	126,944	(57,082)	69,862	(50,133)	(12,515)	7,214
Repurchase agreements and other similar secured borrowing	69,738	(15,924)	53,814	–	(53,814)	–
At 31 December 2022	196,682	(73,006)	123,676	(50,133)	(66,329)	7,214

Related amounts not offset in the balance sheet comprises:

- Financial instruments not offset in the balance sheet but covered by an enforceable netting arrangement. This comprises master netting arrangements held against derivative financial instruments and excludes the effect of over-collateralisation
- Financial instruments where a legal opinion evidencing enforceability of the right of offset may not have been sought, or may have been unable to obtain
- Financial collateral comprises cash collateral pledged and received for derivative financial instruments and collateral bought and sold for reverse repurchase and repurchase agreements respectively and excludes the effect of over-collateralisation

13. Financial instruments continued

Financial liabilities designated at fair value through profit or loss

	2023 \$million	2022 \$million
Carrying balance aggregate fair value	69,551	73,027
Amount contractually obliged to repay at maturity	71,240	74,138
Difference between aggregate fair value and contractually obliged to repay at maturity	(1,689)	(1,111)
Cumulative change in fair value accredited to credit risk difference	156	(56)

The net fair value loss on financial liabilities designated at fair value through profit or loss was \$2,649 million for the year (31 December 2022: net loss of \$677 million).

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

Valuation of financial instruments

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

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

Significant accounting estimates and judgements

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

- Fair value of financial instruments is determined using valuation techniques and estimates (see below) which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments.
- When establishing the exit price of a financial instrument using a valuation technique, the Group estimates valuation adjustments in determining the fair value (page 400).
- In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 assets, and the significant valuation judgements in respect of Level 3 instruments (page 407).
- Where the estimated measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

13. Financial instruments continued

Valuation techniques

Refer to the fair value hierarchy explanation – Level 1, 2 and 3 (page 402)

• Financial instruments held at fair value

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

• Financial instruments held at amortised cost

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

- **Cash and balances at central banks:** The fair value of cash and balances at central banks is their carrying amounts
- **Debt securities in issue, subordinated liabilities and other borrowed funds:** The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term to maturity
- **Deposits and borrowings:** The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar Credit Risk and remaining maturity

13. Financial instruments continued

- **Investment securities:** For investment securities that do not have directly observable market values, the Group utilises a number of valuation techniques to determine fair value. Where available, securities are valued using input proxies from the same or closely related underlying (for example, bond spreads from the same or closely related issuer) or input proxies from a different underlying (for example, a similar bond but using spreads for a particular sector and rating). Certain instruments cannot be proxies as set out above, and in such cases the positions are valued using non-market observable inputs. This includes those instruments held at amortised cost and predominantly relates to asset-backed securities. The fair value for such instruments is usually derived from proxy from internal assessments of the underlying cash flows
- **Loans and advances to banks and customers:** For loans and advances to banks, the fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using the prevailing money market rates for debts with a similar Credit Risk and remaining maturity. The Group's loans and advances to customers' portfolio is well diversified by geography and industry. Approximately a quarter of the portfolio re-prices within one month, and approximately half re-prices within 12 months. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The estimated fair value of loans and advances with a residual maturity of more than one year represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates and Credit Risk. Expected cash flows are discounted at current market rates to determine fair value. The Group has a wide range of individual instruments within its loans and advances portfolio and as a result providing quantification of the key assumptions used to value such instruments is impractical
- **Other assets:** Other assets comprise primarily cash collateral and trades pending settlement. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short term in nature or re-price to current market rates frequently.

Fair value adjustments

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

	01.01.23 \$million	Movement during the year \$million	31.12.23 \$million	01.01.22 \$million	Movement during the year \$million	31.12.22 \$million
Bid-offer valuation adjustment	118	(3)	115	101	17	118
Credit valuation adjustment	171	(52)	119	165	6	171
Debit valuation adjustment	(112)	(17)	(129)	(70)	(42)	(112)
Model valuation adjustment	3	1	4	5	(2)	3
Funding valuation adjustment	46	(13)	33	–	46	46
Other fair value adjustments	23	2	25	20	3	23
Total	249	(82)	167	221	28	249
Income deferrals						
Day 1 and other deferrals	186	(77)	109	147	39	186
Total	186	(77)	109	147	39	186

Note: Bracket represents an asset and credit to the income statement

- **Bid-offer valuation adjustment:** Generally, market parameters are marked on a mid-market basis in the revaluation systems, and a bid-offer valuation adjustment is required to quantify the expected cost of neutralising the business' positions through dealing away in the market, thereby bringing long positions to bid and short positions to offer. The methodology to calculate the bid-offer adjustment for a derivative portfolio involves netting between long and short positions and the grouping of risk by strike and tenor based on the hedging strategy where long positions are marked to bid and short positions marked to offer in the systems.
- **Credit valuation adjustment (CVA):** The Group accounts for CVA against the fair value of derivative products. CVA is an adjustment to the fair value of the transactions to reflect the possibility that our counterparties may default and we may not receive the full market value of the outstanding transactions. It represents an estimate of the adjustment a market participant would include when deriving a purchase price to acquire our exposures. CVA is calculated for each subsidiary, and within each entity for each counterparty to which the entity has exposure and takes account of any collateral we may hold. The Group calculates the CVA by using estimates of future positive exposure, market-implied probability of default (PD) and recovery rates. Where market-implied data is not readily available, we use market-based proxies to estimate the PD. Wrong-way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty, and the Group has implemented a model to capture this impact for key wrong-way exposures. The Group also captures the uncertainties associated with wrong-way risk in the Group's Prudential Valuation Adjustments framework.

13. Financial instruments continued

- **Debit valuation adjustment (DVA):** The Group calculates DVA adjustments on its derivative liabilities to reflect changes in its own credit standing. The Group's DVA adjustments will increase if its credit standing worsens and conversely, decrease if its credit standing improves. For derivative liabilities, a DVA adjustment is determined by applying the Group's probability of default to the Group's negative expected exposure against the counterparty. The Group's probability of default and loss expected in the event of default is derived based on bond and CDS spreads associated with the Group's issuances and market standard recovery levels. The expected exposure is modelled based on the simulation of the underlying risk factors over the expected life of the deal. This simulation methodology incorporates the collateral posted by the Group and the effects of master netting agreements.
- **Model valuation adjustment:** Valuation models may have pricing deficiencies or limitations that require a valuation adjustment. These pricing deficiencies or limitations arise due to the choice, implementation and calibration of the pricing model.
- **Funding valuation adjustment (FVA):** The Group makes FVA adjustments against derivative products, including embedded derivatives. FVA reflects an estimate of the adjustment to its fair value that a market participant would make to incorporate funding costs or benefits that could arise in relation to the exposure. FVA is calculated by determining the net expected exposure at a counterparty level and then applying a funding rate to those exposures that reflect the market cost of funding. The FVA for uncollateralised (including partially collateralised) derivatives incorporates the estimated present value of the market funding cost or benefit associated with funding these transactions.
- **Other fair value adjustments:** The Group calculates the fair value on the interest rate callable products by calibrating to a set of market prices with differing maturity, expiry and strike of the trades.
- **Day one and other deferrals:** In certain circumstances the initial fair value is based on a valuation technique which differs to the transaction price at the time of initial recognition. However, these gains can only be recognised when the valuation technique used is based primarily on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses inputs which are not observable in the market, the difference between the transaction price and the valuation model is not recognised immediately in the income statement. The difference is amortised to the income statement until the inputs become observable, or the transaction matures or is terminated. Other deferrals primarily represent adjustments taken to reflect the specific terms and conditions of certain derivative contracts which affect the termination value at the measurement date.

In addition, the Group calculates own credit adjustment (OCA) on its issued debt designated at fair value, including structured notes, in order to reflect changes in its own credit standing. Issued debt is discounted utilising the spread at which similar instruments would be issued or bought back at the measurement date as this reflects the value from the perspective of a market participant who holds the identical item as an asset. OCA measures the difference between the fair value of issued debt as of reporting date and theoretical fair values of issued debt adjusted up or down for changes in own credit spreads from inception date to the measurement date. Under IFRS 9 the change in the OCA component is reported under other comprehensive income. The Group's OCA reserve will increase if its credit standing worsens in comparison with the inception of the trade and, conversely, decrease if its credit standing improves. The Group's OCA reserve will reverse over time as its liabilities mature.

Fair value hierarchy – financial instruments held at fair value

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Group. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Valuation techniques used include discounted cash flow analysis and pricing models and, where appropriate, comparison with instruments that have characteristics similar to those of the instruments held by the Group.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

- **Level 1:** Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3:** Fair value measurements are those where inputs which could have a significant effect on the instrument's valuation are not based on observable market data.

13. Financial instruments continued

The following tables show the classification of financial instruments held at fair value into the valuation hierarchy:

Assets	Level 1 \$million	Level 2 \$million	Level 3 \$million	Total \$million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	2,265	–	2,265
Loans and advances to customers	–	5,252	1,960	7,212
Reverse repurchase agreements and other similar secured lending	–	79,484	2,363	81,847
Debt securities and other eligible bills	27,055	24,635	1,262	52,952
Of which:				
Issued by central banks & governments	23,465	6,557	–	30,022
Issued by corporates other than financial institutions ¹	4	4,062	346	4,412
Issued by financial institutions ¹	3,586	14,016	916	18,518
Equity shares	2,386	370	184	2,940
Derivative financial instruments	954	49,400	80	50,434
Of which:				
Foreign exchange	129	42,414	25	42,568
Interest rate	37	6,293	6	6,336
Credit	–	438	47	485
Equity and stock index options	–	73	2	75
Commodity	788	182	–	970
Investment securities				
Debt securities and other eligible bills	55,060	48,196	72	103,328
Of which:				
Issued by central banks & governments	47,225	18,983	51	66,259
Issued by corporates other than financial institutions ¹	820	3,236	–	4,056
Issued by financial institutions ¹	7,015	25,977	21	33,013
Equity shares	199	6	787	992
Other assets	–	–	6	6
Total financial assets at 31 December 2023	85,654	209,608	6,714	301,976
Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	1,560	334	1,894
Customer accounts	–	15,970	1,278	17,248
Repurchase agreements and other similar secured borrowing	–	41,283	–	41,283
Debt securities in issue	–	9,776	1,041	10,817
Short positions	7,152	4,591	103	11,846
Derivative financial instruments	749	55,116	196	56,061
Of which:				
Foreign exchange	122	45,314	10	45,446
Interest rate	46	8,262	5	8,313
Credit	–	945	162	1,107
Equity and stock index options	–	147	19	166
Commodity	581	448	–	1,029
Other liabilities	–	–	8	8
Total financial liabilities at 31 December 2023	7,901	128,296	2,960	139,157

¹ Includes covered bonds of \$7,509 million, securities issued by Multilateral Development Banks/International Organisations of \$24,192 million and State-owned agencies and development banks of \$7,564 million

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is \$940 million and \$288 million respectively.

There were no significant changes to valuation or levelling approaches during the year 31 December 2023.

There were no significant transfers of financial assets and liabilities measured at fair value between Level 1 and Level 2 during the year 31 December 2023.

13. Financial instruments continued

Assets	Level 1 \$million	Level 2 \$million	Level 3 \$million	Total \$million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	955	21	976
Loans and advances to customers	–	4,741	1,805	6,546
Reverse repurchase agreements and other similar secured lending	3	62,490	1,998	64,491
Debt securities and other eligible bills	14,702	14,707	1,153	30,562
Of which:				
Issued by central banks & governments	14,086	4,734	–	18,820
Issued by corporates other than financial institutions ¹	91	3,452	517	4,060
Issued by financial institutions ¹	525	6,521	636	7,682
Equity shares	3,024	24	182	3,230
Derivative financial instruments	892	62,781	44	63,717
Of which:				
Foreign exchange	139	54,020	13	54,172
Interest rate	33	7,351	28	7,412
Credit	–	410	1	411
Equity and stock index options	–	98	2	100
Commodity	720	902	–	1,622
Investment securities				
Debt securities and other eligible bills	56,401	55,525	–	111,926
Of which:				
Issued by central banks & governments	45,151	22,171	–	67,322
Issued by corporates other than financial institutions ¹	1,775	4,045	–	5,820
Issued by financial institutions ¹	9,475	29,309	–	38,784
Equity shares	146	7	655	808
Other assets	–	–	7	7
Total financial assets at 31 December 2022²	75,168	201,230	5,865	282,263
Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	778	288	1,066
Customer accounts	–	10,734	972	11,706
Repurchase agreements and other similar secured borrowing	–	51,706	–	51,706
Debt securities in issue	–	8,121	451	8,572
Short positions	4,085	2,722	40	6,847
Derivative financial instruments	642	69,099	121	69,862
Of which:				
Foreign exchange	101	56,710	12	56,823
Interest rate	29	10,020	12	10,061
Credit	–	899	42	941
Equity and stock index options	–	191	55	246
Commodity	512	1,279	–	1,791
Other liabilities	–	–	6	6
Total financial liabilities at 31 December 2022²	4,727	143,160	1,878	149,765

1 Includes covered bonds of \$8,455 million, securities issued by Multilateral Development Banks/International Organisations of \$11,438 million, and State-owned agencies and development banks of \$9,211 million

2 The above table does not include held for sale assets of \$3 million and liabilities of \$5 million. These are reported in Note 21 together with their fair value hierarchy

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is \$888 million and \$209 million respectively.

13. Financial instruments continued

Fair value hierarchy – financial instruments measured at amortised cost

The following table shows the carrying amounts and incorporates the Group's estimate of fair values of those financial assets and liabilities not presented on the Group's balance sheet at fair value. These fair values may be different from the actual amount that will be received or paid on the settlement or maturity of the financial instrument. For certain instruments, the fair value may be determined using assumptions for which no observable prices are available.

	Carrying value \$million	Fair value			Total \$million
		Level 1 \$million	Level 2 \$million	Level 3 \$million	
Assets					
Cash and balances at central banks ¹	69,905	–	69,905	–	69,905
Loans and advances to banks	44,977	–	44,921	–	44,921
of which – reverse repurchase agreements and other similar secured lending	1,738	–	1,738	–	1,738
Loans and advances to customers	286,975	–	53,472	226,211	279,683
of which – reverse repurchase agreements and other similar secured lending	13,996	–	13,827	169	13,996
Investment securities ²	56,935	–	54,419	33	54,452
Other assets ¹	38,140	–	38,140	–	38,140
Assets held for sale	701	101	541	59	701
At 31 December 2023	497,633	101	261,398	226,303	487,802
Liabilities					
Deposits by banks	28,030	–	28,086	–	28,086
Customer accounts	469,418	–	460,224	–	460,224
Repurchase agreements and other similar secured borrowing	12,258	–	12,258	–	12,258
Debt securities in issue	62,546	31,255	30,859	–	62,114
Subordinated liabilities and other borrowed funds	12,036	11,119	336	–	11,455
Other liabilities ¹	38,663	–	38,663	–	38,663
Liabilities held for sale	726	54	672	–	726
At 31 December 2023	623,677	42,428	571,098	–	613,526

	Carrying value \$million	Fair value			Total \$million
		Level 1 \$million	Level 2 \$million	Level 3 \$million	
Assets					
Cash and balances at central banks ¹	58,263	–	58,263	–	58,263
Loans and advances to banks	39,519	–	39,488	–	39,488
of which – reverse repurchase agreements and other similar secured lending	978	–	924	–	924
Loans and advances to customers	310,647	–	58,663	251,560	310,223
of which – reverse repurchase agreements and other similar secured lending	24,498	–	15,727	8,911	24,638
Investment securities ²	59,714	–	56,444	25	56,469
Other assets ¹	39,295	–	39,295	–	39,295
Assets held for sale	1,388	344	946	98	1,388
At 31 December 2022	508,826	344	253,099	251,683	505,126
Liabilities					
Deposits by banks	28,789	–	28,813	–	28,813
Customer accounts	461,677	–	461,665	–	461,665
Repurchase agreements and other similar secured borrowing	2,108	–	2,108	–	2,108
Debt securities in issue	61,242	24,624	36,148	–	60,772
Subordinated liabilities and other borrowed funds	13,715	12,445	385	–	12,830
Other liabilities ¹	42,915	–	42,914	1	42,915
Liabilities held for sale	1,230	398	832	–	1,230
At 31 December 2022	611,676	37,467	572,865	1	610,333

¹ The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short-term in nature or repriced to current market rates frequently

² Includes Government bonds and Treasury bills of \$19,422 million at 31 December 2023 and \$17,943 million at 31 December 2022

13. Financial instruments continued

The Group has changed its method of determining the cost of its portfolio of Investment Securities held at amortised cost and Debt securities and other eligible bills, other than those included within financial instruments held at fair value through profit or loss, from the weighted average cost method to the first-in-first-out method. This change in accounting policy will affect the calculation of gains or losses on derecognition of such instruments and the determination of the initial credit risk of these instruments, to better align with the IFRS 9 requirements for recognising and measuring impairment losses. The change was made prospectively for certain but not all securities and transactions. It is impracticable for the Group to determine the impact of this approach for each security and each transaction that was executed in previous periods.

Loans and advances to customers by client segment¹

	2023					
	Carrying value			Fair value		
	Stage 3 \$million	Stage 1 and stage 2 \$million	Total \$million	Stage 3 \$million	Stage 1 and stage 2 \$million	Total \$million
Corporate, Commercial & Institutional Banking	1,975	128,430	130,405	1,910	125,841	127,751
Consumer, Private & Business Banking	724	125,335	126,059	721	120,701	121,422
Ventures	–	1,033	1,033	–	1,032	1,032
Central & other items	209	29,269	29,478	209	29,269	29,478
At 31 December 2023	2,908	284,067	286,975	2,840	276,843	279,683

	2022					
	Carrying value			Fair value		
	Stage 3 \$million	Stage 1 and stage 2 \$million	Total \$million	Stage 3 \$million	Stage 1 and stage 2 \$million	Total \$million
Corporate, Commercial & Institutional Banking	2,481	137,150	139,631	2,525	137,187	139,712
Consumer, Private & Business Banking	677	130,278	130,955	685	131,679	132,364
Ventures	–	698	698	–	696	696
Central & other items	230	39,133	39,363	230	37,221	37,451
At 31 December 2022	3,388	307,259	310,647	3,440	306,783	310,223

¹ Loans and advances includes reverse repurchase agreements and other similar secured lending: carrying value \$13,996 million and fair value \$13,996 million (31 December 2022: \$24,498 million and \$24,638 million respectively)

13. Financial instruments continued

Fair value of financial instruments

Level 3 Summary and significant unobservable inputs

The following table presents the Group's primary Level 3 financial instruments which are held at fair value. The table also presents the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs, the range of values for those inputs and the weighted average of those inputs:

Instrument	Value as at 31 December 2023		Principal valuation technique	Significant unobservable inputs	Range ¹	Weighted average ²
	Assets \$million	Liabilities \$million				
Loans and advances to customers	1,960	–	Discounted cash flows	Price/yield Credit spreads	1.7% – 100% 0.1% – 1.0%	12.0% 0.6%
Reverse repurchase agreements and other similar secured lending	2,363	–	Discounted cash flows	Repo curve Price/yield	5.1% – 7.6% (2.7)% – 10.3%	6.3% 6.0%
Debt securities, alternative tier one and other eligible securities	1,283	–	Discounted cash flows	Price/yield Recovery rates	(14.0)% – 25.8% 0.1% – 1.0%	10.1% 0.2%
			Internal pricing model	Equity-Equity correlation Equity-FX correlation	44.1% – 100% (35.9)% – 45.5%	80.7% 14.2%
Government bonds and treasury bills	51	–	Discounted cash flows	Price/yield	17.7% – 21.8%	20.6%
Equity shares (includes private equity investments)	971	–	Comparable pricing/yield	EV/EBITDA multiples EV/Revenue multiples P/E multiples P/B multiples P/S multiples Liquidity discount	13.8x – 15.6x 9.3x – 30.9x 10.6x – 51.8x 0.3x – 2.7x 0.2x – 1.6x 7.5% – 20.0%	14.9x 15.8x 45.7x 1.6x 0.3x 15.1%
			Discounted cash flows	Discount rates	9.2% – 35.6%	17.0%
			Option pricing model	Equity value based on EV/Revenue multiples Equity value based on EV/EBITDA multiples Equity value based on volatility	8.4x – 42.5x 3.1x – 3.1x 21.0% – 65.0%	27.5x 3.1x 30.1%
Other assets	6	–	NAV	N/A	N/A	N/A
Derivative financial instruments of which:						
Foreign exchange	25	10	Option pricing model	Foreign exchange option implied volatility	0.5% – 51%	31.8%
			Discounted cash flows	Interest rate curves Foreign exchange curves	3.6% – 5.8% 0.6% – 64.2%	3.8% 12.8%
Interest rate	6	5	Discounted cash flows	Interest rate curves	3.6% – 8.6%	5.0%
Credit	47	162	Discounted cash flows	Credit spreads Price/yield	1.0% – 1.0% 1.7% – 16.3%	1.0% 8.6%
Equity and stock index	2	19	Internal pricing model	Equity-Equity correlation Equity-FX correlation	44.1% – 100% (35.9)% – 45.5%	80.7% 14.2%
Deposits by banks	–	334	Discounted cash flows	Credit spreads	0.1% – 3.4%	1.9%
Customer accounts	–	1,278	Discounted cash flows	Credit spreads Interest rate curves Price/yield	1.0% – 2.0% 2.9% – 8.6% 4.8% – 15.2%	1.2% 6.1% 9.9%
			Internal pricing model	Equity-Equity correlation Equity-FX correlation	44.1% – 100% (35.9)% – 45.5%	80.7% 14.2%
Debt securities in issue	–	1,041	Discounted cash flows	Credit spreads Price/yield Interest rate curves	0.3% – 1.6% 6.6% – 20.9% 2.9% – 5.3%	1.1% 17.9% 4.4%
			Internal pricing model	Equity-Equity correlation Equity-FX correlation Bond option implied volatility	44.1% – 100% (35.9)% – 45.5% 2.9% – 5.3%	80.7% 14.2% 4.4%
Short positions	–	103	Discounted cash flows	Price/yield	7.1% – 7.1%	7.1%
Other liabilities	–	8	Comparable pricing/yield	EV/EBITDA multiples	5.8x – 11.2x	8.5x
Total	6,714	2,960				

1 The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as at 31 December 2023. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

2 Weighted average for non-derivative financial instruments has been calculated by weighting inputs by the relative fair value. Weighted average for derivatives has been provided by weighting inputs by the risk relevant to that variable. N/A has been entered for the cases where weighted average is not a meaningful indicator

13. Financial instruments continued

Instrument	Value as at 31 December 2022		Principal valuation technique	Significant unobservable inputs	Range ¹	Weighted average ²
	Assets \$million	Liabilities \$million				
Loans and advances to banks	21	–	Discounted cash flows	Price/yield	N/A	N/A
				Credit spreads	2.9%	2.9%
Loans and advances to customers	1,805	–	Discounted cash flows	Price/yield	0.3% – 18.2%	5.3%
				Recovery rates	5.0% – 100%	90.5%
Reverse repurchase agreements and other similar secured lending	1,998	–	Discounted cash flows	Repo curve	2.3% – 8.0%	6.2%
				Price/yield	1.9%–7.2%	6.0%
Debt securities, alternative tier one and other eligible securities	1,152	–	Discounted cash flows	Price/yield	3.1%–48.5%	7.1%
				Recovery rates	0.0% – 1.0%	0.2%
Government bonds and treasury bills	–	–	Discounted cash flows	Price/yield	N/A	N/A
Asset-backed securities	1	–	Discounted cash flows	Price/yield	6.8%	6.8%
Equity shares (includes private equity investments)	837	–	Comparable pricing/ yield	EV/EBITDA multiples	7.0x – 13.1x	11.0x
				EV/Revenue multiples	8.2x – 23.2x	12.9x
				P/E multiples	13.4x – 29.7x	17.6x
				P/B multiples	0.3x – 3.3x	1.3x
				P/S multiples	2.1x – 2.2x	2.2x
				Liquidity discount	10.0% – 29.7%	17.5%
			Discounted cash flows	Discount rates	7.5% – 16.4%	9.4%
			Option pricing model	Equity value based on EV/Revenue multiples	4.8x – 76.1x	32.9x
				Equity value based on EV/EBITDA multiples	2.6x	2.6x
				Equity value based on volatility	60.0%	60.0%
Other assets	7	–	NAV	N/A	N/A	N/A
Derivative financial instruments of which:						
Foreign exchange	13	12	Option pricing model	Foreign exchange option implied volatility	(21.0%) – 21.0%	(2.7)%
			Discounted cash flows	Foreign exchange curves	(4.6%) – 81.8%	15.9%
Interest rate	28	12	Discounted cash flows	Interest rate curves	(2.1%) – 50.2%	10.6%
			Option pricing model	Bond option implied volatility	N/A	N/A
Credit	1	42	Discounted cash flows	Credit spreads	0.1% – 2.3%	1.4%
				Price/yield	7.2% – 9.7%	7.2%
Equity and stock index	2	55	Internal pricing model	Equity-Equity correlation	30.0% – 96.0%	67.0%
				Equity-FX correlation	(70.0%) – 85.0%	37.0%
Deposits by banks	–	288	Discounted cash flows	Credit spreads	0.9% – 3.4%	1.8%
				Price/yield	6.0%	6.0%
Customer accounts	–	972	Discounted cash flows	Credit spreads	0.9% – 19.1%	10.3%
			Internal pricing model	Equity-Equity correlation	30.0% – 96.0%	67.0%
				Equity-FX correlation	(70.0%) – 85.0%	37.0%
			Discounted cash flows	Interest rate curves	N/A	N/A
				Price/yield	3.1% – 22.9%	17.8%
Debt securities in issue	–	451	Discounted cash flows	Credit spreads	0.3% – 7.0%	4.7%
				Price/yield	6.8% – 12.4%	9.1%
			Internal pricing model	Equity-Equity correlation	30.0% – 96.0%	67.0%
				Equity-FX correlation	(70.0%) – 85.0%	37.0%
Short position	–	40	Discounted cash flows	Price/yield	6.8%	6.8%
Other liabilities	–	6	Comparable pricing/ yield	EV/EBITDA multiples	4.2x – 9.0x	6.1x
Total	5,865	1,878				

1 The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as at 31 December 2022. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

2 Weighted average for non-derivative financial instruments has been calculated by weighting inputs by the relative fair value. Weighted average for derivatives has been provided by weighting inputs by the risk relevant to that variable. N/A has been entered for the cases where weighted average is not a meaningful indicator

13. Financial instruments continued

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

- **Comparable price/yield** is a valuation methodology in which the price of a comparable instrument is used to estimate the fair value where there are no direct observable prices. Yield is the interest rate that is used to discount the future cash flows in a discounted cash flow model. Valuation using comparable instruments can be done by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable instrument, then adjusting that yield (or spread) to derive a value for the instrument. The adjustment should account for relevant differences in the financial instruments such as maturity and/or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable instrument and the instrument being valued in order to establish the value of the instrument (for example, deriving a fair value for a junior unsecured bond from the price of a senior secured bond). An increase in price, in isolation, would result in a favourable movement in the fair value of the asset. An increase in yield, in isolation, would result in an unfavourable movement in the fair value of the asset
- **Correlation** is the measure of how movement in one variable influences the movement in another variable. An equity correlation is the correlation between two equity instruments while an interest rate correlation refers to the correlation between two swap rates
- **Credit spread** represents the additional yield that a market participant would demand for taking exposure to the Credit Risk of an instrument
- **Discount rate** refers to the rate of return used to convert expected cash flows into present value
- **Equity-FX correlation** is the correlation between equity instrument and foreign exchange instrument
- **EV/EBITDA multiple** is the ratio of Enterprise Value (EV) to Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). EV is the aggregate market capitalisation and debt minus the cash and cash equivalents. An increase in EV/EBITDA multiple will result in a favourable movement in the fair value of the unlisted firm
- **EV/Revenue multiple** is the ratio of Enterprise Value (EV) to Revenue. An increase in EV/Revenue multiple will result in a favourable movement in the fair value of the unlisted firm
- **Foreign exchange curves** is the term structure for forward rates and swap rates between currency pairs over a specified period
- **Net asset value (NAV)** is the value of an entity's assets after deducting any liabilities
- **Interest rate curves** is the term structure of interest rates and measures of future interest rates at a particular point in time
- **Liquidity discounts in the valuation of unlisted investments** are primarily applied to the valuation of unlisted firms' investments to reflect the fact that these stocks are not actively traded. An increase in liquidity discount will result in an unfavourable movement in the fair value of the unlisted firm
- **Price-Earnings (P/E) multiple** is the ratio of the market value of the equity to the net income after tax. An increase in P/E multiple will result in a favourable movement in the fair value of the unlisted firm
- **Price-Book (P/B) multiple** is the ratio of the market value of equity to the book value of equity. An increase in P/B multiple will result in a favourable movement in the fair value of the unlisted firm
- **Price-Sales (P/S) multiple** is the ratio of the market value of equity to sales. An increase in P/S multiple will result in a favourable movement in the fair value of the unlisted firm
- **Recovery rates** is the expectation of the rate of return resulting from the liquidation of a particular loan. As the probability of default increases for a given instrument, the valuation of that instrument will increasingly reflect its expected recovery level assuming default. An increase in the recovery rate, in isolation, would result in a favourable movement in the fair value of the loan
- **Repo curve** is the term structure of repo rates on repos and reverse repos at a particular point in time
- **Volatility** represents an estimate of how much a particular instrument, parameter or index will change in value over time. Generally, the higher the volatility, the more expensive the option will be.

13. Financial instruments continued

Level 3 movement tables – financial assets

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

Assets	2023									
	Held at fair value through profit or loss							Investment securities		
	Loans and advances to banks \$million	Loans and advances to customers \$million	Reverse repurchase agreements and other similar secured lending \$million	Debt securities, alternative tier one and other eligible bills \$million	Equity shares \$million	Other Assets \$million	Derivative financial instruments \$million	Debt securities, alternative tier one and other eligible bills \$million	Equity shares \$million	Total \$million
At 1 January 2023	21	1,805	1,998	1,153	182	7	44	–	655	5,865
Total (losses)/gains recognised in income statement	–	(35)	(107)	(292)	4	(1)	12	–	–	(419)
Net interest income	–	–	–	–	–	–	–	–	–	–
Net trading income	–	(35)	(107)	(304)	5	–	12	–	–	(429)
Other operating income	–	–	–	12	(1)	(1)	–	–	–	10
Total (losses)/gains recognised in other comprehensive income (OCI)	–	–	–	–	–	–	–	(1)	101	100
Fair value through OCI reserve	–	–	–	–	–	–	–	–	108	108
Exchange difference	–	–	–	–	–	–	–	(1)	(7)	(8)
Purchases	22	1,784	5,902	1,082	8	–	189	21	61	9,069
Sales	(22)	(1,133)	(3,942)	(518)	(10)	–	(115)	(23)	(5)	(5,768)
Settlements	–	(442)	(1,488)	(305)	–	–	(25)	–	–	(2,260)
Transfers out ¹	(21)	(225)	–	(6)	–	–	(27)	(16)	(32)	(327)
Transfers in ²	–	206	–	148	–	–	2	91	7	454
At 31 December 2023	–	1,960	2,363	1,262	184	6	80	72	787	6,714
Total unrealised (losses)/gains recognised in the income statement, within net trading income, relating to change in fair value of assets held at 31 December 2023	–	(3)	3	(1)	4	–	(12)	–	–	(9)

1 Transfers out includes loans and advances, debt securities, alternative tier one and other eligible bills, equity shares and derivative financial instruments where the valuation parameters became observable during the period and were transferred to Level 1 and Level 2

2 Transfers in primarily relates to loans and advances, debt securities, alternative tier one and other eligible bills, equity shares and derivative financial instruments where the valuation parameters became unobservable during the year

13. Financial instruments continued

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

Assets	2022									
	Held at fair value through profit or loss						Investment securities			
	Loans and advances to banks \$million	Loans and advances to customers \$million	Reverse repurchase agreements and other similar secured lending \$million	Debt securities, alternative tier one and other eligible bills \$million	Equity shares \$million	Other Assets \$million	Derivative financial instruments \$million	Debt securities, alternative tier one and other eligible bills \$million	Equity shares \$million	Total \$million
At 1 January 2022	9	1,357	1,566	349	186	26	90	40	493	4,116
Total (losses)/gains recognised in income statement	(16)	(132)	2	7	4	–	30	–	–	(105)
Net interest income	–	–	–	–	–	–	–	–	–	–
Net trading income	(16)	(132)	2	7	4	–	30	–	–	(105)
Other operating income	–	–	–	–	–	–	–	–	–	–
Total losses recognised in other comprehensive income (OCI)	–	–	–	–	–	–	–	(1)	(8)	(9)
Fair value through OCI reserve	–	–	–	–	–	–	–	(1)	(1)	(2)
Exchange difference	–	–	–	–	–	–	–	–	(7)	(7)
Purchases	55	1,605	6,438	1,063	2	8	118	–	166	9,455
Sales	(30)	(237)	(5,484)	(342)	(10)	(10)	(99)	–	(6)	(6,218)
Settlements	(19)	(877)	(524)	(1)	–	–	(80)	(39)	–	(1,540)
Transfers out ¹	–	(160)	–	–	–	(17)	(29)	–	–	(206)
Transfers in ²	22	249	–	77	–	–	14	–	10	372
At 31 December 2022	21	1,805	1,998	1,153	182	7	44	–	655	5,865
Total unrealised gains/(losses) recognised in the income statement, within net trading income, relating to change in fair value of assets held at 31 December 2022	–	–	–	–	3	–	(2)	–	–	1

1 Transfers out includes loans and advances, other assets and derivative financial instruments where the valuation parameters became observable during the period and were transferred to Level 1 and Level 2

2 Transfers in primarily relates to loans and advances, debt securities, alternative tier one and other eligible bills and derivative financial instruments where the valuation parameters became unobservable during the year

13. Financial instruments continued

Level 3 movement tables – financial liabilities

	2023						
	Deposits by banks \$million	Customer accounts \$million	Debt securities in issue \$million	Derivative financial instruments \$million	Short positions \$million	Other liabilities \$million	Total \$million
At 1 January 2023	288	972	451	121	40	6	1,878
Total losses/(gains) recognised in income statement – net trading income	7	(6)	39	(52)	3	3	(6)
Issues	628	1,789	1,489	447	100	–	4,453
Settlements	(585)	(1,491)	(1,218)	(312)	(40)	–	(3,646)
Transfers out ¹	(4)	(9)	(85)	(11)	–	(1)	(110)
Transfers in ²	–	23	365	3	–	–	391
At 31 December 2023	334	1,278	1,041	196	103	8	2,960
Total unrealised (gains)/losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 31 December 2023	–	(21)	6	(47)	–	–	(62)

	2022						
	Deposits by banks \$million	Customer accounts \$million	Debt securities in issue \$million	Derivative financial instruments \$million	Short positions \$million	Other liabilities \$million	Total \$million
At 1 January 2022	283	454	821	94	–	1	1,653
Total (gains)/losses recognised in income statement – net trading income	(37)	(82)	(158)	155	(3)	5	(120)
Issues	447	1,818	815	179	140	–	3,399
Settlements	(400)	(1,266)	(1,066)	(291)	(97)	–	(3,120)
Transfers out ¹	(5)	–	(38)	(23)	–	–	(66)
Transfers in ²	–	48	77	7	–	–	132
At 31 December 2022	288	972	451	121	40	6	1,878
Total unrealised gains recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 31 December 2022	(1)	(17)	(7)	(3)	–	–	(28)

1 Transfers out during the year primarily relates to bank deposits, customer accounts debt securities in issue, other liabilities and derivative financial instruments where the valuation parameters became observable during the year and were transferred to Level 2 financial liabilities

2 Transfers in during the year primarily relates to derivative financial instruments, customer accounts and debt securities in issue where the valuation parameters become unobservable during the year

13. Financial instruments continued

Sensitivities in respect of the fair values of Level 3 assets and liabilities

Sensitivity analysis is performed on products with significant unobservable inputs. The Group applies a 10 per cent increase or decrease on the values of these unobservable inputs, to generate a range of reasonably possible alternative valuations. The percentage shift is determined by statistical analysis performed on a set of reference prices based on the composition of the Group's Level 3 inventory as the measurement date. Favourable and unfavourable changes (which show the balance adjusted for input change) are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameters. The Level 3 sensitivity analysis assumes a one-way market move and does not consider offsets for hedges.

	Held at fair value through profit or loss			Held at fair value through other comprehensive income		
	Net exposure \$million	Favourable changes \$million	Unfavourable changes \$million	Net exposure \$million	Favourable changes \$million	Unfavourable changes \$million
Financial instruments held at fair value						
Loans and advances	1,960	1,985	1,918	–	–	–
Reverse repurchase agreements and other similar secured lending	2,363	2,390	2,336	–	–	–
Debt securities, alternative tier one and other eligible bills	1,262	1,309	1,193	72	78	66
Equity shares	184	202	166	787	866	708
Other assets	6	7	5	–	–	–
Derivative financial instruments	(116)	(75)	(157)	–	–	–
Customers accounts	(1,278)	(1,191)	(1,365)	–	–	–
Deposits by banks	(334)	(334)	(334)	–	–	–
Short positions	(103)	(101)	(105)	–	–	–
Debt securities in issue	(1,041)	(966)	(1,115)	–	–	–
Other liabilities	(8)	(7)	(9)	–	–	–
At 31 December 2023	2,895	3,219	2,533	859	944	774

Financial instruments held at fair value						
Loans and advances	1,826	1,851	1,758	–	–	–
Reverse repurchase agreements and other similar secured lending	1,998	2,013	1,979	–	–	–
Asset backed securities	1	1	1	–	–	–
Debt securities, alternative tier one and other eligible bills	1,152	1,168	1,124	–	–	–
Equity shares	182	200	164	655	715	595
Other assets	7	8	6	–	–	–
Derivative financial instruments	(77)	(44)	(109)	–	–	–
Customers accounts	(972)	(934)	(1,010)	–	–	–
Deposits by banks	(288)	(283)	(293)	–	–	–
Short positions	(40)	(39)	(41)	–	–	–
Debt securities in issue	(451)	(419)	(482)	–	–	–
Other liabilities	(6)	(5)	(7)	–	–	–
At 31 December 2022	3,332	3,517	3,090	655	715	595

The reasonably possible alternatives could have increased or decreased the fair values of financial instruments held at fair value through profit or loss and those classified as fair value through other comprehensive income by the amounts disclosed below.

Financial instruments	Fair value changes	2023 \$million	2022 \$million
Held at fair value through profit or loss	Possible increase	324	185
	Possible decrease	(362)	(242)
Fair value through other comprehensive income	Possible increase	85	60
	Possible decrease	(85)	(60)

14. Derivative financial instruments

Accounting policy

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

Hedge accounting

Under certain conditions, the Group may designate a recognised asset or liability, a firm commitment, highly probable forecast transaction or net investment of a foreign operation into a formal hedge accounting relationship with a derivative that has been entered to manage interest rate and/or foreign exchange risks present in the hedged item. The Group applied the 'Phase 1' hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement and the 'Phase 2' amendments to IFRS in respect of interest rate benchmark reform. There are three categories of hedge relationships:

- Fair value hedge: to manage the fair value of interest rate and/or foreign currency risks of recognised assets or liabilities or firm commitments
- Cash flow hedge: to manage interest rate or foreign exchange risk of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction
- Net investment hedge: to manage the structural foreign exchange risk of an investment in a foreign operation.

The Group assesses, both at hedge inception and on a quarterly basis, whether the derivatives designated in hedge relationships are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedges are considered to be highly effective if all the following criteria are met:

- At inception of the hedge and throughout its life, the hedge is prospectively expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk
- Prospective and retrospective effectiveness of the hedge should be within a range of 80–125%. This is tested using regression analysis
- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 80%.

In the case of the hedge of a forecast transaction, the transaction must have a high probability of occurring and must present an exposure to variations in cash flows that are expected to affect reported profit or loss.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in net trading income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the remaining term to maturity of the hedged item. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For financial assets classified as fair value through other comprehensive income, the hedge accounting adjustment attributable to the hedged risk is included in net trading income to match the hedging derivative.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments are initially recognised in other comprehensive income, accumulating in the cash flow hedge reserve within equity. These amounts are subsequently recycled to the income statement in the periods when the hedged item affects profit or loss. Both the derivative fair value movement and any recycled amount are recorded in the 'Cashflow hedges' line item in other comprehensive income.

The Group assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The hypothetical derivative and the actual derivative are regressed to establish the statistical significance of the hedge relationship. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the net trading income immediately.

If a cash flow hedge is discontinued, the amount accumulated in the cash flow hedge reserve is released to the income statement as and when the hedged item affects the income statement.

Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons, the cumulative gain or loss will be immediately reclassified to profit or loss.

Net investment hedge

Hedges of net investments are accounted for in a similar manner to cash flow hedges, with gains and losses arising on the effective portion of the hedges recorded in the line 'Exchange differences on translation of foreign operations' in other comprehensive income, accumulating in the translation reserve within equity. These amounts remain in equity until the net investment is disposed of. The ineffective portion of the hedges is recognised in the net trading income immediately.

14. Derivative financial instruments continued

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

Derivatives	2023			2022		
	Notional principal amounts \$million	Assets \$million	Liabilities \$million	Notional principal amounts \$million	Assets \$million	Liabilities \$million
Foreign exchange derivative contracts:						
Forward foreign exchange contracts	3,628,067	30,897	32,601	3,154,440	38,162	39,376
Currency swaps and options	1,145,702	11,671	12,845	1,168,026	16,010	17,447
	4,773,769	42,568	45,446	4,322,466	54,172	56,823
Interest rate derivative contracts:						
Swaps	4,841,616	53,735	55,241	3,516,310	62,001	64,005
Forward rate agreements and options	313,253	2,057	2,520	98,465	2,214	2,880
	5,154,869	55,792	57,761	3,614,775	64,215	66,885
Exchange traded futures and options	325,051	39	47	324,702	279	258
Credit derivative contracts	281,130	485	1,107	249,082	411	941
Equity and stock index options	8,671	75	166	6,788	100	246
Commodity derivative contracts	117,436	970	1,029	90,952	1,622	1,791
Gross total derivatives	10,660,926	99,929	105,556	8,608,765	120,799	126,944
Offset	–	(49,495)	(49,495)	–	(57,082)	(57,082)
Total derivatives	10,660,926	50,434	56,061	8,608,765	63,717	69,862

The Group limits exposure to credit losses in the event of default by entering into master netting agreements with certain market counterparties. As required by IAS 32, exposures are only presented net in these accounts where they are subject to legal right of offset and intended to be settled net in the ordinary course of business.

The Group applies balance sheet offsetting only in the instance where we are able to demonstrate legal enforceability of the right to offset (e.g. via legal opinion) and the ability and intention to settle on a net basis (e.g. via operational practice).

The Group may enter into economic hedges that do not qualify for IAS 39 hedge accounting treatment, including derivatives such as interest rate swaps, interest rate futures and cross-currency swaps to manage interest rate and currency risks of the Group. These derivatives are measured at fair value, with fair value changes recognised in net trading income: refer to Market Risk (page 286).

Derivatives held for hedging

The Group enters into derivative contracts for the purpose of hedging interest rate, currency and structural foreign exchange risks inherent in assets, liabilities and forecast transactions. The table below summarises the notional principal amounts and carrying values of derivatives designated in hedge accounting relationships at the reporting date.

Included in the table above are derivatives held for hedging purposes as follows:

	2023			2022		
	Notional principal amounts \$million	Assets \$million	Liabilities \$million	Notional principal amounts \$million	Assets \$million	Liabilities \$million
Derivatives designated as fair value hedges:						
Interest rate swaps	69,347	1,264	2,397	80,760	2,438	2,939
Currency swaps	115	10	6	1,273	16	48
	69,462	1,274	2,403	82,033	2,454	2,987
Derivatives designated as cash flow hedges:						
Interest rate swaps	41,834	184	537	31,977	100	671
Forward foreign exchange contracts	12,071	420	183	11,987	99	385
Currency swaps	14,321	191	150	11,787	86	362
	68,226	795	870	55,751	285	1,418
Derivatives designated as net investment hedges:						
Forward foreign exchange contracts	15,436	32	41	14,576	120	141
Total derivatives held for hedging	153,124	2,101	3,314	152,360	2,859	4,546

14. Derivative financial instruments continued

Fair value hedges

The Group issues various long-term fixed-rate debt issuances that are measured at amortised cost, including some denominated in foreign currency, such as unsecured senior and subordinated debt (see Notes 22 and 27). The Group also holds various fixed rate debt securities such as government and corporate bonds, including some denominated in foreign currency (see Note 13). These assets and liabilities held are exposed to changes in fair value due to movements in market interest and foreign currency rates.

The Group uses interest rate swaps to exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match floating rates paid on funding. The Group further uses cross-currency swaps to match the currency of the issued debt or held asset with that of the entity's functional currency.

Hedge ineffectiveness from fair value hedges is driven by cross-currency basis risk and interest cashflows mismatch between the hedging instruments and underlying hedged items. The amortisation of fair value hedge adjustments for hedged items no longer designated is recognised in net interest income.

At 31 December 2023 the Group held the following interest rate and cross- currency swaps as hedging instruments in fair value hedges of interest and currency risk.

Hedging instruments and ineffectiveness

	2023				
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ² \$million	Ineffectiveness recognised in profit or loss \$million
Interest rate ¹		Asset \$million	Liability \$million		
Interest rate swaps – debt securities/subordinated notes issued	45,455	381	2,267	271	(4)
Interest rate swaps – loans and advances	1,203	26	1	(20)	–
Interest rate swaps – debt securities and other eligible bills	22,689	857	129	(459)	(17)
Interest and currency risk ¹					
Cross-currency swaps – debt securities/subordinated notes issued	70	–	6	(2)	–
Cross-currency swaps – debt securities and other eligible bills	45	10	–	11	–
Total at 31 December 2023	69,462	1,274	2,403	(199)	(21)

1 Interest rate swaps are designated in hedges of the fair value of interest rate risk attributable to the hedged item. Cross currency swaps are used to hedge both interest rate and currency risks. All the hedging instruments are derivatives, with changes in fair value including hedge ineffectiveness recorded within net trading income

2 This represents a (loss)/gains change in fair value used for calculating hedge ineffectiveness

	2022				
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ² \$million	Ineffectiveness recognised in profit or loss \$million
Interest rate ¹		Asset \$million	Liability \$million		
Interest rate swaps – debt securities/subordinated notes issued	41,772	112	2,914	(3,020)	(7)
Interest rate swaps – loans and advances	1,117	68	–	53	(1)
Interest rate swaps – debt securities and other eligible bills	37,871	2,258	25	3,127	13
Interest and currency risk ¹					
Cross-currency swaps – debt securities/subordinated notes issued	72	–	4	(260)	12
Cross-currency swaps – debt securities and other eligible bills	1,201	16	44	(9)	4
Total at 31 December 2022	82,033	2,454	2,987	(109)	21

1 Interest rate swaps are designated in hedges of the fair value of interest rate risk attributable to the hedged item. Cross currency swaps are used to hedge both interest rate and currency risks. All the hedging instruments are derivatives, with changes in fair value including hedge ineffectiveness recorded within net trading income

2 This represents a (loss)/gains change in fair value used for calculating hedge ineffectiveness

14. Derivative financial instruments continued

Hedged items in fair value hedges

	2023					
	Carrying amount		Accumulated amount of fair value hedge adjustments included in the carrying amount		Change in the value used for calculating hedge ineffectiveness ¹	Cumulative balance of fair value adjustments from de-designated hedge relationships ²
	Asset \$million	Liability \$million	Asset \$million	Liability \$million		
Debt securities /subordinated notes issued	–	46,156	–	1,761	(273)	360
Debt securities and other eligible bills	21,473	–	(553)	–	431	744
Loans and advances to customers	1,183	–	(20)	–	20	13
Total at 31 December 2023	22,656	46,156	(573)	1,761	178	1,117
2022						
	Carrying amount		Accumulated amount of fair value hedge adjustments included in the carrying amount		Change in fair value used for calculating hedge ineffectiveness ¹	Cumulative balance of fair value adjustments from de-designated hedge relationships ²
	Asset \$million	Liability \$million	Asset \$million	Liability \$million		
Debt securities /subordinated notes issued	–	42,702	–	2,756	3,285	414
Debt securities and other eligible bills	36,028	–	(2,075)	–	(3,101)	441
Loans and advances to customers	1,051	–	(65)	–	(54)	1
Total at 31 December 2022	37,079	42,702	(2,140)	2,756	130	856

1 This represents a gain/(loss) change in fair value used for calculating hedge ineffectiveness

2 This represents a credit/(debit) to the balance sheet value

Income statement impact of fair value hedges

	2023 Income/ (expense) \$million	2022 Income/ (expense) \$million
Change in fair value of hedging instruments	(199)	(109)
Change in fair value of hedged risks attributable to hedged items	178	130
Net ineffectiveness (loss)/gain to net trading income	(21)	21
Amortisation gain to net interest income	232	141

Cash flow hedges

The Group has exposure to market movements in future interest cash flows on portfolios of customer accounts, debt securities and loans and advances to customers. The amounts and timing of future cash flows, representing both principal and interest flows, are projected on the basis of contractual terms and other relevant factors, including estimates of prepayments and defaults.

The hedging strategy of the Group involves using interest rate swaps to manage the variability in future cash flows on assets and liabilities that have floating rates of interest by exchanging the floating rates for fixed rates. It also uses foreign exchange contracts and currency swaps to manage the variability in future exchange rates on its assets and liabilities and costs in foreign currencies. This is done on both a micro basis whereby a single interest rate or cross-currency swap is designated in a separate relationship with a single hedged item (such as a floating-rate loan to a customer), and on a portfolio basis whereby each hedging instrument is designated against a group of hedged items that share the same risk (such as a group of customer accounts). Hedge ineffectiveness for cash flow hedges is mainly driven by payment frequency mismatch between the hedging instrument and the underlying hedged item.

The hedged risk is determined as the variability of future cash flows arising from changes in the designated benchmark interest and/or foreign exchange rates.

14. Derivative financial instruments continued

Hedging instruments and ineffectiveness

	2023						
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ¹ \$million	Gain recognised in OCI \$million	Ineffectiveness gain recognised in net trading income \$million	Amount reclassified from reserves to net trading income \$million
		Asset \$million	Liability \$million				
Interest rate risk							
Interest rate swaps	41,834	184	537	612	609	3	-
Currency risk							
Forward foreign exchange contract	12,071	420	183	104	103	1	-
Cross-currency swaps	14,321	191	150	185	183	2	-
Total as at 31 December 2023	68,226	795	870	901	895	6	-

	2022						
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ¹ \$million	(Loss)/gain recognised in OCI \$million	Ineffectiveness (loss) recognised in net trading income \$million	Amount reclassified from reserves to net trading income \$million
		Asset \$million	Liability \$million				
Interest rate risk							
Interest rate swaps	31,977	100	671	(533)	(531)	(2)	-
Currency risk							
Forward foreign exchange contract	11,987	99	385	(141)	(141)	-	-
Cross-currency swaps	11,787	86	362	421	426	(5)	-
Total as at 31 December 2022	55,751	285	1,418	(253)	(246)	(7)	-

Hedged items in cash flow hedges

	2023		
	Change in fair value used for calculating hedge ineffectiveness ¹ \$million	Cash flow hedge reserve \$million	Cumulative balance in the cash flow hedge reserve from de-designated hedge relationships \$million
Customer accounts	(421)	(114)	136
Debt securities and other eligible bills	(98)	(22)	(15)
Loans and advances to customers	(312)	134	-
Intragroup lending currency hedge	(64)	-	-
Intragroup borrowing currency hedge	-	-	-
Total at 31 December 2023	(895)	(2)	121
	2022		
	Change in fair value used for calculating hedge ineffectiveness ¹ \$million	Cash flow hedge reserve \$million	Cumulative balance in the cash flow hedge reserve from de-designated hedge relationships \$million
Customer accounts	244	(444)	108
Debt securities and other eligible bills	(165)	(72)	((30))
Loans and advances to customers	315	(191)	(18)
Intragroup lending currency hedge	(135)	(6)	-
Intragroup borrowing currency hedge	(13)	-	-
Total at 31 December 2022	246	(713)	60

¹ This represents a gain/(loss) change in fair value used for calculating hedge ineffectiveness

14. Derivative financial instruments continued

Impact of cash flow hedges on profit and loss and other comprehensive income

	2023 Income/ (expense) \$million	2022 Income/ (expense) \$million
Cash flow hedge reserve balance as at 1 January	(564)	(34)
Gain/(loss) recognised in other comprehensive income on effective portion of changes in fair value of hedging instruments	895	(246)
Gain reclassified to income statement when hedged item affected net profit	(128)	(373)
Taxation charge relating to cash flow hedges	(112)	89
Cash flow hedge reserve balance as at 31 December	91	(564)

Net investment hedges

Foreign currency exposures arise from investments in subsidiaries that have a different functional currency from that of the presentation currency of the Group. This risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Group's presentation currency, which causes the value of the investment to vary.

The Group's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory ratios of the Group and its banking subsidiaries. The Group uses foreign exchange forwards to manage the effect of exchange rates on its net investments in foreign subsidiaries.

Hedging instruments and ineffectiveness

	2023						
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ¹ \$million	Changes in the value of the hedging instrument recognised in OCI \$million	Ineffectiveness recognised in profit or loss \$million	Amount reclassified from reserves to income \$million
		Asset \$million	Liability \$million				
Derivative forward currency contracts ²	15,436	32	41	215	215	–	–
	2022						
	Notional \$million	Carrying amount		Change in fair value used to calculate hedge ineffectiveness ¹ \$million	Changes in the value of the hedging instrument recognised in OCI \$million	Ineffectiveness recognised in profit or loss \$million	Amount reclassified from reserves to income \$million
		Asset \$million	Liability \$million				
Derivative forward currency contracts ²	14,576	120	141	512	512	–	–

1 This represents a gain/(loss) change in fair value used for calculating hedge ineffectiveness

2 These derivative forward currency contracts have a maturity of less than one year. The hedges are rolled on a periodic basis

Hedged items in net investment hedges

	2023		
	Change in the value used for calculating hedge ineffectiveness ¹ \$million	Translation reserve \$million	Balances remaining in the translation reserve from hedging relationships for which hedge accounting is no longer applied \$million
Net investments	(215)	(9)	–
	2022		
	Change in the value used for calculating hedge ineffectiveness ¹ \$million	Translation reserve \$million	Balances remaining in the translation reserve from hedging relationships for which hedge accounting is no longer applied \$million
Net investments	(512)	(21)	–

1 This represents a gain/(loss) change in fair value used for calculating hedge ineffectiveness

14. Derivative financial instruments continued

Impact of net investment hedges on other comprehensive income

	2023 Income/ (expense) \$million	2022 Income/ (expense) \$million
Gains recognised in other comprehensive income	215	512

Maturity of hedging instruments

		2023			
		Less than one month	More than one month and less than one year	One to five years	More than five years
Fair value hedges					
Interest rate swap					
Notional	\$million	3,242	9,789	41,545	14,771
Cross-currency swap					
Notional	\$million	–	115	–	–
Average fixed interest rate (to USD)	GBP	–	1.33%	–	–
	CNH	–	3.17%	–	–
Average exchange rate	GBP/USD	–	0.66	–	–
	CNH/USD	–	6.37	–	–

Cash flow hedges

Interest rate swap					
Notional	\$million	2,129	27,634	11,664	407
Average fixed interest rate	USD	5.10%	3.45%	4.70%	3.16%
Cross-currency swap					
Notional	\$million	166	10,794	3,361	–
Average fixed interest rate	HKD	–	4.97%	0.21%	–
	KRO	1.96%	3.58%	0.62%	–
	USD	–	5.64%	–	–
	TWD	(3.68)%	0.77%	0.81%	–
	JPY	–	(0.07)%	(0.05)%	–
Average exchange rate	HKD/USD	–	7.83	7.85	–
	KRO/USD	1,192.20	1,320.69	1,284.82	–
	USD/HKD	–	0.13	–	–
	TWD/USD	30.63	31.53	32.22	–
	JPY/HKD	–	17.86	18.09	–
Forward foreign exchange contracts					
Notional	\$million	2,194	9,877	–	–
Average exchange rate	BRL/USD	–	5.17	–	–
	TWD/HKD	–	3.81	–	–
	JPY/USD	130.49	136.05	–	–

Net investment hedges

Foreign exchange derivatives					
Notional	\$million	15,436	–	–	–
Average exchange rate	CNY/USD	7.12	–	–	–
	KRW/USD	1,283.25	–	–	–
	AED/USD	3.67	–	–	–
	HKD/USD	7.80	–	–	–

14. Derivative financial instruments continued

		2022			
		Less than one month	More than one month and less than one year	One to five years	More than five years
Fair value hedges					
Interest rate swap					
Notional	\$million	2,462	8,888	53,225	16,185
Cross-currency swap					
Notional	\$million	–	1,109	164	–
Average fixed interest rate (to USD)	JPY	–	(0.62)%	–	–
Average exchange rate	JPY/USD	–	138.78	–	–
Cash flow hedges					
Interest rate swap					
Notional	\$million	195	16,465	14,819	498
Average fixed interest rate	HKD	–	0.35%	1.34%	–
	USD	3.80%	1.82%	1.60%	1.29%
Cross-currency swap					
Notional	\$million	45	8,466	2,650	626
Average fixed interest rate	HKD	–	3.93%	–	0.21%
	KRO	–	3.26%	3.83%	–
	USD	–	4.15%	–	–
	TWD	(0.61)%	(1.38)%	0.32%	–
Average exchange rate	HKD/USD	–	7.84	–	7.85
	KRO/USD	–	1,342.85	1,278.62	1,300.90
	USD/HKD	–	7.84	–	–
	TWD/USD	27.74	30.77	29.73	–
Forward foreign exchange contracts					
Notional	\$million	1,246	10,741	–	–
Average exchange rate	JPY/USD	135.18	133.26	–	–
Net investment hedges					
Foreign exchange derivatives					
Notional	\$million	14,576	–	–	–
Average exchange rate	CNY/USD	6.71	–	–	–
	KRW/USD	1,296.95	–	–	–
	AED/USD	3.67	–	–	–
	HKD/USD	7.83	–	–	–

Interest rate benchmark reform

As at 31 December 2023, there are no derivative instruments designated in fair value or cash flow hedge accounting relationships that were linked to IBOR reference rates (31 December 2022: \$65,769 million).

15. Loans and advances to banks and customers

Accounting policy

Refer to Note 13 Financial instruments for the relevant accounting policy.

	2023 \$million	2022 \$million
Loans and advances to banks	45,001	39,545
Expected credit loss	(24)	(26)
	44,977	39,519
Loans and advances to customers	292,145	316,107
Expected credit loss	(5,170)	(5,460)
	286,975	310,647
Total loans and advances to banks and customers¹	331,952	350,166

¹ Includes \$3.6 billion (31 December 2022: \$4.8 billion) of assets pledged as collateral. For more information, please refer to page 127 of Pillar 3 disclosures

The Group has outstanding residential mortgage loans to Korea residents of \$17.2 billion (31 December 2022: \$19.1 billion) and Hong Kong residents of \$32.7 billion (31 December 2022: \$35 billion).

Analysis of loans and advances to customers by geographic region and client segment together with their related impairment provisions are set out within the Risk review and Capital review (pages 230 to 343).

16. Reverse repurchase and repurchase agreements including other similar lending and borrowing

Accounting policy

The Group purchases securities (a reverse repurchase agreement – ‘reverse repo’) typically with financial institutions subject to a commitment to resell or return the securities at a predetermined price. These securities are not included in the balance sheet as the Group does not acquire the risks and rewards of ownership, however they are recorded off-balance sheet as collateral received. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost unless it is managed on a fair value basis or designated at fair value through profit or loss. In majority of cases through the contractual terms of a reverse repo arrangement, the Group as the transferee of the security collateral has the right to sell or repledge the asset concerned.

The Group also sells securities (a repurchase agreement – ‘repo’) subject to a commitment to repurchase or redeem the securities at a predetermined price. The securities are retained on the balance sheet as the Group retains substantially all the risks and rewards of ownership and these securities are disclosed as pledged collateral. Consideration received (or cash collateral received) is accounted for as a financial liability at amortised cost unless it is either mandatorily classified as fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

Repo and reverse repo transactions typically entitle the Group and its counterparties to have recourse to assets similar to those provided as collateral in the event of a default. Securities sold subject to repos, either by way of a Global Master Repurchase Agreement (GMRA), or through a securities sale and Total Return Swap (TRS) continue to be recognised on the balance sheet as the Group retains substantially the associated risks and rewards of the securities (the TRS is not recognised). The counterparty liability is included in deposits by banks or customer accounts, as appropriate. Assets sold under repurchase agreements are considered encumbered as the Group cannot pledge these to obtain funding.

Reverse repurchase agreements and other similar secured lending

	2023 \$million	2022 \$million
Banks	32,286	24,932
Customers	65,295	65,035
	97,581	89,967
Of which:		
Fair value through profit or loss	81,847	64,491
Banks	30,548	23,954
Customers	51,299	40,537
Held at amortised cost	15,734	25,476
Banks	1,738	978
Customers	13,996	24,498

16. Reverse repurchase and repurchase agreements including other similar lending and borrowing continued

Under reverse repurchase and securities borrowing arrangements, the Group obtains securities under usual and customary terms which permit it to repledge or resell the securities to others. Amounts on such terms are:

	2023 \$million	2022 \$million
Securities and collateral received (at fair value)	101,935	124,989
Securities and collateral which can be repledged or sold (at fair value)	101,845	123,759
Amounts repledged/transferred to others for financing activities, to satisfy liabilities under sale and repurchase agreements (at fair value)	34,154	44,628

Repurchase agreements and other similar secured borrowing

	2023 \$million	2022 \$million
Banks	5,585	6,968
Customers	47,956	46,846
	53,541	53,814
Of which:		
Fair value through profit or loss	41,283	51,706
Banks	4,658	5,737
Customers	36,625	45,969
Held at amortised cost	12,258	2,108
Banks	927	1,231
Customers	11,331	877

The tables below set out the financial assets provided as collateral for repurchase and other secured borrowing transactions:

	2023				
	Fair value through profit or loss \$million	Fair value through other comprehensive income \$million	Amortised cost \$million	Off-balance sheet \$million	Total \$million
Collateral pledged against repurchase agreements					
On-balance sheet					
Debt securities and other eligible bills	4,993	8,157	10,181	–	23,331
Off-balance sheet					
Repledged collateral received	–	–	–	34,154	34,154
At 31 December 2023	4,993	8,157	10,181	34,154	57,485

	2022				
	Fair value through profit or loss \$million	Fair value through other comprehensive income \$million	Amortised cost \$million	Off-balance sheet \$million	Total \$million
Collateral pledged against repurchase agreements					
On-balance sheet					
Debt securities and other eligible bills	2,956	3,630	4,917	–	11,503
Off-balance sheet					
Repledged collateral received	–	–	–	44,628	44,628
At 31 December 2022	2,956	3,630	4,917	44,628	56,131

17. Goodwill and intangible assets

Accounting policy

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in Investments in associates and joint ventures. Goodwill included in intangible assets is assessed at each balance sheet date for impairment and carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Detailed calculations are performed based on forecasting expected cash flows of the relevant cash-generating units (CGUs) and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. CGUs represent the lowest level within the Group which generates separate cash inflows and at which the goodwill is monitored for internal management purposes. These are equal to or smaller than the Group's reportable segments (as set out in Note 2) as the Group views its reportable segments on a global basis. The major CGUs to which goodwill has been allocated are set out in the CGU table (page 425).

Other accounting estimates and judgements

The carrying amount of goodwill is based on the application of judgements including the basis of goodwill impairment calculation assumptions. Judgement is also applied in determination of CGUs.

Estimates include forecasts used for determining cash flows for CGUs, the appropriate long-term growth rates to use and discount rates which factor in country risk-free rates and applicable risk premiums. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill is impaired. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires significant judgement and is subject to potential change over time.

Acquired intangibles

At the date of acquisition of a subsidiary or associate, intangible assets which are deemed separable and that arise from contractual or other legal rights are capitalised and included within the net identifiable assets acquired. These intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the entity and are amortised on the basis of their expected useful lives (4 to 16 years). At each balance sheet date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Internally generated software represents substantially all of the total software capitalised. Direct costs of the development of separately identifiable internally generated software are capitalised where it is probable that future economic benefits attributable to the software will flow from its use. These costs include staff remuneration costs such as salaries, statutory payments and share-based payments, materials, service providers and contractors provided their time is directly attributable to the software build. Costs incurred in the ongoing maintenance of software are expensed immediately when incurred. Internally generated software is amortised over each asset's useful life to a maximum of 10-years. On an annual basis software assets' residual values and useful lives are reviewed, including assessing for indicators of impairment. Indicators of impairment include loss of business relevance, obsolescence, exit of the business to which the software relates, technological changes, change in use of the asset, reduction in useful life, plans to reduce usage or scope.

For capitalised software that is internally generated, judgement is required to determine which costs relate to research (expensed) and which costs relate to development (capitalised). Further judgement is required to determine the technical feasibility of completing the software such that it will be available for use. Estimates are used to determine how the software will generate probable future economic benefits: these estimates include cost savings, income increases, balance sheet improvements, improved functionality or improved asset safeguarding.

Software as a Service (SaaS) is a contractual arrangement that conveys the right to receive access to the supplier's software application over the contract term. As such, the Group does not have control and as a result recognises an operating expense for these costs over the contract term. Certain costs, including customisation costs related to implementation of the SaaS may meet the definition of an intangible asset in their own right if it is separately identifiable and control is established. These costs are capitalised if it is expected to provide the Group with future economic benefits flowing from the underlying resource and the Group can restrict others from accessing those benefits.

17. Goodwill and intangible assets continued

	2023				2022			
	Goodwill \$million	Acquired intangibles \$million	Computer software \$million	Total \$million	Goodwill \$million	Acquired intangibles \$million	Computer software ¹ \$million	Total \$million
Cost								
At 1 January	2,471	295	5,178	7,944	2,595	457	4,464	7,516
Exchange translation differences	(24)	(12)	21	(15)	(108)	(26)	(22)	(156)
Additions	–	–	1,124	1,124	–	–	1,096	1,096
Impairment charge ²	–	–	(151)	(151)	(14)	–	(7)	(21)
Disposals and amounts written off	(18) ¹	(5) ¹	(4)	(27)	–	(136)	(348)	(484)
Classified as held for sale	–	–	–	–	(2)	–	(5)	(7)
At 31 December	2,429	278	6,168	8,875	2,471	295	5,178	7,944
Provision for amortisation								
At 1 January	–	276	1,799	2,075	–	437	1,608	2,045
Exchange translation differences	–	(12)	11	(1)	–	(29)	(11)	(40)
Amortisation	–	1	625	626	–	4	531	535
Impairment charge ²	–	–	(39)	(39)	–	–	5	5
Disposals and amounts written off	–	–	–	–	–	(136)	(331)	(467)
Classified as held for sale	–	–	–	–	–	–	(3)	(3)
At 31 December	–	265	2,396	2,661	–	276	1,799	2,075
Net book value	2,429	13	3,772	6,214	2,471	19	3,379	5,869

1 Includes disposal of goodwill and other intangibles relating to aviation finance leasing business. These were classified as held for sale during 2023 and sold during the year

2 Computer software impairment includes \$82.8 million (2022: nil) charge relating to write off on SaaS (Software as a Service) applications capitalised in previous years

At 31 December 2023, accumulated goodwill impairment losses incurred from 1 January 2005 amounted to \$3,331 million (31 December 2022: \$3,331 million), of which Nil million was recognised in 2023 (31 December 2022: \$14 million).

Outcome of impairment assessment

An annual assessment is made as to whether the current carrying value of goodwill is impaired. For the purposes of impairment testing, goodwill is allocated at the date of acquisition to a CGU. Goodwill is considered to be impaired if the carrying amount of the relevant CGU exceeds its recoverable amount. Indicators of impairment include changes in the economic performance and outlook of the region, including geopolitical changes, changes in market value of regional investments, large credit defaults and strategic decisions to exit certain regions. The recoverable amounts for all the CGUs were measured based on value in use (VIU). The calculation of VIU for each CGU is calculated using five-year cashflow projections and an estimated terminal value based on a perpetuity value after year five. The cashflow projections are based on forecasts approved by management up to 2028. The perpetuity terminal value amount is calculated using year five cashflows using long-term GDP growth rates. All cashflows are discounted using discount rates which reflect market rates appropriate to the CGU. Post-tax discount rates are used to calculate the VIU using the post-tax cashflows. The post-tax discount rate is subsequently grossed up to pre-tax discount rate. The calculated VIU using post-tax and pre-tax discount rate is the same.

The goodwill allocated to each CGU and key assumptions used in determining the recoverable amounts are set out below and are solely estimates for the purposes of assessing impairment of acquired goodwill.

Cash-generating unit	2023			2022		
	Goodwill \$million	Pre-Tax Discount rates per cent	Long-term forecast GDP growth rates per cent	Goodwill \$million	Pre-Tax Discount rates per cent	Long-term forecast GDP growth rates per cent
Country CGUs						
Asia	1,036			1,032		
Hong Kong	357	12.9	1.6	357	12.4	1.7
Taiwan	333	12.4	1.5	333	11.3	1.7
Singapore	346	13.9	2.1	342	12.3	2.3
Africa & Middle East	80			85		
Pakistan	31	35.5	3.2	36	30.9	5.9
Bahrain	49	12.4	0.5	49	16.6	0.7
Global CGUs	1,313			1,354		
Global Private Banking	83	15.3	1.9	83	14.5	2.0
Corporate, Commercial & Institutional Banking	1,230	15.7	2.3	1,271	14.7	2.5
	2,429			2,471		

17. Goodwill and intangible assets continued

The Group has performed sensitivity analysis on the key assumptions for each CGU's recoverable amount. Taiwan CGU is considered sensitive to the key variables and any individual movements on the estimates (cashflow, discount rate and GDP growth rate) up to the levels disclosed below would eliminate the current headroom.

CGU	2023														
	Sensitivities														
					GDP		Discount rate		Cash flow		Cash flow		Cash-flow	Downside scenario	Extreme downside scenario
														GDP -1%	GDP -1%
														DR +1%	DR +1%
	Base Case				+1%	-1%	+1%	-1%	+10%	-10%	+20%	-20%	-30%	CF -10%	CF -20%
	Goodwill \$million	Head-room \$million	Pre-Tax Discount Rate	GDP	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million	Head-room \$million
Taiwan	333	217	12.4%	1.53%	351	112	73	400	375	60	532	(97)	(254)	(138)	(267)

The table above represents reasonably possible scenarios that could occur if either; economic factors (which drive GDP rates and discount rates); country-specific cash flows; or a combination of both are different from the assumptions used in the goodwill impairment assessment at 31 December 2023.

For there to be no headroom, the pre-tax discount rate will need to increase by 2.02 per cent. Similarly, the GDP rates will need to decrease by 2.36 per cent and cashflows would need to decrease by 13.8 per cent.

Acquired intangibles

These primarily comprise those items recognised as part of the acquisitions of Union Bank (now amalgamated into Standard Chartered Bank (Pakistan) Limited), Hsinchu (now amalgamated into Standard Chartered Bank (Taiwan) Limited), Pembroke, American Express Bank and ABSA's custody business in Africa. Maintenance intangible assets represent the value in the difference between the contractual right under acquired leases to receive aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

The acquired intangibles are amortised over periods from four years to a maximum of 16 years. The constituents are as follows:

	2023 \$million	2022 \$million
Acquired intangibles comprise:		
Aircraft maintenance	–	5
Brand names	–	1
Customer relationships	1	1
Licenses	12	12
Net book value	13	19

18. Property, plant and equipment

Accounting policy

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Land and buildings comprise mainly branches and offices. Freehold land is not depreciated although it is subject to impairment testing.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Owned premises
- Leasehold premises
- Leasehold improvements
- Equipment and motor vehicles
- Aircraft
- Ships
- up to 50 years
- up to 50 years
- shorter of remaining lease term and 10 years
- three to 15 years
- up to 18 years
- up to 15 years

Where the Group is a lessee of a right-of-use asset, the leased assets are capitalised and included in Property, plant and equipment with a corresponding liability to the lessor recognised in Other liabilities. The accounting policy for lease assets is set out in Note 19.

	2023					
	Premises \$million	Equipment \$million	Operating lease assets \$million	Leased premises assets \$million	Leased equipment assets \$million	Total \$million
Cost or valuation						
At 1 January	1,773	840	4,420	1,652	29	8,714
Exchange translation differences	(27)	(22)	–	(5)	(3)	(57)
Additions ¹	45	114	–	286	1	446
Disposals and fully depreciated assets written off	(68) ²	(122) ²	(4,420) ³	(69)	(9)	(4,688)
Classified as held for sale	18	–	–	–	–	18
As at 31 December	1,741	810	–	1,864	18	4,433
Depreciation						
Accumulated at 1 January	678	575	1,185	730	24	3,192
Exchange translation differences	(21)	(17)	1	(25)	(1)	(63)
Charge for the year	77	99	27	238	4	445
Impairment charge	3	–	–	9	–	12
Attributable to assets sold, transferred or written off	(47) ²	(122) ²	(1,213) ³	(38)	(9)	(1,429)
Classified as held for sale	2	–	–	–	–	2
Accumulated at 31 December	692	535	–	914	18	2,159
Net book amount at 31 December	1,049	275	–	950	–	2,274

1. Refer to the cash flow statement under cash flows from investing activities section for the purchase of property, plant and equipment during the year of \$159 million on page 363

2. Disposals for property, plant and equipment during the year of \$53 million in the cash flow statement would include the gains and losses incurred as part of other operating income (Note 6) on disposal of assets during the year and the net book value disposed

3. Includes disposal of assets from aviation finance leasing business and sale of vessels (refer note 32).

18. Property, plant and equipment continued

	2022					
	Premises \$million	Equipment \$million	Operating lease assets \$million	Leased premises assets \$million	Leased equipment assets \$million	Total \$million
Cost or valuation						
At 1 January	1,980	901	4,248	1,854	33	9,016
Exchange translation differences	(90)	(65)	–	(111)	(4)	(270)
Additions ¹	87	124	624	339	1	1,175
Disposals and fully depreciated assets written off ²	(142)	(102)	(452)	(425)	(1)	(1,122)
Transfers to assets held for sale	(62)	(18)	–	(5)	–	(85)
As at 31 December	1,773	840	4,420	1,652	29	8,714
Depreciation						
Accumulated at 1 January	795	611	1,155	819	20	3,400
Exchange translation differences	(39)	(39)	–	(33)	(3)	(114)
Charge for the year	76	116	202	250	7	651
Impairment charge	1	–	40	9	–	50
Attributable to assets sold, transferred or written off ²	(125)	(101)	(212)	(313)	–	(751)
Transfers to assets held for sale	(30)	(12)	–	(2)	–	(44)
Accumulated at 31 December	678	575	1,185	730	24	3,192
Net book amount at 31 December	1,095	265	3,235	922	5	5,522

1 Refer to the cash flow statement under cash flows from investing activities section for the purchase of property, plant and equipment during the year of \$835 million on page 363

2 Disposals for property, plant and equipment during the year of \$343 million in the cash flow statement would include the gains and losses incurred as part of other operating income (Note 6) on disposal of assets during the year and the net book value disposed

Operating lease assets

The operating lease assets subsection of property, plant and equipment refers to the Group's aircraft operating leasing business, all leases related to which were disposed on 2 November 2023. As at 31 December 2022, this consisted of 99 commercial aircraft of which 97 were narrow-bodies and 2 were wide-bodies. The leases were classified as operating leases as they did not transfer substantially all the risks and rewards incidental to the ownership of the assets. As at 31 December 2022, these assets had a net book value of \$3,235 million. Refer note 6 Other operating income for the disposal gain and the associated rental income, up to the date of their disposal.

Under these leases up to the date of disposal, the lessee was responsible for the maintenance and servicing of the aircraft during the lease term while the Group receives rental income and assumes the risks of the residual value of the aircraft at the end of the lease.

19. Leased assets

Accounting policy

Where the Group is a lessee and the lease is deemed in scope, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. The liability is recognised in 'Other liabilities'. A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Group is reasonably certain it will exercise.

The Group subsequently depreciates the right-of-use asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation on the asset is recognised in 'Depreciation and amortisation', and interest on the lease liability is recognised in 'Interest expense'.

If a leased premise, or a physically distinct portion of a premise such as an individual floor, is deemed by management to be surplus to the Group's needs and action has been taken to abandon the space before the lease expires, this is considered an indicator of impairment. An impairment loss is recognised if the right-of-use asset, or portion thereof, has a carrying value in excess of its value-in-use when taking into account factors such as the ability and likelihood of obtaining a subtenant.

The judgements in determining lease balances are the determination of whether the Group is reasonably certain that it will exercise extension options present in lease contracts. On initial recognition, the Group considers a range of characteristics such as premises function, regional trends and the term remaining on the lease to determine whether it is reasonably certain that a contractual right to extend a lease will be exercised. Where a change in assumption is confirmed by the local property management team, a remeasurement is performed in the Group-managed vendor system.

The estimates are the determination of incremental borrowing rates in the respective economic environments. The Group uses third-party broker quotes to estimate its USD cost of senior unsecured borrowing, then uses cross currency swap pricing information to determine the equivalent cost of borrowing in other currencies. If it is not possible to estimate an incremental borrowing rate through this process, other proxies such as local government bond yields are used.

The Group primarily enters lease contracts that grant it the right to use premises such as office buildings and retail branches.

Existing lease liabilities may change in future periods due to changes in assumptions or decisions to exercise lease renewal or termination options, changes in payments due to renegotiations of market rental rates as permitted by those contracts and changes to payments due to rent being contractually linked to an inflation index. In general the re-measurement of a lease liability under these circumstances leads to an equal change to the right-of-use asset balance, with no immediate effect on the income statement.

The total cash outflow during the year for premises and equipment leases was \$283 million (2022: \$310 million).

The right-of-use asset balances and depreciation charges are disclosed in Note 18. The lease liability balances are disclosed in Note 23 and the interest expense on lease liabilities is disclosed in Note 3.

Maturity analysis

The maturity profile for lease liabilities associated with leased premises and equipment assets is as follows:

	2023				
	One year or less \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years \$million	Total \$million
Other liabilities – lease liabilities	248	203	373	410	1234

	2022				
	One year or less \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years \$million	Total \$million
Other liabilities – lease liabilities	272	239	437	310	1,258

20. Other assets

Other assets include:

	2023 \$million	2022 \$million
Financial assets held at amortised cost (Note 13):		
Hong Kong SAR Government certificates of indebtedness (Note 23) ¹	6,568	7,106
Cash collateral ²	10,337	12,515
Acceptances and endorsements	5,326	5,264
Unsettled trades and other financial assets	15,909	14,410
	38,140	39,295
Non-financial assets:		
Commodities and emissions certificates ³	8,889	10,598
Other assets	565	490
	47,594	50,383

1 The Hong Kong SAR Government certificates of indebtedness are subordinated to the claims of other parties in respect of bank notes issued

2 Cash collateral are margins placed to collateralize net derivative mark-to-market (MTM) positions

3 Physically held commodities and emission certificates are inventory that is carried at fair value less costs to sell, \$5.1 billion (31 December 2022: \$6 billion) are classified as Level 1 and \$3.7 billion are classified as Level 2 (31 December 2022: \$4.6 billion). For commodities, the fair value is derived from observable spot or short-term futures prices from relevant exchanges.

21. Assets held for sale and associated liabilities

Accounting Policy

Upon reclassification property, plant and equipment are measured at the lower of their carrying amount and fair value less costs to sell. Financial instruments continue to be measured per the accounting policies in Note 13 Financial instruments.

The assets below have been presented as held for sale following the approval of Group management and the transactions are expected to complete in 2024.

Assets held for sale

The financial assets reported below are classified under Level 1 \$101 million (31 December 2022: \$345 million), Level 2 \$541 million (31 December 2022: \$946 million) and Level 3 \$59 million (31 December 2022: \$100 million).

	2023 \$million	2022 \$million
Financial assets held at fair value through profit or loss	-	3
Equity shares	-	2
Derivative financial instruments – Assets	-	1
Financial assets held at amortised cost	701	1,388
Cash and balances at central banks	246	423
Loans and advances to banks	24	81
Loans and advances to customers	251	508
Debt securities held at amortised cost	180	376
Goodwill and intangible assets	-	4
Property, plant and equipment	59	174
Vessels	43	133
Others	16	41
Others	49	56
	809	1,625

During the year, the aviation finance leasing business, which held 99 commercial aircraft, was classified as held for sale. The business was sold to AviLease for a consideration of \$3,570 million, and the Group recorded a gain on sale of \$309 million. In addition, vessels with a carrying value of \$83 million were sold (2022: nil) and the Group exited Jordan as part of the exit of AME regions (\$108 million carrying value, with a \$8 million gain on sale).

21. Assets held for sale and associated liabilities continued

Liabilities held for sale

The financial liabilities reported below are classified under Level 1 \$54 million (2022: \$402 million) and Level 2 \$672 million (2022: \$833 million).

	2023 \$million	2022 \$million
Financial liabilities held at fair value through profit or loss	-	5
Derivative financial instruments	-	5
Financial liabilities held at amortised cost	726	1,230
Deposits by banks	3	17
Customer accounts	723	1,213
Other liabilities	51	64
Provisions for liabilities and charges	10	8
	787	1,307

22. Debt securities in issue

Accounting policy

Refer to Note 13 Financial instruments for the relevant accounting policy.

	2023			2022		
	Certificates of deposit of \$100,000 or more \$million	Other debt securities in issue \$million	Total \$million	Certificates of deposit of \$100,000 or more \$million	Other debt securities in issue \$million	Total \$million
Debt securities in issue	15,533	47,013	62,546	23,457	37,785	61,242
Debt securities in issue included within:						
Financial liabilities held at fair value through profit or loss (Note 13)	-	10,817	10,817	-	8,572	8,572
Total debt securities in issue	15,533	57,830	73,363	23,457	46,357	69,814

In 2023, the Company issued a total of \$8.1 billion senior notes for general business purposes of the Group as shown below:

Securities	\$million
\$1,000 million fixed-rate senior notes due 2027 (callable 2026)	1,000
EUR 1,000 million fixed-rate senior notes due 2031 (callable 2030)	1,105
HKD 784 million fixed-rate senior notes due 2026 (callable 2025)	100
\$1,000 million fixed-rate senior notes due 2034 (callable 2033)	1,000
\$1,000 million fixed-rate senior notes due 2027 (callable 2026)	1,000
\$500 million floating-rate senior notes due 2027 (callable 2026)	500
\$400 million floating-rate senior notes due 2028 (callable 2027)	400
\$1,500 million fixed-rate senior notes due 2029 (callable 2028)	1,500
\$750 million fixed-rate senior notes due 2030 (callable 2029)	750
\$750 million fixed-rate senior notes due 2028 (callable 2027)	750
Total senior notes issued	8,105

In 2022, the Company issued a total of \$5.2 billion senior notes for general business purposes of the Group as shown below:

Securities	\$million
CNH 1,100 million fixed-rate senior notes due 2026 (callable 2025)	158
\$1,250 million fixed-rate senior notes due 2028 (callable 2027)	1,250
\$1,000 million fixed-rate senior notes due 2026 (callable 2025)	1,000
\$500 million floating-rate senior notes due 2026 (callable 2025)	500
SGD 255 million fixed-rate senior notes due 2033 (callable 2032)	190
HKD 800 million fixed-rate senior notes due 2025 (callable 2024)	102
\$1,000 million fixed-rate senior notes due 2025 (callable 2024)	1,000
\$1,000 million fixed-rate senior notes due 2028 (callable 2027)	1,000
Total senior notes issued	5,200

23. Other liabilities

Accounting policy

Refer to Note 13 Financial instruments for the relevant accounting policy for financial liabilities, Note 19 Leased assets for the accounting policy for leases, and Note 31 Share-based payments for the accounting policy for cash-settled share-based payments.

	2023 \$million	2022 \$million
Financial liabilities held at amortised cost (Note 13)		
Notes in circulation ¹	6,568	7,106
Acceptances and endorsements ²	5,386	5,264
Cash collateral ³	8,440	9,206
Property leases ⁴	1,054	1,029
Equipment leases ⁴	4	8
Unsettled trades and other financial liabilities	17,211	20,302
	38,663	42,915
Non-financial liabilities		
Cash-settled share-based payments	102	81
Other liabilities	456	531
	39,221	43,527

1 Hong Kong currency notes in circulation of \$6,568 million (31 December 2022: \$7,106 million) that are secured by the Government of Hong Kong SAR certificates of indebtedness of the same amount included in Other assets (Note 20)

2 Includes early receipts of funds (\$60m) from customer, whereas corresponding liability is due in Jan'24

3 Cash collateral are margins received against collateralize net derivative mark-to-market (MTM) positions

4 Other financial liabilities include the present value of lease liabilities, as required by IFRS 16 from 1 January 2019; refer to Note 19

24. Provisions for liabilities and charges

Accounting policy

The recognition and measurement of provisions for liabilities and charges requires significant judgement and the use of estimates about uncertain future conditions or events.

Estimates include the best estimate of the probability of outflow of economic resources, cost of settling a provision and timing of settlement. Judgements are required for inherently uncertain areas such as legal decisions (including external advice obtained), and outcome of regulator reviews.

	2023			2022		
	Expected credit loss for credit commitments ¹ \$million	Other provisions ² \$million	Total \$million	Expected credit loss for credit commitments ¹ \$million	Other provisions ² \$million	Total \$million
At 1 January	280	103	383	346	107	453
Exchange translation differences	(5)	4	(1)	(39)	(2)	(41)
(Release)/charge against profit	(48)	42	(6)	(27)	69	42
Provisions utilized	–	(71)	(71)	–	(71)	(71)
Transfer ³	–	(6)	(6)	–	–	–
At 31 December	227	72	299	280	103	383

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

2 Other provisions consist mainly of provisions for legal claims and regulatory and enforcement investigations and proceedings.

3 Includes the provisions transferred to held for sale.

25. Contingent liabilities and commitments

Accounting policy

Financial guarantee contracts and loan commitments

Financial guarantee contracts and any loan commitments issued at below-market interest rates are initially recognised at their fair value as a financial liability, and subsequently measured at the higher of the initial value less the cumulative amount of income recognised and their expected credit loss provision. Loan commitments may be designated at fair value through profit or loss where that is the business model under which such contracts are held. Notional values of financial guarantee contracts and loan commitments are disclosed in the table below.

Financial guarantees, trade credits and irrevocable letters of credit are the notional values of contracts issued by the Group's Transaction Banking business for which an obligation to make a payment has not arisen at the reporting date. Transaction Banking will issue contracts to clients and counterparties of clients, whereby in the event the holder of the contract is not paid, the Group will reimburse the holder of the contract for the actual financial loss suffered. These contracts have various legal forms such as letters of credit, guarantee contracts and performance bonds. The contracts are issued to facilitate trade through export and import business, provide guarantees to financial institutions where the Group has a local presence, as well as guaranteeing project financing involving large construction projects undertaken by sovereigns and corporates. The contracts may contain performance clauses which require the counterparty performing services or providing goods to meet certain conditions before a right to payment is achieved, however the Group does not guarantee this performance. The Group will only guarantee the credit of the counterparty paying for the services or goods.

Commitments are where the Group has confirmed its intention to provide funds to a customer or on behalf of a customer under prespecified terms and conditions in the form of loans, overdrafts, future guarantees whether cancellable or not and the Group has not made payments at the balance sheet date; those instruments are included in these financial statements as commitments. Commitments and contingent liabilities are generally considered on demand as the Group may have to honour them, or the client may draw down at any time.

Capital commitments are contractual commitments the Group has entered into to purchase non-financial assets.

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

	2023 \$million	2022 \$million
Financial guarantees and trade credits		
Financial guarantees, trade credits and irrevocable letters of credit	74,414	60,410
	74,414	60,410
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend		
One year and over	78,356	69,597
Less than one year	33,092	31,688
Unconditionally cancellable	70,942	67,383
	182,390	168,668
Capital Commitments		
Contracted capital expenditure approved by the directors but not provided for in these accounts	217	257

As set out in Note 26, the Group has contingent liabilities in respect of certain legal and regulatory matters for which it is not practicable to estimate the financial impact as there are many factors that may affect the range of possible outcomes.

26. Legal and regulatory matters

Accounting policy

The Group receives legal claims against it in a number of jurisdictions and is subject to regulatory and enforcement investigations and proceedings from time to time. Apart from the matters described below, the Group currently considers none of the ongoing claims, investigations or proceedings to be individually material. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters currently not considered to be material may not ultimately be material to the Group's results in a particular reporting period depending on, among other things, the amount of the loss resulting from the matter(s) and the results otherwise reported for such period.

Since 2014, the Group has been named as a defendant in a series of lawsuits that have been filed in the United States District Courts for the Southern and Eastern Districts of New York against a number of banks on behalf of plaintiffs who are, or are relatives of, victims of attacks in Iraq and Afghanistan. The plaintiffs in each of these lawsuits have alleged that the defendant banks aided and abetted the unlawful conduct of parties with connections to terrorist organisations in breach of the United States Anti-Terrorism Act. None of these lawsuits specify the amount of damages claimed. The Group continues to defend these lawsuits.

In January 2020, a shareholder derivative complaint was filed by the City of Philadelphia in New York State Court against 45 current and former directors and senior officers of the Group. It is alleged that the individuals breached their duties to the Group and caused a waste of corporate assets by permitting the conduct that gave rise to the costs and losses to the Group related to legacy conduct and control issues. In March 2021, an amended complaint was served in which Standard Chartered Bank and seven individuals were removed from the case. Standard Chartered PLC and Standard Chartered Holdings Limited remained as named "nominal defendants" in the complaint. In May 2021, Standard Chartered PLC filed a motion to dismiss the complaint. In February 2022, the New York State Court ruled in favour of Standard Chartered PLC's motion to dismiss the complaint. The plaintiffs are pursuing an appeal against the February 2022 ruling. A hearing date for the plaintiffs' appeal is awaited.

Since October 2020, four lawsuits have been filed in the English High Court against Standard Chartered PLC on behalf of more than 200 shareholders in relation to alleged untrue and/or misleading statements and/or omissions in information published by Standard Chartered PLC in its rights issue prospectuses of 2008, 2010 and 2015 and/or public statements regarding the Group's historic sanctions, money laundering and financial crime compliance issues. These lawsuits have been brought under sections 90 and 90A of the Financial Services and Markets Act 2000. These lawsuits are at an early procedural stage.

Bernard Madoff's 2008 confession to running a Ponzi scheme through Bernard L. Madoff Investment Securities LLC (BMIS) gave rise to a number of lawsuits against the Group. BMIS and the Fairfield Funds (which invested in BMIS) are in bankruptcy and liquidation, respectively. Between 2010 and 2012, five lawsuits were brought against the Group by the BMIS bankruptcy trustee and the Fairfield funds' liquidators, in each case seeking to recover funds paid to the Group's clients pursuant to redemption requests made prior to BMIS' bankruptcy filing. The total amount sought in these cases exceeds USD 300 million, excluding any pre-judgment interest that may be awarded. The four lawsuits commenced by the Fairfield funds' liquidators have been dismissed and the appeals of those dismissals by the funds' liquidators are ongoing.

As has been reported in the press, a number of Korean banks, including Standard Chartered Bank Korea, have sold equity-linked securities ("ELS") to customers, the redemption values of which are determined by the performance of various stock indices. Standard Chartered Bank Korea sold relevant ELS to its customers with a notional value of approximately USD900m. Due to the performance of the Hang Seng China Enterprise Index, it is anticipated that several thousand Standard Chartered Bank Korea customers may redeem their ELS at a loss. The value of Standard Chartered Bank Korea customers' anticipated losses is subject to fluctuation as the ELS mature on various dates through 2026 and could total several hundred million USD. Standard Chartered Bank Korea may be faced with claims by customers and its regulator, the Financial Supervisory Service, to cover part or all of those anticipated losses and also may face regulatory penalties.

The Group has concluded that the threshold for recording provisions pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not met with respect to the above matters; however, the outcomes of these matters are inherently uncertain and difficult to predict.

In 2023, three legal cases concluded in which allegations of corruption had been made against the Group or its employees, none of which resulted in liability being established.

27. Subordinated liabilities and other borrowed funds

	2023 \$million	2022 \$million
Subordinated loan capital – issued by subsidiary undertakings		
\$700 million 8.0 per cent subordinated notes due 2031 (callable 2026) ¹	342	345
NPR 2.4 billion fixed sub debt rate 10.3 per cent ^{2,3}	18	–
	360	345
Subordinated loan capital – issued by the Company⁴		
Primary capital floating rate notes:		
\$400 million floating rate undated subordinated notes ⁵	–	16
\$300 million floating rate undated subordinated notes (Series 2) ⁵	–	69
\$400 million floating rate undated subordinated notes (Series 3) ⁵	–	50
\$200 million floating rate undated subordinated notes (Series 4) ⁵	–	26
£900 million 5.125 per cent subordinated notes due 2034	644	587
\$2 billion 5.7 per cent subordinated notes due 2044	2,197	2,172
\$2 billion 3.95 per cent subordinated notes due 2023	–	1,999
\$1 billion 5.2 per cent subordinated notes due 2024	1,001	1,017
\$750 million 5.3 per cent subordinated notes due 2043	697	679
€500 million 3.125 per cent subordinated notes due 2024	536	502
\$1.25 billion 4.3 per cent subordinated notes due 2027	1,154	1,119
\$1 billion 3.516 per cent subordinated notes due 2030 (callable 2025)	964	938
\$500 million 4.886 per cent subordinated notes due 2033 (callable 2028)	481	473
£96.035 million 7.375 per cent Non-Cum Pref Shares (reclassified as Debt) – Other borrowings	122	116
£99.250 million 8.25 per cent Non-Cum Pref Shares (reclassified as Debt) – Other borrowings	126	119
\$750 million 3.604 per cent fixed rate reset dated subordinated notes due 2033	648	630
€1 billion 2.5 per cent subordinated debt 2030	1,044	967
\$1.25 billion 3.265 per cent subordinated notes due 2036	1,040	1,002
€1 billion 1.200 per cent fixed rate reset dated subordinated notes due 2031 (callable 2026)	1,022	891
	11,676	13,370
Total for Group	12,036	13,715

1 Issued by Standard Chartered Bank

2 Issued by Standard Chartered Bank Nepal Limited

3 NPR refers to Nepalese Rupee

4 In the balance sheet of the Company the amount recognised is \$11,945 million (2022: 13,684 million), with the difference on account of hedge accounting achieved on a Group basis

5 These notes were subject to remediation under interest rate benchmark reform. Please refer to Note 13 for further information on this

	2023				
	USD \$million	EUR \$million	GBP \$million	NPR \$million	Total \$million
Fixed rate subordinated debt	8,524	2,602	892	18	12,036
Floating rate subordinated debt	–	–	–	–	–
Total	8,524	2,602	892	18	12,036

	2022				
	USD \$million	EUR \$million	GBP \$million	NPR \$million	Total \$million
Fixed rate subordinated debt	10,372	2,360	822	–	13,554
Floating rate subordinated debt	161	–	–	–	161
Total	10,533	2,360	822	–	13,715

Redemptions and repurchases during the year

Standard Chartered PLC exercised its right to redeem USD 2 billion 3.95 per cent subordinated notes 2023. Further to that outstanding balances of floating rate undated subordinate notes were redeemed during the year.

Issuance during the year

On 1st March 2023, Standard Chartered Bank Nepal Limited issued NPR 2.4 billion 10.3 per cent fixed rate dated subordinated notes due 2028.

28. Share capital, other equity instruments and reserves

Accounting policy

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

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

	Number of ordinary shares millions	Ordinary share capital ¹ \$million	Ordinary Share premium \$million	Preference Share premium ² \$million	Total share capital and share premium \$million	Other equity instruments \$million
At 1 January 2022	3,079	1,539	3,989	1,494	7,022	6,254
Cancellation of shares including share buy-back	(184)	(92)	–	–	(92)	–
Additional Tier 1 equity issuance	–	–	–	–	–	1,240
Additional Tier 1 equity redemption	–	–	–	–	–	(990)
At 31 December 2022	2,895	1,447	3,989	1,494	6,930	6,504
Cancellation of shares including share buy-back	(230)	(115)	–	–	(115)	–
Additional Tier 1 equity issuance	–	–	–	–	–	–
Additional Tier 1 redemption	–	–	–	–	–	(992)
At 31 December 2023	2,665	1,332	3,989	1,494	6,815	5,512

1 Issued and fully paid ordinary shares of 50 cents each

2 Includes preference share capital of \$75,000

Share buy-back

On 16 February 2023, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$58 million, and the total consideration paid was \$1 billion. The buy-back completed on 29 September 2023. The total number of shares purchased was 116,710,492 representing 4.03 per cent of the ordinary shares in issue as at the commencement of the buy-back. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account.

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

The shares were purchased by Standard Chartered PLC on various exchanges not including the Hong Kong Stock Exchange.

	Number of ordinary shares	Highest price paid £	Lowest price paid £	Average price paid per share £	Aggregate price paid £	Aggregate price paid \$
February 2023	9,522,684	7.99400	7.41600	7.77508	74,039,628	89,017,672
March 2023	48,672,024	7.94600	5.79000	7.07885	344,541,860	416,300,544
April 2023	9,521,811	6.58200	6.10600	6.30837	60,067,118	74,798,622
May 2023	10,662,964	6.66000	5.92800	6.28592	67,026,502	83,626,929
June 2023	15,515,223	6.92200	6.36000	6.70601	104,045,286	131,601,470
July 2023	10,388,883	7.53200	6.56400	6.81807	70,832,098	90,241,074
August 2023	22,896,567	7.60800	7.10000	7.28931	166,900,079	211,996,912
September 2023	40,542,727	7.64800	6.93600	7.35577	298,222,942	369,007,327
October 2023	52,084,775	7.66600	6.04800	7.20829	375,442,209	457,218,216
November 2023	9,885,636	6.38400	6.12600	6.23095	61,596,915	75,472,633

Ordinary share capital

In accordance with the Companies Act 2006, the Company does not have authorised share capital. The nominal value of each ordinary share is 50 cents.

During the period, nil shares were issued under employee share plans.

28. Share capital, other equity instruments and reserves continued

Preference share capital

At 31 December 2023, the Company has 15,000 \$5 non-cumulative redeemable preference shares in issue, with a premium of \$99,995 making a paid up amount per preference share of \$100,000. The preference shares are redeemable at the option of the Company and are classified in equity.

The available profits of the Company are distributed to the holders of the issued preference shares in priority to payments made to holders of the ordinary shares and in priority to, or pari passu with, any payments to the holders of any other class of shares in issue. On a winding up, the assets of the Company are applied to the holders of the preference shares in priority to any payment to the ordinary shareholders and in priority to, or pari passu with, the holders of any other shares in issue, for an amount equal to any dividends payable (on approval of the Board) and the nominal value of the shares together with any premium as determined by the Board. The redeemable preference shares are redeemable at the paid up amount (which includes premium) at the option of the Company in accordance with the terms of the shares. The holders of the preference shares are not entitled to attend or vote at any general meeting except where any relevant dividend due is not paid in full or where a resolution is proposed varying the rights of the preference shares.

Other equity instruments

The table provides details of outstanding Fixed Rate Resetting Perpetual Subordinated Contingent Convertible AT1 securities issued by Standard Chartered PLC. All issuances are made for general business purposes and to increase the regulatory capital base of the Group.

Issuance date	Nominal value	Proceeds net of issue costs	Interest rate ¹	Coupon payment dates ²	First reset dates ³	Conversion price per ordinary share
3 July 2019	SGD 750 million	USD 552 million	5.375%	3 April, 3 October each year	3 October 2024	SGD 10.909
26 Jun 2020	USD 1,000 million	USD 992 million	6%	26 January, 26 July each year	26 January 2026	USD 5.331
14 January 2021	USD 1,250 million	USD 1,239 million	4.75%	14 January, 14 July each year	14 July 2031	USD 6.353
19 August 2021	USD 1,500 million	USD 1,490 million	4.30%	19 February, 19 August each year	19 August 2028	USD 6.382
15 August 2022	USD 1,250 million	USD 1,239 million	7.75%	15 February, 15 August each year	15 February 2028	USD 7.333

1 Interest rates for the period from (and including) the issue date to (but excluding) the first reset date

2 Interest payable semi-annually in arrears

3 Securities are resettable each date falling five years, or an integral multiple of five years, after the first reset date

Standard Chartered PLC redeemed \$1,000m Fixed Rate Resetting Perpetual Contingent Convertible Securities on its first optional redemption date of 2 April 2023.

The AT1 issuances above are primarily purchased by institutional investors.

The principal terms of the AT1 securities are described below:

- The securities are perpetual and redeemable, at the option of Standard Chartered PLC in whole but not in part, on the first interest reset date and each date falling five years after the first reset date
- The securities are also redeemable for certain regulatory or tax reasons on any date at 100 per cent of their principal amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption. Any redemption is subject to Standard Chartered PLC giving notice to the relevant regulator and the regulator granting permission to redeem
- Interest payments on these securities will be accounted for as a dividend.
- Interest on the securities is due and payable only at the sole and absolute discretion of Standard Chartered PLC, subject to certain additional restrictions set out in the terms and conditions. Accordingly, Standard Chartered PLC may at any time elect to cancel any interest payment (or part thereof) which would otherwise be payable on any interest payment date.
- The securities convert into ordinary shares of Standard Chartered PLC, at a pre-determined price detailed in the table above, should the fully loaded Common Equity Tier 1 ratio of the Group fall below 7.0 per cent. Approximately 859 million ordinary shares would be required to satisfy the conversion of all the securities mentioned above

The securities rank behind the claims against Standard Chartered PLC of (a) unsubordinated creditors, (b) which are expressed to be subordinated to the claims of unsubordinated creditors of Standard Chartered PLC but not further or otherwise; or (c) which are, or are expressed to be, junior to the claims of other creditors of Standard Chartered PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, pari passu with, or junior to, the claims of holders of the AT1 securities in a winding-up occurring prior to the conversion trigger.

28. Share capital, other equity instruments and reserves continued

Reserves

The constituents of the reserves are summarised as follows:

- The capital reserve represents the exchange difference on redenomination of share capital and share premium from sterling to US dollars in 2001. The capital redemption reserve represents the nominal value of share capital and preference shares redeemed
- The amounts in the “Capital and Merger Reserve” represents the premium arising on shares issued using a cash box financing structure, which required the Company to create a merger reserve under section 612 of the Companies Act 2006. Shares were issued using this structure in 2005 and 2006 to assist in the funding of Korea (\$1.9 billion) and Taiwan (\$1.2 billion) acquisitions, in 2008, 2010 and 2015 for the shares issued by way of a rights issue, primarily for capital maintenance requirements and for the shares issued in 2009 by way of an accelerated book build, the proceeds of which were used in the ordinary course of business of the Group. The funding raised by the 2008, 2010 and 2015 rights issues and 2009 share issue was fully retained within the Company. Of the 2015 funding, \$1.5 billion was used to subscribe to additional equity in Standard Chartered Bank, a wholly owned subsidiary of the Company. Apart from the Korea, Taiwan and Standard Chartered Bank funding, the merger reserve is considered realised and distributable.
- Own credit adjustment reserve represents the cumulative gains and losses on financial liabilities designated at fair value through profit or loss relating to own credit. On derecognition of applicable instruments the balance of any OCA will not be recycled to the income statement, but will be transferred within equity to retained earnings
- Fair value through other comprehensive income (FVOCI) debt reserve represents the unrealised fair value gains and losses in respect of financial assets classified as FVOCI, net of expected credit losses. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying asset is sold, matures or becomes impaired.
- FVOCI equity reserve represents unrealised fair value gains and losses in respect of financial assets classified as FVOCI. Gains and losses are recorded in this reserve and never recycled to the income statement
- Cash flow hedge reserve represents the effective portion of the gains and losses on derivatives that meet the criteria for these types of hedges. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying hedged item affects profit and loss or when a forecast transaction is no longer expected to occur
- Translation reserve represents the cumulative foreign exchange gains and losses on translation of the net investment of the Group in foreign operations. Since 1 January 2004, gains and losses are deferred to this reserve and are reclassified to the income statement when the underlying foreign operation is disposed. Gains and losses arising from derivatives used as hedges of net investments are netted against the foreign exchange gains and losses on translation of the net investment of the foreign operations
- Retained earnings represents profits and other comprehensive income earned by the Group and Company in the current and prior periods, together with the after tax increase relating to equity-settled share options, less dividend distributions, own shares held (treasury shares) and share buy-backs

A substantial part of the Group's reserves is held in overseas subsidiary undertakings and branches, principally to support local operations or to comply with local regulations. The maintenance of local regulatory capital ratios could potentially restrict the amount of reserves which can be remitted. In addition, if these overseas reserves were to be remitted, further unprovided taxation liabilities might arise.

As at 31 December 2023, the distributable reserves of Standard Chartered PLC (the Company) were \$14.7 billion (31 December 2022: \$13 billion). Distributable reserves of SC PLC were \$14.7 billion, which are calculated from the Merger reserve and Retained Earnings with consideration for restricted items in line with sections 830 and 831 of the Companies Act 2006.

28. Share capital, other equity instruments and reserves continued

Own shares

Computershare Trustees (Jersey) Limited is the trustee of the 2004 Employee Benefit Trust ('2004 Trust') and Ocorian Trustees (Jersey) Limited has been the trustee of the 1995 Employees' Share Ownership Plan Trust ('1995 Trust'). The 1995 Trust was closed on 30 June 2023 as all historical awards under this trust have been satisfied, and the 2004 Trust will be used to satisfy existing and future awards.

The 2004 Trust is used in conjunction with the Group's employee share schemes and other employee share-based payments (such as upfront shares and fixed pay allowances). Group companies fund the 2004 Trust from time to time to enable the trustees to acquire shares in Standard Chartered PLC to satisfy these arrangements.

Details of the shares purchased and held by the trusts are set out below.

	1995 Trust		2004 Trust		Total	
	2023	2022	2023	2022	2023	2022
Shares purchased during the period	–	–	29,069,539	30,203,531	29,069,539	30,203,531
Market price of shares purchased (\$million)	–	–	237	218	237	218
Shares held at the end of the period	–	–	28,095,542	27,525,624	28,095,542	27,525,624
Maximum number of shares held during the period					28,893,930	27,976,046

Except as disclosed, neither the Company nor any of its subsidiaries has bought, sold or redeemed any Standard Chartered PLC securities listed on The Stock Exchange of Hong Kong Limited during the period.

Dividend waivers

The trustees of the 2004 Trust, which holds ordinary shares in Standard Chartered PLC in connection with the operation of its employee share plans, have lodged standing instructions in relation to shares held by them that have not been allocated to employees, whereby any dividend is waived on the balance of ordinary shares and recalculated and paid at the rate of 0.01p per share.

Changes in share capital and other equity instruments of Standard Chartered PLC subsidiaries

The table below details the transactions in equity instruments (including convertible and hybrid instruments) of the Group's subsidiaries, including issuances, conversions, redemptions, purchase or cancellation. This is required under the Hong Kong Listing requirements, appendix 16 paragraph 10.

Name and registered address	Place of incorporation	Description of shares	Issued/(redeemed) capital	Issued/(redeemed) Shares	Proportion of shares held (%)
The following companies have the address of 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom					
Standard Chartered I H Limited	United Kingdom	\$1.00 Ordinary shares	\$574,721,653	574,721,653	100
Standard Chartered Holdings Limited	United Kingdom	\$2.00 Ordinary shares	\$574,721,653	287,360,826	100
Standard Chartered Strategic Investments Limited	United Kingdom	\$1.00 Ordinary shares	\$45,886,520	45,886,520	100
SC Ventures Holdings Limited	United Kingdom	\$1.00 Ordinary shares	\$217,712,622	217,712,622	100
Zodia Markets Holdings Limited	United Kingdom	\$1.00 Ordinary shares	\$5,580	5,580	80.46
The following companies have the address of 5th Floor, Holland House 1-4 Bury Street, London, EC3A 5AW, United Kingdom					
Zodia Holdings Limited	United Kingdom	\$1.00 Ordinary-A shares	\$18,300,000	18,300,000	100
The following companies have the address of Suites 508,509,15th floor, Al Sarab Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates					
Financial Inclusion Technologies Ltd	United Arab Emirates	\$1.00 Ordinary shares	\$13,500,000	13,500,000	100
The following company has the address of 39/F, Oxford House, Taikoo Place, 979 King's road, Quarry Bay, Hong Kong					
Mox Bank Limited	Hong Kong	HKD Ordinary shares	HKD1,212,100,000	121,210,000	68.29

28. Share capital, other equity instruments and reserves continued

Name and registered address	Place of incorporation	Description of shares	Issued/(redeemed) capital	Issued/(redeemed) Shares	Proportion of shares held (%)
The following company has the address of Second Floor, Indiqube Edge, Khata No. 571/630/6/4, Sy.No.6/4, Ambalipura Village, Varthur Hobli, Marathahalli Sub-Division, Ward No. 150, Bengaluru, 560102, India.					
Standard Chartered Research and Technology India Private Limited	India	INR10.00 A Equity shares	INR135,758,500	13,575,850	90.63
The following company has the address of Crescenzo, 6th Floor, Plot No 38-39 G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India					
Standard Chartered Capital Limited	India	INR10.00 Equity shares	INR730,222,220	73,022,222	100
The following company has the address of StandardChartered@Chiromo, Number 48, Westlands Road, P. O. Box 30003 – 00100, Nairobi, Kenya					
Solvezy Technology Kenya Limited	Kenya	KES1,000.00 Ordinary shares	KES237,228,000	237,228	100
Tawi Fresh Kenya Limited	Kenya	KES1,000.00 Ordinary shares	KES505,560,000	505,560	100
The following companies have the address of 27, Fitzwilliam Street, Dublin, D02 TP23, Ireland					
Zodia Custody (Ireland) Limited	Ireland	\$1.00 Ordinary shares	\$1,230,000	1,230,000	72.83
The following company has the address of 77 Robinson Road, #25-00 Robinson 77, 068896, Singapore					
Trust Bank Singapore Limited	Singapore	SGD Ordinary shares	SGD110,000,000	110,000,000	60
EX-26, Ground Floor, Bldg 16-Co Work, Dubai Internet City, Dubai, United Arab Emirates					
Appro Onboarding Solutions FZ-LLC	United Arab Emirates	AED1,000.00 Ordinary shares	AED25,691,000	25,691	100
The following company has the address of Part of Level 15, Standard Chartered Bank Building, Plot 8, Burj Downtown, Dubai, United Arab Emirates					
myZoi Financial Inclusion Technologies LLC	United Arab Emirates	AED1.00 Ordinary shares	AED25,000,000	25,000,000	100
The following company has the address of Standard Chartered Bank Building, 87 Independence Avenue, Ridge, ACCRA, Greater ACCRA, GA-016-4621, Ghana					
Solvezy Technology Ghana Ltd	Ghana	GHS Ordinary	GHS4,301,000	4,301,000	100
The following company has the address of 8th Floor, Makati Sky Plaza Building 6788, Ayala Avenue San Lorenzo, City of Makati, Fourth District, National Capi, 1223, Philippines					
Standard Chartered Group Services, Manila Incorporated	Philippines	PHP1.00 Ordinary	PHP108,000,000	108,000,000	100
The following company has the address of 12011-2, 15-16, 12/F, Unit No.1, Building No.1, No. 1 Dongsanhuan Zhong Road, Chaoyang District, Beijing, China					
Standard Chartered Securities (China) Limited	China	CNY Ordinary	CNY1,050,000,000	1,050,000,000	100

28. Share capital, other equity instruments and reserves continued

Name and registered address	Place of incorporation	Description of shares	Issued/(redeemed) capital	Issued/(redeemed) Shares	Proportion of shares held (%)
The following companies have the address of Raffles Place, #26-01 Republic Plaza, Singapore, 048619, Singapore					
Autumn Life Pte. Ltd.	Singapore	\$ Ordinary-A shares	\$2,650,000	2,650,000	96.62
Audax Financial Technology Pte. Ltd	Singapore	\$ Ordinary-A shares	\$94,300,000	94,300,000	100
CashEnable Pte. Ltd.	Singapore	\$ Ordinary-A shares	\$700,000	700,000	100
Letsbloom Pte. Ltd	Singapore	\$ Ordinary shares	\$4,599,999	4,599,999	100
The following companies have the address of 9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore					
SCV Research and Development Pte. Ltd.	Singapore	\$ Ordinary shares	\$8,000,000	8,000,000	100
SCV Master Holding Company Pte Ltd	Singapore	\$ Ordinary shares	\$25,700,000	25,700,000	100
The following companies have the address of 80 Robinson Road, #02-00, 068898, Singapore					
Solv-India Pte Ltd	Singapore	\$ Ordinary shares	\$47,000,000	47,000,000	100
The following company has the address of 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia					
Solv Sdn. Bhd.	Malaysia	RM5.00 Ordinary shares	RM10,911,120	2,182,224	90.6

Please see Note 22 Debt securities in issue for issuances and redemptions of senior notes.

Please see Note 27 Subordinated liabilities and other borrowed funds for issuance and redemptions of subordinated liabilities and AT1 securities.

Please see Note 40 Related undertakings of the Group for subsidiaries liquidated, dissolved or sold during the year.

29. Non-controlling interests

	\$million
At 1 January 2022	371
Comprehensive income for the year	(88)
Income in equity attributable to non-controlling interests	(42)
Other profits attributable to non-controlling interests	(46)
Distributions	(31)
Other increases ¹	98
At 31 December 2022	350
Comprehensive income for the year	(38)
Income in equity attributable to non-controlling interests	(31)
Other profits attributable to non-controlling interests	(7)
Distributions	(26)
Other increases ²	110
At 31 December 2023	396

1. Additional investment by non-controlling interests mainly in Mox Bank Limited (\$39 million), Trust Bank Singapore Limited (\$47 million), Zodia Markets Holdings Limited (\$3 million), Power2SME Pte. Ltd. (\$9 million)

2. Additional investment by non-controlling interests mainly in Mox Bank Limited (\$48 million), Trust Bank Singapore Limited (\$34 million) and Zodia Custody Limited (\$28 million)

30. Retirement benefit obligations

Accounting policy

The Group operates pension and other post-retirement benefit plans around the world, which can be categorised into **defined contribution** plans and **defined benefit** plans.

- For **defined contribution** plans, the Group pays contributions to publicly or privately administered pension plans on a statutory or contractual basis, and such amounts are charged to operating expenses. The Group has no further payment obligations once the contributions have been paid.
- For **defined benefit** plans, which promise levels of payments where the future cost is not known with certainty:
 - the accounting obligation is calculated annually by independent actuaries using the projected unit method.
 - Actuarial gains and losses that arise are recognised in shareholders' equity and presented in the statement of other comprehensive income in the period they arise.
 - The Group determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the 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 payments. Net interest expense, the cost of the accrual of new benefits, benefit enhancements (or reductions) and administration expenses met directly from plan assets are recognised in the income statement in the period in which they were incurred.

Other accounting estimates and judgements

There are many factors that affect the measurement of the retirement benefit obligations. This measurement requires the use of estimates, such as discount rates, inflation, pension increases, salary increases, and life expectancies which are inherently uncertain. The table below summarises how these assumptions are set:

Assumption	Detail
Discount rate	Determined by reference to market yields at the end of the reporting period on high-quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations. This is the approach adopted across all our geographies.
Inflation	Where there are inflation-linked bonds available (e.g. United Kingdom and the eurozone), the Group derives inflation based on the market on those bonds, with the market yield adjusted in respect of the United Kingdom to take account of the fact that liabilities are linked to Consumer Price Index inflation, whereas the reference bonds are linked to Retail Price Index inflation. Where no inflation-linked bonds exist, we determine inflation assumptions based on a combination of long-term forecasts and short-term inflation data.
Salary growth	Salary growth assumptions reflect the Group's long-term expectations, taking into account future business plans and macroeconomic data (primarily expected future long-term inflation).
Demographic assumptions	Demographic assumptions, including mortality and turnover rates, are typically set based on the assumptions used in the most recent actuarial funding valuation, and will generally use industry standard tables, adjusted where appropriate to reflect recent historic experience and/or future expectations.

The sensitivity of the liabilities to changes in these assumptions is shown in the Note below.

Retirement benefit obligations comprise:

	2023 \$million	2022 \$million
Defined benefit plans obligation	166	128
Defined contribution plans obligation	17	18
Net obligation	183	146

Retirement benefit charge comprises:

	2023 \$million	2022 \$million
Defined benefit plans	66	58
Defined contribution plans ¹	365	332
Charge against profit (Note 7)	431	390

¹ The Group during the year utilised, against defined contribution payments, \$4 million forfeited pension contributions in respect of employees who left before their interests vested fully. The residual balance of forfeited contributions is \$16 million

The Group operates over 60 defined benefit plans across its geographies, many of which are closed to new entrants who now join defined contribution arrangements. The aim of all these plans is, as part of the Group's commitment to financial wellbeing for employees, to give employees the opportunity to save appropriately for retirement in a way that is consistent with local regulations, taxation requirements and market conditions. The defined benefit plans expose the Group to currency risk, interest rate risk, investment risk and actuarial risks such as longevity risk.

30. Retirement benefit obligations continued

The material holdings of government and corporate bonds shown partially hedge movements in the liabilities resulting from interest rate and inflation changes. Setting aside movements from other drivers such as currency fluctuation, the reduction in discount rates in most countries with material pension liabilities over 2023 has led to higher liabilities. This has been partly offset by increases in the value of bonds held as well as good performance of growth assets such as equities, leading to an increase in the pension deficit reported. These movements are shown as actuarial gains and losses in the tables below. Contributions into a number of plans in excess of the amounts required to fund benefits accruing have also partially offset the increase in the net deficit over the year.

The disclosures required under IAS 19 have been calculated by independent qualified actuaries based on the most recent full actuarial valuations updated, where necessary, to 31 December 2023.

UK Fund

The Standard Chartered Pension Fund (the 'UK Fund') is the Group's largest pension plan, representing 53 per cent (31 December 2022: 53 per cent) of total pension liabilities. The UK Fund is set up under a trust that is legally separate from the Bank (its formal sponsor) and, as required by UK legislation, at least one third of the trustee directors are nominated by members; the remainder are appointed by the Bank. The trustee directors have a fiduciary duty to members and are responsible for governing the UK Fund in accordance with its Trust Deed and Rules.

The UK Fund was closed to new entrants from 1 July 1998 and closed to the accrual of new benefits from 1 April 2018: all UK employees are now offered membership of a defined contribution plan.

The financial position of the UK Fund is regularly assessed by an independent qualified actuary. The funding valuation as at 31 December 2020 was completed in December 2021 by the Scheme Actuary, T Kripps of Willis Towers Watson, using assumptions different from those below, and agreed with the UK Fund trustee. It showed that the UK Fund was 92% funded at that date, revealing a past service deficit of \$162 million (£127 million).

To repair the deficit, three annual cash payments each of \$42 million (£32.9 million) were agreed, with the first of these paid in December 2021, and two further instalments to be paid in December 2022 and December 2023. However, the agreement allowed that, if the funding position improves to being at or near a surplus in future years, the payments due in 2022 and 2023 will be reduced or eliminated. Based on the funding positions at the agreed measurement point of mid-year, no payment was made in December 2022, and a reduced payment of \$8m (£6m) was made in December 2023. As part of the 2020 valuation, in order to provide security for future contributions an additional \$64 million nominal gilts (£50 million) were purchased and transferred into the existing escrow account of \$140 million gilts (£110 million), topping it up to \$204 million. Under the terms of the 2020 valuation agreement, the USD8m payment made in December 2023 is deductible from the funds held in escrow.

The Group has not recognised any additional liability under IFRIC 14, as the Bank has control of any pension surplus under the Trust Deed and Rules.

Virgin Media vs NTL Pension Trustees II Ltd

Following the June 2023 ruling in the case of Virgin Media vs NTL Pension Trustees II Limited, the Bank has considered the potential impact of this ruling on the UK Fund and is of the view that any potential impact is not expected to be material.

Overseas plans

The principal overseas defined benefit arrangements operated by the Group are in Hong Kong, India, Jersey, Korea, Taiwan, United Arab Emirates (UAE) and the United States of America (US). Plans in Hong Kong, India, Korea, Taiwan and UAE remain open for the accrual of future benefits.

Key assumptions

The principal financial assumptions used at 31 December 2023 were:

	2023			2022		
	UK Funded %	Overseas Plans ¹ %	Unfunded Plans ² %	UK Funded %	Overseas Plans ¹ %	Unfunded Plans ² %
Discount rate	4.6	1.2 – 4.9	3.1 – 7.4	4.8	1.2 – 5.4	3.7 – 7.6
Price inflation	2.5	2.0 – 2.9	2.0 – 5.0	2.6	1.0 – 3.1	2.0 – 4.0
Salary increases	n/a	3.5 – 4.5	4.0 – 8.5	n/a	3.5 – 4.5	4.0 – 7.8
Pension increases	2.3	2.9	0.0 – 2.3	2.4	3.1	0.0 – 2.4
Post-retirement medical rate			8% in 2023 reducing by 0.5% per annum to 5% in 2029			7% in 2022 reducing by 0.5% per annum to 5% in 2026

1 The range of assumptions shown is for the funded defined benefit overseas plans in Hong Kong, Jersey, Korea, Taiwan, and the US. These comprise around 75 per cent of the total liabilities of overseas funded plans.

2 The range of assumptions shown is for the main unfunded defined benefit plans in India, Korea, Thailand, UAE, UK and the US. They comprise around 95 per cent of the total liabilities of unfunded plans

The principal non-financial assumptions are those made for UK life expectancy. The UK mortality tables are S3PMA for males and S3PFA for females, projected by year of birth with the CMI 2019 improvement model with a 1.25% annual trend and initial addition parameter of 0.25%. Scaling factors of 92% for male pensioners, 92% for female pensioners, 92% for male dependants and 82% for female dependants have been applied.

30. Retirement benefit obligations continued

The resulting assumptions for life expectancy for the UK Fund are that a male member currently aged 60 will live for 27 years (2022: 27 years) and a female member for 30 years (2022: 30 years) and a male member currently aged 40 will live for 29 years (2022: 29 years) and a female member for 32 years (2022: 32 years) after their 60th birthdays.

Both financial and non-financial assumptions can be expected to change in the future, which would affect the value placed on the liabilities. For example, changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

- If the discount rate increased by 25 basis points the liability would reduce by approximately \$35 million for the UK Fund (2022: \$30 million) and \$20 million for the other plans (2022: \$15 million)
- If the rate of inflation increased by 25 basis points the liability, allowing for the consequent impact on pension and salary increases, would increase by approximately \$20 million for the UK Fund (2022: \$20 million) and \$15 million for the other plans (2022: \$15 million)
- If the rate of salary growth relative to inflation increased by 25 basis points the liability would increase by nil for the UK Fund (2022: nil) and approximately \$10 million for the other plans (2022: \$10 million)
- If longevity expectations increased by one year the liability would increase by approximately \$35 million for the UK Fund (2022: \$35 million) and \$10 million for the other plans (2022: \$10 million)

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

Profile of plan obligations

	Funded plans		Unfunded plans
	UK Fund	Overseas	
Duration of the defined benefit obligation (in years)	11	8	8
Duration of the defined benefit obligation – 2022	11	9	9
Benefits expected to be paid from plans			
Benefits expected to be paid during 2024	80	63	19
Benefits expected to be paid during 2025	82	100	17
Benefits expected to be paid during 2026	84	74	17
Benefits expected to be paid during 2027	86	83	17
Benefits expected to be paid during 2028	89	91	18
Benefits expected to be paid during 2029 to 2033	478	444	82

Fund values

	UK Fund			Overseas plans		
	Quoted assets \$million	Unquoted assets \$million	Total assets \$million	Quoted assets \$million	Unquoted assets \$million	Total assets \$million
At 31 December 2022						
Equities	2	–	2	223	–	223
Government bonds	206	–	206	160	–	160
Corporate bonds	309	82	391	116	–	116
Hedge funds	–	14	14	–	–	–
Infrastructure	–	177	177	–	–	–
Property	–	126	126	–	–	–
Derivatives	2	–	2	–	–	–
Cash and equivalents	257	–	257	35	221	256
Others	7	4	11	–	63	63
Total fair value of assets¹	783	403	1,186	534	284	818
At 31 December 2023						
Equities	2	–	2	160	–	160
Government bonds	443	–	443	173	–	173
Corporate bonds	360	113	473	179	–	179
Hedge funds	–	9	9	–	–	–
Infrastructure	–	166	166	–	–	–
Property	–	84	84	–	–	–
Derivatives	2	5	7	–	–	–
Cash and equivalents	66	–	66	37	166	203
Others	7	2	9	–	145	145
Total fair value of assets¹	880	379	1,259	549	311	860

1 Self-investment is monitored closely and is less than \$1 million of Standard Chartered equities and bonds for 2023 (31 December 2022: <\$1 million). Self-investment is only allowed where it is not practical to exclude it – for example through investment in index-tracking funds where the Group is a constituent of the relevant index

30. Retirement benefit obligations continued

	At 31 December 2023			At 31 December 2022		
	Funded plans		Unfunded Plans \$million	Funded plans		Unfunded Plans \$million
	UK Fund \$million	Overseas Plans \$million		UK Fund \$million	Overseas Plans \$million	
Total fair value of assets	1,259	860	N/A	1,186	818	N/A
Present value of liabilities	(1,219)	(877)	(189)	(1,138)	(817)	(177)
Net pension plan asset/(obligation)	40	(17)	(189)	48	1	(177)

The pension cost for defined benefit plans was:

2023	Funded plans			Total \$million
	UK Fund \$million	Overseas plans \$million	Unfunded plans \$million	
Current service cost ¹	–	39	11	50
Past service cost and curtailments ²	8	–	1	9
Settlement cost ³	–	2	–	2
Interest income on pension plan assets	(57)	(43)	–	(100)
Interest on pension plan liabilities	56	41	8	105
Total charge to profit before deduction of tax	7	39	20	66
Net (gain)/losses on plan assets ⁴	(18)	(52)	–	(70)
(Gains)/losses on liabilities	30	79	8	117
Total (gains)/losses recognised directly in statement of comprehensive income before tax	12	27	8	47
Deferred taxation	(1)	(10)	–	(11)
Total (gains)/losses after tax	11	17	8	36

1 Includes administrative expenses paid out of plan assets of \$1 million and actuarial losses of \$2 million that are immediately recognised through P&L in line with the requirements of IAS 19.

2 Includes the cost of discretionary pension increases paid to UK pensioners as well as small past service costs in relation to Hong Kong

3 Termination benefits paid from the pension plan in Indonesia

4 The actual return on the UK Fund assets was a gain of \$75 million and on overseas plan assets was a gain of \$95 million

2022	Funded plans			Total \$million
	UK Fund \$million	Overseas plans \$million	Unfunded plans \$million	
Current service cost ¹	–	47	6	53
Past service cost and curtailments ²	–	2	–	2
Interest income on pension plan assets	(34)	(32)	–	(66)
Interest on pension plan liabilities	33	31	5	69
Total charge to profit before deduction of tax	(1)	48	11	58
Net (gains)/losses on plan assets ³	486	113	–	599
(Gains)/ losses on liabilities	(453)	(143)	(44)	(640)
Total losses/(gains) recognised directly in statement of comprehensive income before tax	33	(30)	(44)	(41)
Deferred taxation	7	13	–	20
Total (gains)/losses after tax	40	(17)	(44)	(21)

1 Includes administrative expenses paid out of plan assets of \$1 million (2021: \$1 million)

2 Includes various small costs and gains from plan amendments and settlements in India, Kenya, Mauritius, South Korea and Sri Lanka

3 The actual return on the UK Fund assets was a loss of \$452 million and on overseas plan assets was a loss of \$82 million

30. Retirement benefit obligations continued

Movement in the defined benefit pension plans deficit during the year comprise:

	Funded plans		Unfunded plans \$million	Total \$million
	UK Fund \$million	Overseas plans \$million		
Surplus/(deficit) at January 2023	48	1	(177)	(128)
Contributions	8	59	14	81
Current service cost ¹	–	(39)	(11)	(50)
Past service cost and curtailments	(8)	–	(1)	(9)
Settlement costs and transfers impact	–	(2)	–	(2)
Net interest on the net defined benefit asset/liability	1	2	(8)	(5)
Actuarial gains/(losses)	(12)	(27)	(8)	(47)
Assets held for sale ³	–	(7)	6	(1)
Exchange rate adjustment	3	(4)	(4)	(5)
Surplus/(deficit) at 31 December 2023²	40	(17)	(189)	(166)

1 Includes administrative expenses paid out of plan assets of \$1 million (31 December 2022: \$1 million)

2 The deficit total of \$166 million is made up of plans in deficit of \$260 million (31 December 2022: \$248 million) net of plans in surplus with assets totalling \$94 million (31 December 2022: \$120 million)

3 "Assets held for sale" is an adjustment relating to plans in Cameroon, Cote D'Ivoire and Zimbabwe which is required due to these countries being excluded in the opening and closing assets and liabilities, but included in the profit and other comprehensive income items shown.

	Funded plans		Unfunded plans \$million	Total \$million
	UK Fund \$million	Overseas plans \$million		
Surplus/(deficit) at January 2022	88	(44)	(236)	(192)
Contributions	–	67	13	80
Current service cost ¹	–	(47)	(6)	(53)
Past service cost and curtailments	–	(2)	–	(2)
Settlement costs and transfers impact	–	–	–	–
Net interest on the net defined benefit asset/liability	1	1	(5)	(3)
Actuarial gains/(losses)	(33)	30	44	41
Assets held for sale ³	–	(4)	2	(2)
Exchange rate adjustment	(8)	–	11	3
Surplus/(deficit) at 31 December 2022²	48	1	(177)	(128)

1 Includes administrative expenses paid out of plan assets of \$1 million (31 December 2021: \$1 million)

2 The deficit total of \$128 million is made up of plans in deficit of \$248 million (31 December 2021: \$355 million) net of plans in surplus with assets totalling \$120 million (31 December 2021: \$163 million)

3 Assets held for sale includes funded and unfunded plans in Cameroon, Cote D'Ivoire, Jordan and Zimbabwe

The Group's expected contribution to its defined benefit pension plans in 2024 is \$53 million.

	2023			2022		
	Assets \$million	Obligations \$million	Total \$million	Assets \$million	Obligations \$million	Total \$million
At 1 January	2,004	(2,132)	(128)	2,942	(3,134)	(192)
Contributions ¹	82	(1)	81	81	(1)	80
Current service cost ²	–	(50)	(50)	–	(53)	(53)
Past service cost and curtailments	–	(9)	(9)	–	(2)	(2)
Settlement costs	–	(2)	(2)	(5)	5	–
Interest cost on pension plan liabilities	–	(105)	(105)	–	(69)	(69)
Interest income on pension plan assets	100	–	100	66	–	66
Benefits paid out ²	(161)	161	–	(176)	176	–
Actuarial gains/(losses) ³	70	(117)	(47)	(599)	640	41
Assets held for sale ⁴	(7)	6	(1)	(18)	16	(2)
Exchange rate adjustment	31	(36)	(5)	(287)	290	3
At 31 December	2,119	(2,285)	(166)	2,004	(2,132)	(128)

1 Includes employee contributions of \$1 million (31 December 2022: \$1 million)

2 Includes administrative expenses paid out of plan assets of \$1 million (31 December 2022: \$1 million)

3 Actuarial gain on obligation comprises of \$50 million loss (31 December 2022: \$708 million gain) from financial assumption changes, \$1 million loss (31 December 2022: \$9 million gain) from demographic assumption changes and \$66 million loss (31 December 2022: \$77 million loss) from experience

4 "Assets held for sale" is an adjustment relating to plans in Cameroon, Cote D'Ivoire and Zimbabwe which is required due to these countries being excluded in the opening and closing assets and liabilities, but included in the profit and other comprehensive income items shown.

31. Share-based payments

Accounting policy

The Group operates equity-settled and cash-settled share-based compensation plans. The fair value of the employee services (measured by the fair value of the awards granted) received in exchange for the grant of the shares and awards is recognised as an expense. For deferred share awards granted as part of an annual performance award, the expense is recognised over the period from the start of the performance period to the vesting date. For example, the expense for three-year awards granted in 2024 in respect of 2023 performance, which vest in 2025-2027, is recognised as an expense over the period from 1 January 2023 to the vesting dates in 2025-2027. For all other awards, the expense is recognised over the period from the date of grant to the vesting date.

For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and awards at the date of grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions are included in assumptions for the number of shares and awards that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of shares and awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period. Forfeitures prior to vesting attributable to factors other than the failure to satisfy service conditions and non-market vesting conditions are treated as a cancellation and the remaining unamortised charge is debited to the income statement at the time of cancellation. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when awards in the form of options are exercised.

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

Other accounting estimates and judgements

Share-based payments involve judgement and estimation uncertainty in determining the expenses and carrying values of share awards at the balance sheet date.

- LTIP awards are determined using an estimation of the probability of meeting certain metrics over a three-year performance period using the Monte Carlo simulation model.
- Deferred shares are determined using an estimation of expected dividends.
- Sharesave Plan valuations are determined using a binomial option-pricing model.

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

	2023 ¹			2022 ¹		
	Cash \$million	Equity \$million	Total \$million	Cash \$million	Equity \$million	Total \$million
Deferred share awards	34	103	137	16	92	108
Other share awards	19	70	89	20	71	91
Total share-based payments²	53	173	226	36	163	199

1 No forfeiture during the year

2 The total Share based payments charge during the year includes costs relating to Business ventures. Business ventures are established as separate legal entities with their own employee share ownership plans (ESOP) to attract and incentivise talent. ESOPs have been set up with share based payment charges recorded in 2023 with \$14 million in Cash settled and \$3 million equity settled deferred awards spread across 11 entities

31. Share-based payments continued

2021 Standard Chartered Share Plan (the '2021 Plan') and 2011 Standard Chartered Share Plan (the '2011 Plan')

The 2021 Plan was approved by shareholders in May 2021 and is the Group's main share plan, replacing the 2011 Plan for new awards from June 2021. It may be used to deliver various types of share awards to employees and former employees of the Group, including directors and former executive directors:

- Long Term Incentive Plan (LTIP) awards: granted with vesting subject to performance measures. Performance measures attached to awards granted previously include: relative total shareholder return (TSR); return on tangible equity (RoTE) (with a Common Equity Tier 1 (CET1) underpin); and strategic measures. Each measure is assessed independently over a three-year period. LTIP awards have an individual conduct gateway requirement that results in the award lapsing if not met.
- Deferred awards are used to deliver:
 - the deferred portion of variable remuneration, in line with both market practice and regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of grant. Deferred awards are not subject to any plan limit. This enables the Group to meet regulatory requirements relating to deferral levels, and is in line with market practice.
 - replacement buy-out awards to new joiners who forfeit awards on leaving their previous employers. These vest in the quarter most closely following the date when the award would have vested at the previous employer. This enables the Group to meet regulatory requirements relating to buy-outs, and is in line with market practice. In line with similar plans operated by our competitors, these awards are not subject to an annual limit and do not have any performance measures.

Under the 2021 Plan and 2011 Plan, no grant price is payable to receive an award. The remaining life of the 2021 Plan during which new awards can be made is eight years. The 2011 Plan has expired and no further awards will be granted under this plan.

Valuation – LTIP awards

The vesting of awards granted in 2023, 2022 and 2021 is subject to relative TSR performance measures, achievement of a strategic scorecard and satisfaction of RoTE (subject to a capital CET1 underpin). The vesting of awards also have additional conditions under strategic measures related to targets set for sustainability linked to business strategy. The fair value of the relative TSR component is calculated using the probability of meeting the measures over a three-year performance period, using a Monte Carlo simulation model. The value of the remaining components is based on the expected performance against the RoTE and strategic measures in the scorecard and the resulting estimated number of shares expected to vest at each reporting date. These combined values are used to determine the accounting charge.

No dividend equivalents accrue for the LTIP awards made in 2023, 2022 or 2021 and the fair value takes this into account, calculated by reference to market consensus dividend yield.

	2023	2022
Grant date	13-March	14-March
Share price at grant date (£)	7.40	4.88
Vesting period (years)	3-7	3-7
Expected dividend yield (%)	3.1	3.4
Fair value (RoTE) (£)	1.91, 1.85	1.24, 1.20
Fair value (TSR) (£)	1.08, 1.04	0.70, 0.68
Fair value (Strategic) (£)	2.54, 2.46	1.65, 1.60

Valuation – deferred shares

The fair value for deferred awards which are not granted to material risk takers is based on 100 per cent of the face value of the shares at the date of grant as the share price will reflect expectations of all future dividends. For awards granted to material risk takers in 2023, the fair value of awards takes into account the lack of dividend equivalents, calculated by reference to market consensus dividend yield.

Deferred share awards – variable remuneration

Grant date	2023					
	18 September		19 June		13 March	
Share price at grant date (£)	7.43		6.75		7.40	
Vesting period (years)	Expected dividend yield (%)		Expected dividend yield (%)		Expected dividend yield (%)	
	Fair value (£)		Fair value (£)		Fair value (£)	
1-3 years	N/A	7.43	3.3	6.75	3.1	7.4
1-5 years	3.0	6.51	3.3, 3.3	6.23, 5.83	3.1, 3.1	6.85, 6.65
3-7 years	–	–	–	–	3.1, 3.1, 3.1, 3.1	6.65, 6.75, 6.35, 6.16

31. Share-based payments continued

Grant date	2022					
	09 November		20 June		14 March	
Share price at grant date (£)	5.62		6.04		4.88	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
1-3 years	N/A	5.62	N/A	6.04	N/A	4.88
1-5 years	3.4	5.17	3.4, 3.4	5.56, 5.56	N/A, 3.4, 3.4, 3.4	4.88, 4.48, 4.41, 4.34
3-7 years	–	–	–	–	3.4, 3.4, 3.4	4.48, 4.13, 3.99

Deferred share awards – buy-outs

Grant date	2023							
	20-Nov		18-Sep		19-Jun		13-Mar	
Share price at grant date (£)	6.60		7.43		6.75		7.40	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
3 months			3.0	7.38	3.3	6.7	3.1	7.34
4 months	3.0	6.54						
6 months			3.0	7.32	3.3	6.64		
7 months	3.0	6.49						
9 months			3.0	7.27	3.3	6.48, 6.59		
10 months	3.0	6.44						
1 year	3.0	6.25, 6.30, 6.35, 6.39	3.0	7.06, 7.11, 7.16, 7.22	3.3	6.18, 6.38, 6.43, 6.54	3.1	7.12, 7.18
2 years	3.0	6.12, 6.16, 6.21	3.0	6.85, 6.9, 6.95, 7.01	3.3	5.98, 6.18, 6.33	3.1	6.91, 6.96
3 years	3.0	5.94, 5.98, 6.03	3.0	6.65, 6.7, 6.8	3.3	5.98, 5.79, 6.13	3.1	6.70, 6.75
4 years	3.0	5.76					3.1	6.50, 6.55
5 years							3.1	6.35

Grant date	2022							
	28 November		09 November		20 June		14 March	
Share price at grant date (£)	5.90		5.62		6.04		4.88	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
4 months			3.4	5.56				
1 year	3.4	5.71	3.4	5.44	3.4	5.84	3.4	4.72
1.4 years			3.4	5.38	3.4		3.4	
2 years	3.4	5.52	3.4	5.26	3.4	5.65	3.4	4.56
2.4 years			3.4	5.2	3.4		3.4	
3 years	3.4	5.34	3.4	5.08	3.4	5.46	3.4	4.41
4 years	3.4	5.16	3.4	4.92	3.4	5.28	3.4	4.27
5 years	3.4	4.99			3.4	5.11	3.4	4.13
6 years							3.4	3.99

31. Share-based payments continued

All Employee Sharesave Plans

Sharesave Plans

The 2013 Sharesave Plan expired in May 2023 and a new 2023 Sharesave Plan was approved by shareholders at the Annual General Meeting in May 2023. Under the 2023 Sharesave Plan, employees may open a savings contract. Employees can save up to £250 per month over three years to purchase ordinary shares in the Company at a discount of up to 20 per cent on the share price at the date of invitation (the 'option exercise price'), after which they have a period of six months to exercise the option. There are no performance measures attached to options granted under the Sharesave Plans and no grant price is payable to receive an option. In some countries in which the Group operates, it is not possible to operate Sharesave plans, typically due to securities law and regulatory restrictions. In these countries, where possible, the Group offers an equivalent cash-based alternative to its employees.

The remaining life of the 2023 Sharesave Plan during which new awards can be made is ten years. The 2013 Sharesave Plan has expired and no further awards will be granted under this plan.

Valuation – Sharesave:

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

All Employee Sharesave Plan (Sharesave)

	2023	2022
Grant date	18 September	28 November
Share price at grant date (£)	7.35	5.80
Exercise price (£)	5.88	4.23
Vesting period (years)	3	3
Expected volatility (%)	36.7	39.3
Expected option life (years)	3.5	3.33
Risk-free rate (%)	4.48	3.21
Expected dividend yield (%)	3.0	3.4
Fair value (£)	3.05	2.08

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

Limits

An award shall not be granted under the 2021 Plan in any calendar year if, at the time of its proposed grant, it would cause the number of Standard Chartered PLC ordinary shares allocated in the period of 10 calendar years, ending with that calendar year, under the 2021 Plan and under any other discretionary share plan operated by Standard Chartered PLC to exceed such number as represents 5 per cent of the ordinary share capital of Standard Chartered PLC in issue at that time.

An award shall not be granted under the 2021 Plan or 2023 Sharesave Plan in any calendar year if, at the time of its proposed grant, it would cause the number of Standard Chartered PLC ordinary shares allocated in the period of 10 calendar years ending with that calendar year, under the 2021 Plan or 2023 Sharesave Plan and under any other employee share plan operated by Standard Chartered PLC to exceed such number as represents 10 per cent of the ordinary share capital of Standard Chartered PLC in issue at that time.

An award shall not be granted under the 2021 Plan or 2023 Sharesave Plan in any calendar year if, at the time of its proposed grant, it would cause the number of Standard Chartered PLC ordinary shares which may be issued or transferred pursuant to awards then outstanding under the 2021 Plan or 2023 Sharesave Plan as relevant to exceed such number as represents 10 per cent of the ordinary share capital of Standard Chartered PLC in issue at that time.

The number of Standard Chartered PLC ordinary shares which may be issued pursuant to awards granted under the 2021 Plan in any 12-month period must not exceed such number as represents 1 per cent of the ordinary share capital of Standard Chartered PLC in issue at that time. The number of Standard Chartered PLC ordinary shares which may be issued pursuant to awards granted under the 2023 Sharesave Plan in any 12-month period must not exceed such number as represents 1 per cent of the ordinary share capital of Standard Chartered PLC in issue at that time.

Standard Chartered PLC has been granted waivers from strict compliance with Rules 17.03A, 17.03B(1), 17.03E and 17.03(18) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong. Details are set out in the market announcements made on 30 March 2023. In relation to the waiver of strict compliance with Note 1 to 17.03(18), in 2023 no changes to the Plan rules have been proposed and therefore the Board has not been required to exercise its discretion.

31. Share-based payments continued

Reconciliation of share award movements for the year ending 31 December 2023

	Discretionary ¹			Weighted average Sharesave exercise price (£)
	LTIP	Deferred shares	Sharesave	
Outstanding at 1 January 2023	11,339,951	46,449,040	17,109,519	3.81
Granted ^{2,3}	2,142,057	21,668,459	5,668,325	–
Lapsed	(1,911,931)	(1,231,514)	(1,407,502)	4.14
Exercised	(622,695)	(19,817,781)	(4,468,125)	3.75
Outstanding at 31 December 2023	10,947,382	47,068,204	16,902,217	4.49
Total number of securities available for issue under the plan	10,947,382	47,068,204	16,902,217	
Percentage of the issued shares this represents as at 31 December 2023	0.41	1.76	0.63	4.49
Exercisable as at 31 December 2023	–	685,077	2,482,392	3.16
Range of exercise prices (£) ³	–	–	3.14 – 5.88	
Intrinsic value of vested but not exercised options (\$ million)	–	5.81	11.08	
Weighted average contractual remaining life (years)	7.59	8.11	2.30	
Weighted average share price for awards exercised during the period (£)	6.94	7.04	6.65	

1. Granted under the 2021 Plan and 2011 Plan. Employees do not contribute to the cost of these awards.

2. 2,134,238 (LTIP) granted on 13 March 2023, 6,501 (LTIP) granted as a notional dividend on 1 March 2023, 1,318 (LTIP) granted as a notional dividend on 1 September 2023; 20,828,385 (Deferred shares) granted on 13 March 2023, 121,314 (Deferred shares) granted as a notional dividend on 1 March 2023, 338,583 (Deferred shares) granted on 19 June 2023, 235,186 (Deferred shares) granted on 18 September 2023, 52,082 (Deferred shares) granted as a notional dividend on 1 September 2023, 92,909 (Deferred shares) granted on 20 November 2023; 5,668,325 (Sharesave) granted on 18 September 2023 under the 2023 Sharesave Plan.

3. For Sharesave granted in 2023 the exercise price is £5.88 per share, a 20% discount from the average of the closing prices over the five days to the invitation date of 21 August 2023. The closing share price on 18 August 2023 was £7.214

Reconciliation of share award movements for the year ending 31 December 2022

	Discretionary ¹			Weighted average Sharesave exercise price (£)
	LTIP	Deferred shares	Sharesave	
Outstanding at 1 January 2022	11,627,751	39,718,654	16,897,075	3.95
Granted ^{2,3}	3,066,288	25,037,706	5,777,197	–
Lapsed	(2,927,828)	(1,121,849)	(2,700,678)	4.29
Exercised	(426,260)	(17,185,471)	(2,864,075)	5.03
Outstanding at 31 December 2022	11,339,951	46,449,040	17,109,519	3.81
Total number of securities available for issue under the plan	11,339,951	46,449,040	17,109,519	
Percentage of the issued shares this represents as at 31 December 2022	0.39	1.60	0.59	3.81
Exercisable as at 31 December 2022	–	1,191,693	1,699,772	4.96
Range of exercise prices (£) ³	–	–	3.14 – 5.13	–
Intrinsic value of vested but not exercised options (\$ million)	0.02	8.93	2.59	
Weighted average contractual remaining life (years)	7.88	8.25	2.27	
Weighted average share price for awards exercised during the period (£)	5.09	4.93	5.94	

1. Granted under the 2021 Plan and 2011 Plan. Employees do not contribute to the cost of these awards.

2. 3,048,826 (LTIP) granted on 14 March 2022, 14,989 (LTIP) granted as a notional dividend on 1 March 2022, 2,473 (LTIP) granted as a notional dividend on 8 August 2022, 23,434,127 (Deferred shares) granted on 14 March 2022, 77,479 (Deferred shares) granted as a notional dividend on 1 March 2022, 584,322 (Deferred shares) granted on 20 June 2022, 43,918 (Deferred shares) granted as a notional dividend on 8 August 2022, 771,103 (Deferred shares) granted on 9 November 2022, 126,757 (Deferred shares) granted on 28 November 2022 under the 2021 Plan. 5,777,197 (Sharesave) granted on 28 November 2022 under the 2013 Sharesave Plan.

3. For Sharesave granted in 2022 the exercise price is £4.23 per share, a 20% discount from the closing price on 1 November 2022. The closing price on 1 November 2022 was £5.282

32. Investments in subsidiary undertakings, joint ventures and associates

Accounting policy

Associates and joint arrangements

The Group did not have any contractual interest in joint operations.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition (net of any accumulated impairment loss).

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

Significant accounting estimates and judgements

The Group applies judgement in determining if it has control, joint control or significant influence over subsidiaries, joint ventures and associates respectively. These judgements are based upon identifying the relevant activities of counterparties, being those activities that significantly affect the entities returns, and further making a decision of if the Group has control over those entities, joint control, or has significant influence (being the power to participate in the financial and operating policy decisions but not control them).

These judgements are at times determined by equity holdings, and the voting rights associated with those holdings. However, further considerations including but not limited to board seats, advisory committee members and specialist knowledge of some decision-makers are also taken into account. Further judgement is required when determining if the Group has de-facto control over an entity even though it may hold less than 50% of the voting shares of that entity. Judgement is required to determine the relative size of the Group's shareholding when compared to the size and dispersion of other shareholders.

Impairment testing of investments in associates and joint ventures, and on a Company level investments in subsidiaries is performed if there is a possible indicator of impairment. Judgement is used to determine if there is objective evidence of impairment. Objective evidence may be observable data such as losses incurred on the investment when applying the equity method, the granting of concessions as a result of financial difficulty, or breaches of contracts/regulatory fines of the associate or joint venture. Further judgement is required when considering broader indicators of impairment such as losses of active markets or ratings downgrades across key markets in which the associate or joint venture operate in.

Impairment testing is based on estimates including forecasting the expected cash flows from the investments, growth rates, terminal values and the discount rate used in calculation of the present values of those cash flows. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires significant judgement.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

In the Company's financial statements, investment in subsidiaries, associates and joint ventures are held at cost less impairment and dividends from pre-acquisition profits received prior to 1 January 2009, if any. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in the Group accounts.

Investments in subsidiary undertakings	2023 \$million	2022 \$million
As at 1 January	60,975	60,429
Additions ¹	1,566	1,545
Disposal ²	(1,750)	(999)
As at 31 December	60,791	60,975

1 Includes internal Additional Tier 1 Issuances of \$992 million by Standard Chartered Bank and \$575 million additional investment in Standard Chartered Holdings Limited (31 December 2022: Additional Tier 1 issuances of \$1 billion by Standard Chartered Bank and \$500 million by Standard Chartered Bank (Hong Kong) Ltd)

2 Includes redemption of Additional Tier 1 capital of \$1 billion by Standard Chartered Bank (31 December 2022: Additional Tier 1 capital of \$1 billion by Standard Chartered Bank)

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

At 31 December 2023, the principal subsidiary undertakings, all indirectly held except for Standard Chartered Bank (Hong Kong) Limited, and principally engaged in the business of banking and provision of other financial services, were as follows:

Country and place of incorporation or registration	Main areas of operation	Group interest in ordinary share capital %
Standard Chartered Bank, England and Wales	United Kingdom, Middle East, South Asia, Asia Pacific, Americas and, through Group companies, Africa	100
Standard Chartered Bank (Hong Kong) Limited, Hong Kong	Hong Kong	100
Standard Chartered Bank (Singapore) Limited, Singapore	Singapore	100
Standard Chartered Bank Korea Limited, Korea	Korea	100
Standard Chartered Bank (China) Limited, China ¹	China	100
Standard Chartered Bank (Taiwan) Limited, Taiwan	Taiwan	100
Standard Chartered Bank AG, Germany	Germany	100
Standard Chartered Bank Malaysia Berhad, Malaysia	Malaysia	100

1 Under PRC law, registered as Standard Chartered Bank (China) Limited

Country and place of incorporation or registration	Main areas of operation	Group interest in ordinary share capital %
Standard Chartered Bank (Thai) Public Company Limited, Thailand	Thailand	99.87
Standard Chartered Bank (Pakistan) Limited, Pakistan	Pakistan	98.99
Standard Chartered Bank Botswana Limited, Botswana	Botswana	75.83
Standard Chartered Bank Kenya Limited, Kenya	Kenya	74.32
Standard Chartered Bank Nepal Limited, Nepal	Nepal	70.21
Standard Chartered Bank Ghana PLC, Ghana	Ghana	69.42
Mox Bank Limited, Hong Kong	Hong Kong	68.29

A complete list of subsidiary undertaking is included in Note 40.

The Group does not have any material non-controlling interest except as listed above, which contribute \$35 million (31 December 2022: \$(6.2) million) of the (loss)/Profit attributable to non-controlling interest and \$290 million (31 December 2022: \$261 million) of the equity attributable to non-controlling interests.

During 2023 the Group disposed of its investments in Pembroke Group Limited (Isle of Man), Pembroke Aircraft Leasing Holdings Limited and Pembroke Aircraft Leasing (Tianjin) Limited (China). The carrying amount was composed of Property, plant and equipment of \$3,249 million, Goodwill and intangible assets of \$23 million, Other assets of \$124 million and Other liabilities of \$292 million. The principal activity of these subsidiaries was the aviation finance leasing business. In Q1 2023, the aviation finance leasing business was classified as held for sale and was subsequently sold on 2nd November 2023 for a total consideration of \$3,570 million. The gain on sale of the business was \$309 million. In addition the Group disposed of its wholly owned subsidiaries Cardspal Pte. Ltd. and Kozagi during 2023. The gain on sale of Cardspal Pte. Ltd. and Kozagi comprised \$12 million and \$7 million, respectively.

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

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

Regulatory and liquidity requirements

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

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

The subsidiaries are also required to maintain balances with central banks and other regulatory authorities in the countries in which they operate. At 31 December 2023, the total cash and balances with central banks was \$70 billion (31 December 2022: \$58 billion) of which \$6 billion (31 December 2022: \$9 billion) is restricted.

Statutory requirements

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

Contractual requirements

The encumbered assets in the balance sheet of the Group's subsidiaries are not available for transfer around the Group.

Share of profit from investment in associates and joint ventures comprises:

	2023 \$million	2022 \$million
Loss from investment in joint ventures	(13)	(7)
Profit from investment in associates	154	163
Total	141	156

	2023 \$million	2022 \$million
Interests in associates and joint ventures		
As at 1 January	1,631	2,147
Exchange translation difference	16	(232)
Additions ¹	64	26
Share of profits	141	156
Dividend received ⁴	(11)	(58)
Disposals	–	(1)
Impairment ²	(872)	(336)
Share of FVOCI and Other reserves	(7)	(79)
Other movements ³	4	8
As at 31 December	966	1,631

1 Includes \$17 million non-cash consideration (Intellectual Property – right to use) from SBI Zodia Custody Co. Ltd

2 Impairment mainly relates to the Group's investment in its associate China Bohai Bank (Bohai) \$850million and CurrencyFair Limited (Zai) \$21 million

3 Movement related to CurrencyFair Limited

4 Include distribution (\$7 million) in cash from Ascenta IV

During 2023 the Group disposed of its 13.09% share of investment in associate Metaco SA for a total consideration of \$18 million. The entire amount was recognised as gain on sale.

A complete list of the Group's interest in associates is included in Note 40. The Group's principal associates are:

Associate	Nature of activities	Main areas of operation	Group interest in ordinary share capital %
China Bohai Bank	Banking	China	16.26
CurrencyFair Limited Exchange Ireland	Banking	Ireland	43.42

The Group's ownership percentage in China Bohai Bank is 16.26%.

Although the Group's investment in China Bohai Bank is less than 20 per cent, it is considered to be an associate because of the significant influence the Group is able to exercise over its management and financial and operating policies. This influence is exercised through Board representation and the provision of technical expertise to Bohai. The Group applies the equity method of accounting for investments in associates.

Bohai has a statutory year end of 31 December, but publishes its year-end financial statements after the Group. As it is impracticable for Bohai to prepare financial statements sooner, the Group recognises its share of Bohai's earnings on a three-month lag basis. Therefore, the Group recognised its share of Bohai's profits and movements in other comprehensive income for the 12 months ended 30 September 2023 in the Group's consolidated statement of income and consolidated statement of comprehensive income for the year ended 31 December 2023, respectively.

There have been significant developments since 2022, which have required an impairment to the Group's carrying amount of the investment in Bohai. These events include Bohai's lower reported net profit in 2023 (compared to 2022) as well as banking industry challenges and property market uncertainties in Mainland China, that may impact Bohai's future profitability.

If the Group did not have significant influence over Bohai, the investment would be measured at fair value rather than the current carrying value, which is based on the application of the equity method as described in the accounting policy note.

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

Impairment testing

At 31 December 2023, the listed equity value of Bohai is below the carrying amount of the Group's investment in associate. As a result, the Group assessed the carrying value of its investment in Bohai for impairment and concluded that an impairment of \$850 million was required in 2023 (2022: \$308 million impairment). Total impairment is recorded in the 'Goodwill, property, plant and equipment and other impairment' line in the Consolidated Income Statement, under Central & other items segment. The carrying value of the Group's investment in Bohai of \$700 million (2022: \$1,421 million) represents the higher of the value in use and fair value less costs to sell. The financial forecasts used in the VIU calculation reflects Group management's best estimate of Bohai's future earnings considering the significant developments explained above.

Bohai	2023 \$million	2022 \$million
VIU	700	1,421
Carrying amount ¹	700	1,421
Market capitalisation ²	418	685

1 The Group's 16.26% share in the net assets less other equity instruments which the Group does not hold

2 Number of shares held by the Group multiplied by the quoted share price at 31 December

Basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of Bohai, determined as the higher of VIU and fair value less costs to sell, with its carrying amount.

The value in use ('VIU') is calculated using a dividend discount model ('DDM'), which estimates the distributable future cashflows to the equity holders, after adjusting for regulatory capital requirements, for a 5-year period, after which a terminal value ('TV') is calculated based on the 'Gordon Growth' model. The key assumptions in the VIU are as follows:

- Short to medium term projections are based on Group management's best estimates of future profits available to ordinary shareholders and have been determined with reference to the latest published financial results and historical performance of Bohai
- The projections use available information and include normalised performance over the forecast period, inclusive of: (i) asset growth assumptions based on the long-term GDP growth rate for Mainland China; (ii) ECL assumptions using Bohai's historical reported ECL, based on the proportion of ECL from loans and advances to customers and financial investments measured at amortised cost and FVOCI. This was further adjusted for banking industry challenges and property market uncertainties; (iii) Net Interest Margin (NIM) increases from 2025 with reference to third party market interest rate forecasts in China; (iv) Net fee income estimated according to the latest available performance of Bohai and contribution of the constituent parts (trading and fee income); and (v) Effective Tax Rate (ETR) based on Bohai's historical reported results for the short term projection, updated, for the medium and long term to a more conservative view
- The discount rate applied to these cash flows was estimated with reference to transaction and broker data in the local Chinese market, cross-checked to the capital asset pricing model (CAPM), which includes a long term risk-free rate, beta and company risk premium assumptions for Bohai
- A long-term GDP growth rate for Mainland China is used to extrapolate the expected short to medium term earnings to perpetuity to derive a terminal value; and
- Capital maintenance ratio consists of a capital haircut taken in order to estimate Bohai's target regulatory capital requirements over the forecast period. This haircut takes into account movements in risk weighted assets (RWA) projected based on the historical proportion of RWA to total assets and the total capital required (Core CET 1 and Minimum Core CET 1 ratios), including required retained earnings over time to meet the target capital ratios. RWA projection is adjusted to reflect management's best estimates for the impact of implementing Basel 3.1, effective 1 January 2024 in China.

The VIU model was refined during 2023 to include a projected summary balance sheet and more granular income statement assumptions for each period. While it is impracticable for the Group to estimate the impact on future periods, the key changes to the 2023 model are summarised as follows:

- Asset growth rates, net interest income margin and ECL assumptions were applied to the relevant balance sheet lines to produce the profit and loss forecasts for each period
- RWAs were modelled as a percentage of total assets, to reflect the potential capital impact(s) of regulatory changes (e.g., Basel 3.1) in each period. For the purposes of the VIU for 31 December 2023, it was assumed that the minimum CET 1 ratio is 8.0% (2022: 7.5%) over the forecast and terminal periods
- Consistent with the model updates explained above, net fee income was modelled separately from net interest income.

Prior to its use, the 2023 VIU model was calibrated using the 2022 modelled assumptions.

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

The key assumptions used in the VIU calculation are as follows:

	2023 per cent	2022 per cent
Pre-tax discount rate	13.68	13.03
Long term GDP growth rate	4.00	4.00
Total assets growth rate	4.00	N/A ¹
RWA as percentage of total assets	63.87–67.06	N/A ¹
Net interest margin	1.21–1.48	1.50–1.84
Net fee income growth rate	4.00	N/A ¹
Expected credit losses as a percentage of customer loans	0.80–1.24	0.90–1.45
Expected credit losses as a percentage of financial investments measured at amortised cost and FVOCI	0.35–0.67	N/A ¹
Effective tax rate	12.02–16.00 ²	16.00
Capital maintenance ratio ³	8.28	8.06

1 These assumptions were not explicitly modelled in 2022, therefore no comparative figures are presented

2 Bohai's latest available effective tax rate (12.02%) was only used for the first year of the cash flows. Thereafter, 16.00% was applied, consistent with previous periods

3 Core CET 1 reported by Bohai

The table below discloses sensitivities to the key assumptions of Bohai, according to management judgement of reasonably possible changes. Changes were applied to every cash flow year on an individual basis. The percentage change to the assumptions reflects the level at which management assess the reasonableness of the assumptions used and their impact on the Value in Use.

Sensitivities	Key assumption change		
	basis points	Increase Headroom/ (Impairment) \$ million	Decrease Headroom/ (Impairment) \$ million
Discount Rate	100	(126)	169
Long term GDP growth rate ¹	100	135	(100)
Total assets growth rate	100	41	(40)
RWA as percentage of total assets	100	(26)	26
Net interest margin	10	452	(282) ²
Net fee income	100	53	(51)
Expected credit losses as a percentage of customer loans	10	(275)	275
Expected credit losses as a percentage of financial investments measured at amortised cost and FVOCI	10	(131)	131
Effective tax rate	100	(25)	25
Capital maintenance ratio	50	(199)	199

1 Changes in long term GDP growth rate applied only to the calculation of the terminal value

2 Market capitalisation of Bohai at 31 December 2023 was used as impairment floor

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

	30 Sep 2023 \$million	30 Sep 2022 \$million
Total assets	246,212	236,396
Total liabilities	230,101	220,662
Operating income ¹	3,640	3,958
Net profit ¹	811	1,186
Other comprehensive income ¹	(38)	(457)

1 This represents twelve months of earnings (1 October to 30 September)

33. Structured entities

Accounting policy

Structured entities are consolidated when the substance of the relationship between the Group and the structured entity indicates the Group has power over the contractual relevant activities of the structured entity, is exposed to variable returns, and can use that power to affect the variable return exposure.

In determining whether to consolidate a structured entity to which assets have been transferred, the Group takes into account its ability to direct the relevant activities of the structured entity. These relevant activities are generally evidenced through a unilateral right to liquidate the structured entity, investment in a substantial proportion of the securities issued by the structured entity or where the Group holds specific subordinate securities that embody certain controlling rights. The Group may further consider relevant activities embedded within contractual arrangements such as call options which give the practical ability to direct the entity, special relationships between the structured entity and investors, and if a single investor has a large exposure to variable returns of the structured entity.

Judgement is required in determining control over structured entities. The purpose and design of the entity is considered, along with a determination of what the relevant activities are of the entity and who directs these. Further judgements are made around which investor is exposed to and absorbs the variable returns of the structured entity. The Group will have to weigh up all of these facts to consider whether the Group, or another involved party is acting as a principal in its own right or as an agent on behalf of others. Judgement is further required in the ongoing assessment of control over structured entities, specifically if market conditions have an effect on the variable return exposure of different investors.

Interests in consolidated structured entities: A structured entity is consolidated into the Group's financial statements where the Group controls the structured entity, as per the determination in the accounting policy above. The following table presents the Group's interests in consolidated structured entities.

	2023 \$million	2022 \$million
Aircraft and ship leasing	52	3,531
Principal and other structured finance	353	330
Total	405	3,861

Interests in unconsolidated structured entities: Unconsolidated structured entities are all structured entities that are not controlled by the Group. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities. This is predominantly within the CCIB business segment. An interest in a structured entity is contractual or non-contractual involvement which creates variability of the returns of the Group arising from the performance of the structured entity.

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

	2023						2022					
	Asset-backed securities \$million	Lending \$million	Structured finance \$million	Principal Finance funds \$million	Other activities \$million	Total \$million	Asset-backed securities \$million	Lending \$million	Structured finance \$million	Principal Finance funds \$million	Other activities \$million	Total \$million
Group's interest – assets												
Financial assets held at fair value through profit or loss	954	269	143	137	–	1,503	851	–	–	136	–	987
Loans and advances/Investment securities at amortised cost	17,795	15,105	13,353	–	190	46,443	18,696	21,667	14,261	–	246	54,870
Investment securities (fair value through other comprehensive income)	2,443	–	–	–	–	2,443	2,248	–	–	–	–	2,248
Other assets	–	–	34	–	–	34	–	–	–	8	–	8
Total assets	21,192	15,374	13,530	137	190	50,423	21,795	21,667	14,261	144	246	58,113
Off-balance sheet	–	8,869	6,691	–	20	15,580	–	9,675	8,710	93	–	18,478
Group's maximum exposure to loss	21,192	24,243	20,221	137	210	66,003	21,795	31,342	22,971	237	246	76,591
Total assets of structured entities	191,627	15,374	31,806	250	1,688	240,745	177,194	17,925	35,732	291	1,828	232,970

33. Structured entities continued

The main types of activities for which the Group utilises unconsolidated structured entities cover synthetic credit default swaps for managed investment funds (including specialised Principal Finance Funds), portfolio management purposes, structured finance and asset-backed securities. These are detailed as follows:

- **Asset-backed securities (ABS):** The Group also has investments in asset-backed securities issued by third-party sponsored and managed structured entities. For the purpose of market making and at the discretion of ABS trading desk, the Group may hold an immaterial amount of debt securities from structured entities originated by credit portfolio management. This is disclosed in the ABS column above.
- **Portfolio management (Group sponsored entities):** For the purposes of portfolio management, the Group purchased credit protection via synthetic credit default swaps from note-issuing structured entities. This credit protection creates credit risk which the structured entity and subsequently the end investor absorbs. The referenced assets remain on the Group's balance sheet as they are not assigned to these structured entities. The Group continues to own or hold all of the risks and returns relating to these assets. The credit protection obtained from the regulatory-compliant securitisation only serves to protect the Group against losses upon the occurrence of eligible credit events and the underlying assets are not derecognised from the Group's balance sheet. The Group does not hold any equity interests in the structured entities, but may hold an insignificant amount of the issued notes for market making purposes. This is disclosed in the ABS section above. The proceeds of the notes' issuance are typically held as cash collateral in the issuer's account operated by a trustee or invested in AAA-rated government-backed securities to collateralise the structured entities swap obligations to the Group, and to repay the principal to investors at maturity. The structured entities reimburse the Group on actual losses incurred, through the use of the cash collateral or realisation of the collateral security. Correspondingly, the structured entities write down the notes issued by an equal amount of the losses incurred, in reverse order of seniority. All funding is committed for the life of these vehicles and the Group has no indirect exposure in respect of the vehicles' liquidity position. The Group has reputational risk in respect of certain portfolio management vehicles and investment funds either because the Group is the arranger and lead manager or because the structured entities have Standard Chartered branding.
- **Corporate Lending:** Corporate Lending comprises secured lending in the normal course of business to third parties through structured entities.
- **Structured finance:** Structured finance comprises interests in transactions that the Group or, more usually, a customer has structured, using one or more structured entities, which provide beneficial arrangements for customers. The Group's exposure primarily represents the provision of funding to these structures as a financial intermediary, for which it receives a lender's return. The transactions largely relate to real estate financing and the provision of aircraft leasing and ship finance.
- **Principal finance Fund:** The Group's exposure to Principal Finance Funds represents committed or invested capital in unleveraged investment funds, primarily investing in pan-Asian infrastructure, real estate and private equity.
- **Other activities:** Other activities include structured entities created to support margin financing transactions, the refinancing of existing credit and debt facilities, as well as setting up of bankruptcy remote structured entities.

In the above table, the Group determined the total assets of the structured entities using following bases:

- Asset Backed Securities, Principal Finance, and Other activities are based on the published total assets of the structured entities.
- Lending and Structured Finance are estimated based on the Group's loan values to the structured entities

34. Cash flow statement

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

	Group		Company	
	2023 \$million	2022 \$million	2023 \$million	2022 \$million
Amortisation of discounts and premiums of investment securities	(704)	237	-	-
Interest expense on subordinated liabilities	951	570	632	615
Interest expense on senior debt securities in issue	2,068	794	1,434	696
Other non-cash items	(578)	(12)	8	301
Pension costs for defined benefit schemes	61	58	-	-
Share-based payment costs	219	199	-	-
Impairment losses on loans and advances and other credit risk provisions	508	836	-	-
Dividend income from subsidiaries	-	-	(4,738)	(1,047)
Other impairment	1,008	439	-	-
Gain on disposal of property, plant and equipment	(31)	(62)	-	-
Loss on disposal of FVOCI and AMCST financial assets	209	190	-	-
Depreciation and amortisation	1,071	1,186	-	-
Fair value changes taken to Income statement	(1,666)	(365)	(202)	-
Foreign Currency revaluation	299	(365)	19	-
Profit from associates and joint ventures	(141)	(156)	-	-
Total	3,274	3,549	(2,847)	565

34. Cash flow statement continued

Change in operating assets

	Group		Company	
	2023 \$million	2022 (Restated) \$million	2023 \$million	2022 \$million
Decrease/(increase) in derivative financial instruments	13,061	(11,873)	(19)	259
(Increase)/decrease in debt securities, treasury bills and equity shares held at fair value through profit or loss ¹	(29,477)	9,067	(4,068)	289
(Increase)/decrease in loans and advances to banks and customers ¹	(787)	14,381	–	–
Net decrease/(increase) in prepayments and accrued income	82	(1,056)	–	–
Net decrease/(increase) in other assets	2,663	2,470	268	(806)
Total	(14,458)	12,989	(3,819)	(258)

1 Decrease in debt securities, treasury bills and equity shares held at fair value through profit or loss for 2022 has been restated by \$(821) million and the decrease in loans and advances to banks and customers for 2022 has been restated by \$14,355 million (refer note 35)

Change in operating liabilities

	Group		Company	
	2023 \$million	2022 \$million	2023 \$million	2022 \$million
(Decrease)/increase in derivative financial instruments	(13,629)	17,145	(239)	1,004
Net increase/(decrease) in deposits from banks, customer accounts, debt securities in issue, Hong Kong notes in circulation and short positions	17,877	(9,259)	4,479	106
Increase in accruals and deferred income	1,106	1,381	153	4
Net decrease in other liabilities	(3,377)	(481)	(1,154)	(2,080)
Total	1,977	8,786	3,239	(966)

Disclosures

	Group		Company	
	2023 \$million	2022 \$million	2023 \$million	2022 \$million
Subordinated debt (including accrued interest):				
Opening balance	13,928	16,885	13,895	16,395
Proceeds from the issue	18	750	–	750
Interest paid	(563)	(667)	(545)	(619)
Repayment	(2,160)	(1,848)	(2,160)	(1,800)
Foreign exchange movements	146	(338)	146	(337)
Fair value changes from hedge accounting	311	(1,502)	271	(1,098)
Accrued interest and others	536	648	516	604
Closing balance	12,216	13,928	12,123	13,895
Senior debt (including accrued interest):				
Opening balance	32,288	29,904	14,080	16,981
Proceeds from the issue	15,261	11,902	5,105	1,500
Interest paid	(1,145)	(845)	(434)	(506)
Repayment	(6,471)	(7,838)	(2,037)	(2,980)
Foreign exchange movements	(21)	(729)	(2)	(431)
Fair value changes from hedge accounting	119	(1,051)	188	(1,014)
Accrued interest and others	1,319	945	618	530
Closing balance	41,350	32,288	17,518	14,080

35. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes:

- Cash and balances at central banks¹, except for restricted balances; and
- Other balances listed in the table below, when they have less than three months' maturity from the date of acquisition, are not subject to contractual restrictions, are subject to insignificant changes in value, are highly liquid and are held for the purpose of meeting short-term cash commitments. This includes products such as treasury bills and other eligible bills, short-term government securities, loans and advances to banks (including reverse repos), and loans and advances to customers (placements at central banks), which are held for appropriate business purposes.

Cash and balances at central banks¹ includes both cash held in restricted accounts and on demand or placements which are contractually due to mature overnight only. Other placements with central banks are reported as part of 'Loans and advances to customers'.

Following a reassessment of the nature and purpose of balances held with central banks, customers and banks, the Group's cash and cash equivalents balance for 31 December 2022 and 1 January 2022 has been restated. The following balances have been identified by the Group as being cash and cash equivalents based on the criteria described above.

	Group		Company	
	2023 \$million	2022 (Restated) \$million	2023 \$million	2022 \$million
Cash and balances at central banks	69,905	58,263	-	-
Less: restricted balances	(6,153)	(9,173)	-	-
Treasury bills and other eligible bills	5,931	12,661	-	-
Loans and advances to banks	11,879	10,144	-	-
Loans and advances to customers	25,829	24,586	-	-
Investments	244	1,114	-	-
Amounts owed by and due to subsidiary undertakings	-	-	10,294	7,417
Total	107,635	97,595	10,294	7,417

The Group's cash and cash equivalents balance for 31 December 2022 has been restated to increase the balance by \$8,876 million as balances with central banks that met the cash and cash equivalents definition were originally included in loans and advances to customers (\$24,586 million) but not included in cash and cash equivalents and there were balances included in cash and cash equivalents related to loans and advances to banks (\$10,414 million), treasury bills and other eligible bills (\$5,275 million) as well as Investments (\$21 million) that did not meet the cash and cash equivalents definition. The cash and cash equivalents balance at the beginning of the year for 2022 has also been restated to decrease the balance by \$4,659 million. On the 2022 cash flow statement for Group, the change in operating assets has also been restated by \$13,534 million as a result of these changes.

36. Related party transactions

Directors and officers

Details of directors' remuneration and interests in shares are disclosed in the Directors' remuneration report.

IAS 24 Related party disclosures requires the following additional information for key management compensation.

Key management comprises non-executive directors, executive directors of Standard Chartered PLC, the Court directors of Standard Chartered Bank and the persons discharging managerial responsibilities (PDMR) of Standard Chartered PLC.

	2023 \$million	2022 \$million
Salaries, allowances and benefits in kind	42	39
Share-based payments	26	26
Bonuses paid or receivable	5	4
Termination benefits	-	1
Total	73	70

Transactions with directors and others

At 31 December 2023, the total amounts to be disclosed under the Companies Act 2006 (the Act) and the Listing Rules of the Hong Kong Stock Exchange Limited (Hong Kong Listing Rules) about loans to directors were as follows:

	2023		2022	
	Number	\$million	Number	\$million
Directors ¹	4	-	3	-

¹ Outstanding loan balances were below \$50,000

36. Related party transactions continued

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

As at 31 December 2023, Standard Chartered Bank had in place a charge over \$68 million (31 December 2022: \$89 million) of cash assets in favour of the independent trustee of its employer financed retirement benefit scheme.

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

Details of non-revenue transactions with Temasek Holdings (Private) Limited are set out on page 220.

Company

The Company has received \$1,469 million (31 December 2022: \$1,012 million) of net interest income from its subsidiaries. The Company issues debt externally and lends proceeds to Group companies.

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

	2023			2022		
	Standard Chartered Bank \$million	Standard Chartered Bank (Hong Kong) Limited \$million	Others ¹ \$million	Standard Chartered Bank \$million	Standard Chartered Bank (Hong Kong) Limited \$million	Others ¹ \$million
Assets						
Due from subsidiaries	10,208	60	25	6,860	141	255
Derivative financial instruments	62	12	–	47	–	–
Debt securities	20,524	4,775	1,070	18,787	4,469	526
Total assets	30,794	4,847	1,095	25,694	4,610	781
Liabilities						
Due to subsidiaries	–	–	–	2	–	–
Derivative financial instruments	1,104	–	–	1,283	61	–
Total liabilities	1,104	–	–	1,285	61	–

1 Others include Standard Chartered Bank (Singapore) Limited, Standard Chartered Holdings Limited and Standard Chartered IH Limited

Associate and joint ventures

The following transactions with related parties are on an arm's length basis:

	2023 \$million	2022 \$million
Assets		
Loans and advances	–	20
Financial Assets held at FVTPL	14	
Derivative assets	12	18
Total assets	26	38
Liabilities		
Deposits	959	610
Other Liabilities	2	19
Total liabilities	961	629
Loan commitments and other guarantees¹	113	164

1 The maximum loan commitments and other guarantees during the period were \$113 million (2022: \$164 million)

37. Post balance sheet events

On 11 January 2024, Standard Chartered PLC issued \$1.5 billion 6.097 per cent Fixed Rate Reset Notes due 2035. On 19 January 2024, Standard Chartered PLC issued SGD 335 million 4.00 per cent Fixed Rate Reset Notes due 2030

A share buy-back for up to a maximum consideration of \$1 billion has been declared by the directors after 31 December 2023. This will reduce the number of ordinary shares in issue by cancelling the repurchased shares.

A final dividend for 2023 of 21 cents per ordinary share was declared by the directors after 31 December 2023.

38. Auditor's remuneration

Auditor's remuneration is included within other general administration expenses. The amounts paid by the Group to their principal auditor, Ernst & Young LLP and its associates (together Ernst & Young LLP), are set out below. All services are approved by the Group Audit Committee and are subject to controls to ensure the external auditor's independence is unaffected by the provision of other services.

	2023 \$million	2022 \$million
Audit fees for the Group statutory audit	27.8	22.2
Of which fees for the audit of Standard Chartered Bank Group	20.6	16.3
Fees payable to EY for other services provided to the SC PLC Group:		
Audit of Standard Chartered PLC subsidiaries	13.4	12.8
Total audit fees	41.2	35.0
Audit-related assurance services	6.0	5.5
Other assurance services	7.0	4.3
Other non-audit services	0.8	0.1
Transaction related services	0.3	0.3
Total non-audit fees	14.1	10.2
Total fees payable	55.3	45.2

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

- Audit fees for the Group statutory audit are in respect of fees payable to Ernst & Young LLP for the statutory audit of the consolidated financial statements of the Group and the separate financial statements of Standard Chartered PLC
- Audit-related fees consist of fees such as those for services required by law or regulation to be provided by the auditor, reviews of interim financial information, reporting on regulatory returns, reporting to a regulator on client assets and extended work performed over financial information and controls authorised by those charged with governance
- Other assurance services include agreed-upon-procedures in relation to statutory and regulatory filings
- Transaction related services are fees payable to Ernst & Young LLP for issuing comfort letters

Expenses incurred in respect of their role as auditor, were reimbursed to EY LLP \$0.9 million (2022: \$0.6 million).

39. Standard Chartered PLC (Company)

Classification and measurement of financial instruments

	2023				2022			
	Derivatives held for hedging \$million	Amortised cost \$million	Non-trading mandatorily at fair value through profit or loss \$million	Total \$million	Derivatives held for hedging \$million	Amortised cost \$million	Non-trading mandatorily at fair value through profit or loss \$million	Total \$million
Financial assets								
Derivatives	80	–	–	80	61	–	–	61
Investment securities	–	6,944	19,425 ¹	26,369	–	8,423	15,358 ¹	23,781
Amounts owed by subsidiary undertakings	–	10,294	–	10,294	–	7,417	–	7,417
Total	80	17,238	19,425	36,743	61	15,840	15,358	31,259

¹ Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank (China) Limited and Standard Chartered Bank (Singapore) Limited issued Loss Absorbing Capacity (LAC) eligible debt securities

Instruments classified as amortised cost, which include investment securities and amounts owed by subsidiary undertakings, are recorded in stage 1 for the recognition of expected credit losses.

Derivatives held for hedging are held at fair value and are classified as Level 2 and Level 3 while the counterparty is Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited and external counterparties.

Debt securities comprise securities held at amortised cost issued by Standard Chartered Bank and SC Ventures Holdings Limited and have a fair value equal to carrying value of \$6,944 million (31 December 2022: \$8,423 million).

39. Standard Chartered PLC (Company) continued

In 2023 and 2022, amounts owed by subsidiary undertakings have a fair value equal to carrying value.

Financial liabilities	2023				2022			
	Derivatives held for hedging \$million	Amortised cost \$million	Designated at fair value through profit or loss \$million	Total \$million	Derivatives held for hedging \$million	Amortised cost \$million	Designated at fair value through profit or loss \$million	Total \$million
Derivatives	1,104	–	–	1,104	1,343	–	–	1,343
Debt securities in issue	–	17,142	14,007	31,149	–	13,891	10,397	24,288
Subordinated liabilities and other borrowed funds	–	9,248	2,697	11,945	–	11,239	2,445	13,684
Amounts owed to subsidiary undertakings	–	–	–	–	–	2	–	2
Total	1,104	26,390	16,704	44,198	1,343	25,132	12,842	39,317

Derivatives held for hedging are held at fair value and are classified as Level 2 while the counterparty is Standard Chartered Bank and Standard Chartered Bank (Hong Kong) Limited.

The fair value of debt securities in issue held at amortised cost is \$17,195 million (2022: \$13,611 million).

The fair value of subordinated liabilities and other borrowed funds held at amortised cost is \$8,717 million (2022: \$10,434 million).

Derivative financial instruments

Derivatives	2023			2022		
	Notional principal amounts \$million	Assets \$million	Liabilities \$million	Notional principal amounts \$million	Assets \$million	Liabilities \$million
Foreign exchange derivative contracts:						
Forward foreign exchange	8,968	32	–	9,351	47	61
Currency swaps	563	–	35	574	–	71
Interest rate derivative contracts:						
Swaps	14,819	43	1,069	15,423	–	1,211
Forward rate agreements and options	–	–	–	–	–	–
Credit derivative contracts	4,030	5	–	3,256	14	–
Total	28,380	80	1,104	28,604	61	1,343

Credit risk

	2023 \$million	2022 \$million
Derivative financial instruments	80	61
Debt securities	26,369	23,781
Amounts owed by subsidiary undertakings	10,294	7,417
Total	36,743	31,259

In 2023 and 2022, amounts owed by subsidiary undertakings were neither past due nor impaired; the Company had no individually impaired loans.

In 2023 and 2022, the Company had no impaired debt securities. The debt securities held by the Company are issued by Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank (China) Limited and Standard Chartered Bank (Singapore) Limited, subsidiary undertakings with credit ratings of A+.

There is no material expected credit loss on these instruments as they are Stage 1 assets, and of a high quality.

39. Standard Chartered PLC (Company) continued**Liquidity risk**

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

	2023								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Assets									
Derivative financial instruments	32	–	–	–	–	10	27	11	80
Investment securities	–	–	–	–	–	3,853	5,581	16,935	26,369
Amount owed by subsidiary undertakings	1,598	504	1,530	12	1,073	1,082	3,254	1,241	10,294
Investments in subsidiary undertakings	–	–	–	–	–	–	–	60,791	60,791
Other assets	–	–	–	–	–	–	–	–	–
Total assets	1,630	504	1,530	12	1,073	4,945	8,862	78,978	97,534
Liabilities									
Derivative financial instruments	11	26	17	–	–	93	171	786	1,104
Senior debt	–	–	–	–	–	7,242	14,020	9,887	31,149
Amount owed to subsidiary undertakings	–	–	–	–	–	–	–	–	–
Other liabilities	278	202	135	30	5	–	–	–	650
Subordinated liabilities and other borrowed funds	996	51	8	172	440	330	1,952	7,996	11,945
Total liabilities	1,285	279	160	202	445	7,665	16,143	18,669	44,848
Net liquidity gap	345	225	1,370	(190)	628	(2,720)	(7,281)	60,309	52,686

	2022								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Assets									
Derivative financial instruments	45	–	–	–	–	–	16	–	61
Investment securities	2,000	–	–	–	–	–	5,351	16,430	23,781
Amount owed by subsidiary undertakings	719	1,250	140	–	840	1,523	2,081	864	7,417
Investments in subsidiary undertakings	–	–	–	–	–	–	–	60,975	60,975
Total assets	2,764	1,250	140	–	840	1,523	7,448	78,269	92,234
Liabilities									
Derivative financial instruments	77	3	–	–	–	75	330	858	1,343
Senior debt	–	–	–	–	–	2,090	14,155	8,043	24,288
Other debt securities in issue	–	–	–	–	–	–	–	–	–
Amount owed to subsidiary undertakings	–	–	–	–	–	–	–	2	2
Other liabilities	175	134	95	14	5	–	–	–	423
Subordinated liabilities and other borrowed funds	2,004	88	13	248	14	1,900	2,078	7,339	13,684
Total liabilities	2,256	225	108	262	19	4,065	16,563	16,242	39,740
Net liquidity gap	508	1,025	32	(262)	821	(2,542)	(9,115)	62,027	52,494

39. Standard Chartered PLC (Company) continued

Financial liabilities on an undiscounted basis

	2023								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Derivative financial instruments	11	26	17	–	–	93	171	786	1,104
Debt securities in issue	247	57	328	398	278	8,490	16,396	11,279	37,473
Subordinated liabilities and other borrowed funds	1,059	134	34	208	556	410	2,304	13,968	18,673
Other liabilities	5	91	–	–	–	–	–	–	96
Total liabilities	1,322	308	379	606	834	8,993	18,871	26,033	57,346

	2022								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Derivative financial instruments	77	3	–	–	–	75	330	858	1,343
Debt securities in issue	88	66	262	145	271	2,896	15,676	9,057	28,461
Subordinated liabilities and other borrowed funds	2,097	174	33	273	17	2,035	2,552	14,668	21,849
Other liabilities	9	15	–	–	–	–	–	–	24
Total liabilities	2,271	258	295	418	288	5,006	18,558	24,583	51,677

40. Related undertakings of the Group

As at 31 December 2023, the Group's interests in related undertakings in accordance with Section 409 of the Companies Act 2006 are disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary or common shares which are held by subsidiaries of the Group. Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Funding (Jersey) Limited, Stanchart Nominees Limited, Standard Chartered Holdings Limited and Standard Chartered Nominees Limited are directly held subsidiaries, all other related undertakings are held indirectly.

Subsidiary Undertakings

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom				
FinVentures UK Limited	Investment Holding Company	United Kingdom	US\$1.00 Ordinary	100
SC (Secretaries) Limited	Others	United Kingdom	£1.00 Ordinary	100
SC Transport Leasing 1 LTD ^{7/8}	Leasing Business	United Kingdom	£1.00 Ordinary	100
SC Transport Leasing 2 Limited ^{7/8}	Leasing Business	United Kingdom	£1.00 Ordinary	100
SC Ventures G.P. Limited	Investment Holding Company	United Kingdom	£1.00 Ordinary	100
SC Ventures Holdings Limited	Investment Holding Company	United Kingdom	US\$1.00 Ordinary	100
			US\$1.00 Redeemable Preference	100
SC Ventures Innovation Investment L.P.	Investment Holding Company	United Kingdom	Limited Partnership Interest	100
SCMB Overseas Limited	Investment Holding Company	United Kingdom	£0.10 Ordinary	100
Shoal Limited	Digital marketplace for sustainable and "green" products.	United Kingdom	US\$1.00 Ordinary	100
Stanchart Nominees Limited ⁹	Nominee Services	United Kingdom	£1.00 Ordinary	100
Standard Chartered Africa Limited ^{7/8}	Investment Holding Company	United Kingdom	£1.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
Standard Chartered Bank	Banking & Financial Services	United Kingdom	US\$0.01 Non-Cumulative Irredeemable Preference	100
			US\$1.00 Ordinary	100
			US\$5.00 Non-Cumulative Redeemable Preference	100
Standard Chartered Foundation ¹	Charity projects	United Kingdom	Guarantor	100
Standard Chartered Health Trustee (UK) Limited	Trustee Services	United Kingdom	£1.00 Ordinary	100
Standard Chartered Holdings Limited ⁹	Investment Holding Company	United Kingdom	US\$2.00 Ordinary	100
Standard Chartered I H Limited	Investment Holding Company	United Kingdom	US\$1.00 Ordinary	100
Standard Chartered Leasing (UK) Limited ^{7/8}	Leasing Business	United Kingdom	US\$1.00 Ordinary	100
Standard Chartered NEA Limited	Investment Holding Company	United Kingdom	US\$1.00 Ordinary	100
Standard Chartered Nominees (Private Clients UK) Limited	Nominee Services	United Kingdom	US\$1.00 Ordinary	100
Standard Chartered Nominees Limited ⁹	Nominee Services	United Kingdom	£1.00 Ordinary	100
Standard Chartered Securities (Africa) Holdings Limited ^{7/8}	Investment Holding Company	United Kingdom	US\$1.00 Ordinary	100
Standard Chartered Strategic Investments Limited ^{7/8}	Investment Holding Company	United Kingdom	£1.00 Ordinary	100
			US\$1.00 Ordinary	100
Standard Chartered Trustees (UK) Limited	Trustee Services	United Kingdom	£1.00 Ordinary	100
The BW Leasing Partnership 1 LP ¹	Leasing Business	United Kingdom	Limited Partnership Interest	100
The BW Leasing Partnership 2 LP ¹	Leasing Business	United Kingdom	Limited Partnership Interest	100
The BW Leasing Partnership 3 LP ¹	Leasing Business	United Kingdom	Limited Partnership Interest	100
The BW Leasing Partnership 4 LP ¹	Leasing Business	United Kingdom	Limited Partnership Interest	100
The BW Leasing Partnership 5 LP ¹	Leasing Business	United Kingdom	Limited Partnership Interest	100
The SC Transport Leasing Partnership 1	Leasing Business	United Kingdom	Limited Partnership Interest	100
The SC Transport Leasing Partnership 2	Leasing Business	United Kingdom	Limited Partnership Interest	100
The SC Transport Leasing Partnership 3	Leasing Business	United Kingdom	Limited Partnership Interest	100
The SC Transport Leasing Partnership 4	Leasing Business	United Kingdom	Limited Partnership Interest	100
The following companies have the address of 1 Poultry, London, EC2R 8EJ, United Kingdom				
Assembly Payments UK Ltd ¹	Payment Services Provider	United Kingdom	US\$1.00 Ordinary	100
CurrencyFair (UK) Limited ¹	Banking & Financial Services	United Kingdom	£1.00 Ordinary	100
Zai Technologies Limited ¹	Payment Services Provider	United Kingdom	£1.00 Ordinary	100
The following companies have the address of 2 More London Riverside, London, SE1 2JT, United Kingdom				
Bricks (C&K) LP ¹	Limited Partnership interest	United Kingdom	Limited Partnership Interest	100
Bricks (T) LP ¹	Limited Partnership interest	United Kingdom	Limited Partnership Interest	100
Bricks (C) LP ¹	Limited Partnership interest	United Kingdom	Limited Partnership Interest	100
The following companies have the address of 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom				
Corrasi Covered Bonds LLP	Trustee Services	United Kingdom	Membership Interest	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of 5th Floor, Holland House 1-4 Bury Street, London, EC3A 5AW, United Kingdom				
Zodia Custody Limited	Custody Services	United Kingdom	US\$1.00 Voting Ordinary	95.1
			US\$2.70 Series A Preferred	15.911
Zodia Holdings Limited	Investment Holding Company	United Kingdom	US\$1.00 A Ordinary	100
The following companies have the address of 6th Floor, 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom				
Zodia Markets (UK) Limited	Banking & Financial Services	United Kingdom	US\$1.00 Ordinary	100
Zodia Markets Holdings Limited	Digital Venture: Holding Company for The Zodia Markets Group	United Kingdom	US\$1.00 Ordinary	80.461
The following company has the address of Edifício Kilamba, 8º andar Avenida 4 de Fevereiro, Marginal, Luanda, Angola				
Standard Chartered Bank Angola S.A.	Banking & Financial Services	Angola	AOK8,742.05 Ordinary	60
The following companies have the address of Level 22, 120 Spencer Street, Melbourne VIC 3000 VIC 3000, Australia				
Assembly Payments Australia Pty Ltd ¹	Holding Company	Australia	US\$ Ordinary	100
Zai Australia Pty Ltd ¹	Payment Service Provider	Australia	AUD0.01 Ordinary	100
The following company has the address of Milsons Landing, Level 5, 6A Glen Street, Milsons Point NSW NSW 2061, Australia				
CurrencyFair Australia Pty Ltd ¹	Foreign Currency conversion services.	Australia	AUD Ordinary	100
The following company has the address of Level 5, 345 George St, Sydney NSW 2000, Australia				
Standard Chartered Grindlays Pty Limited	Investment Holding Company	Australia	AUD Ordinary	100
The following companies have the address of 5th Floor Standard House Bldg, The Mall, Queens Road, PO Box 496, Gaborone, Botswana				
Standard Chartered Bank Botswana Limited	Banking & Financial Services	Botswana	BWP Ordinary	75.827
Standard Chartered Bank Insurance Agency (Proprietary) Limited	Insurance Services	Botswana	BWP Ordinary	100
Standard Chartered Botswana Education Trust ²	CSR programme.	Botswana	Trust Interest	100
Standard Chartered Botswana Nominees (Proprietary) Limited	Nominee Services	Botswana	BWP Ordinary	100
Standard Chartered Investment Services (Proprietary) Limited	Nominee Services	Botswana	BWP Ordinary	100
The following company has the address of Avenida Brigadeiro Faria Lima, no 3.477, 6 andar, conjunto 62 - Torre Norte, Condomínio Patio Victor Malzoni, CEP 04538-133, Sao Paulo, Brazil				
Standard Chartered Representação e Participações Ltda	Banking & Financial Services	Brazil	BRL1.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of G01-02, Wisma Haji Mohd Taha Building, , Jalan Gadong, BE4119, Brunei Darussalam				
Standard Chartered Securities (B) Sdn Bhd	Investment Management	Brunei Darussalam	BND1.00 Ordinary	100
The following company has the address of Standard Chartered Bank Cameroon S.A, 1155, Boulevard de la Liberté, Douala, B.P. 1784, Cameroon				
Standard Chartered Bank Cameroon S.A.	Banking & Financial Services	Cameroon	XAF10,000.00 Ordinary	100
The following company has the address of 66 Wellington Street, West, Suite 4100, Toronto Dominion Centre, Toronto ON M5K 1B7, Canada				
CurrencyFair (Canada) Ltd ¹	Digital Payment platform	Canada	CAD Common	100
The following company has the address of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands				
Cerulean Investments LP	Investment Holding Company	Cayman Islands	Limited Partnership Interest	100
The following company has the address of c/o Maples Finance Limited, PO Box 1093 GT, Queensgate House, Georgetown, Grand Cayman, Cayman Islands				
SCB Investment Holding Company Limited	Investment Holding Company	Cayman Islands	US\$1,000.00 Ordinary-A	99.999
The following company has the address of Room 2619, No 9, Linhe West Road, Tianhe District, Guangzhou, China				
Guangzhou CurrencyFair Information Technology Limited ^{1,3}	Foreign Currency conversion services.	China	CNY Ordinary	100
The following company has the address of 8A, Hony Tower, 1st Financial Street, Nanshan District, Shenzhen, China				
SC Ventures Investment Management (Shenzhen) Limited	Serve as a fund manager in China	China	US\$1.00 Ordinary	100
The following company has the address of Units 1101B (Office use only), No. 235 Tianhebei Rd.,, Tianhe District, Guangzhou City, Guangdong Province, China				
Standard Chartered (Guangzhou) Business Management Co., Ltd.	Business consulting services	China	US\$ Ordinary	100
The following company has the address of Standard Chartered Tower, 201 Century Avenue, Pudong, Shanghai, 200120, China				
Standard Chartered Bank (China) Limited ³	Commercial banking	China	CNY Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Unit 802B, 803, 1001A, 100 2B, 1003-1005, 1101-1105,, 201-1205, 1302C, 1303, No. 235 Tianhe North Road, Tianhe District,, Guangzhou City, Guangdong Province, China				
Standard Chartered Global Business Services (Guangzhou) Co., Ltd. ³	Research, development, other services	China	US\$ Ordinary	100
The following company has the address of No. 35, Xinhuanbei Road, Teda, Tianjin, 300457, China				
Standard Chartered Global Business Services Co., Ltd. ³	Research, development, other services	China	US\$ Ordinary	100
The following company has the address of 12011-2, 15-16, 12/F, Unit No.1, Building No.1, No. 1 Dongsanhuan Zhong Road, Chaoyang District, Beijing, China				
Standard Chartered Securities (China) Limited	Banking & Financial Services	China	CNY Ordinary	100
The following company has the address of No. 188 Yeshen Rd, 11F, A-1161 RM, Pudong New District, Shanghai, 31, 201308, China				
Standard Chartered Trading (Shanghai) Limited ³	wholesale of base metal and its products	China	US\$15,000,000.00 Ordinary	100
The following company has the address of Standard Chartered Bank Cote d'Ivoire, 23 Boulevard de la République, Abidjan 17, 17 B.P. 1141, Cote d'Ivoire				
Standard Chartered Bank Cote d'Ivoire SA	Banking & Financial Services	Cote d'Ivoire	XOF100,000.00 Ordinary	100
The following company has the address of 8 Ecowas Avenue, Banjul, Gambia				
Standard Chartered Bank Gambia Limited	Banking & Financial Services	Gambia	GMD1.00 Ordinary	74.852
The following company has the address of Taunusanlage 16, 60325, Frankfurt am Main, Germany				
Standard Chartered Bank AG	Banking & Financial Services	Germany	€ Ordinary	100
The following company has the address of Standard Chartered Bank Building, 87 Independence Avenue, Ridge, ACCRA, Greater ACCRA, GA-016-4621, Ghana				
Solvezy Technology Ghana Ltd	Digital Venture	Ghana	GHS Ordinary	100
The following companies have the address of Standard Chartered Bank Building, No. 87, Independence Avenue, P.O. Box 768, Accra, Ghana				
Standard Chartered Bank Ghana PLC	Banking & Financial Services	Ghana	GHS Ordinary	69.416
			GHS0.52 Non-cumulative Irredeemable Preference	87.043
Standard Chartered Ghana Nominees Limited	Nominee Services	Ghana	GHS Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Standard Chartered Bank Ghana Limited, 87, Independence Avenue, Post Office Box 678, Accra, Ghana				
Standard Chartered Wealth Management Limited Company	Investment Management	Ghana	GHS Ordinary	100
The following company has the address of 31/F, Tower 2 Times Square, 1 Matheson St, Causeway Bay, Hong Kong				
Assembly Payments HK Limited ¹	Online payment platform	Hong Kong	HKD Ordinary	100
The following company has the address of Suites 1103-4 AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Hong Kong				
CurrencyFair Asia Limited ¹	Foreign Currency conversion services	Hong Kong	HKD Ordinary	100
The following company has the address of 18/F., Standard Chartered Tower, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong				
Horsford Nominees Limited	Nominee Services	Hong Kong	HKD Ordinary	100
The following companies have the address of 15/F., Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong				
Marina Acacia Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Amethyst Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Angelite Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Beryl Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Emerald Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Flax Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Gloxinia Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Hazel Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Ilex Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Iridot Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Mimosa Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Moonstone Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Peridot Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Sapphire Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Marina Tourmaline Shipping Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Standard Chartered Securities (Hong Kong) Limited	Corporate Finance & Advisory Services	Hong Kong	HKD Ordinary	100
Marina Leasing Limited	Leasing Business	Hong Kong	US\$ Ordinary	100
Standard Chartered Leasing Group Limited	Investment Holding Company	Hong Kong	US\$ Ordinary	100
Standard Chartered Trade Support (HK) Limited	Corporate Finance & Advisory Services	Hong Kong	HKD Ordinary	100
The following company has the address of 39/F, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong				
Mox Bank Limited	Banking & Financial Services	Hong Kong	HKD Ordinary	68.291

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 13/F Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong,				
Standard Chartered Asia Limited	Investment Holding Company	Hong Kong	HKD Deferred	100
			HKD Ordinary	100
The following company has the address of 32/F., 4-4A Des Voeux Road, Central , Hong Kong				
Standard Chartered Bank (Hong Kong) Limited ⁹	Banking & Financial Services	Hong Kong	HKD Ordinary-A	100
			HKD Ordinary-B	100
			US\$ Ordinary-C	100
			US\$ Ordinary-D	100
The following company has the address of 14th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong				
Standard Chartered PF Real Estate (Hong Kong) Limited	Ultimate Holding Company	Hong Kong	US\$ Ordinary	100
The following company has the address of 13/F Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong				
Standard Chartered Private Equity Limited	Investment Holding Company	Hong Kong	HKD Ordinary	100
The following companies have the address of 14/F, Standard Chartered Bank Building, 4-4A Des Voeux Road , Central, Hong Kong				
Standard Chartered Trust (Hong Kong) Limited	Investment Management	Hong Kong	HKD Ordinary	100
Standard Chartered Trustee (Hong Kong) Limited	Trustee Services	Hong Kong	HKD Ordinary	100
The following company has the address of 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong				
Zodia Custody (Hong Kong) Limited	Custody Services	Hong Kong	US\$0.01 Ordinary	100
The following company has the address of 2 Floor Sabari Complex 24 Field Marshal, Capriappa RD Shanthala Nagar, Ashok Nagar, Bangalore, Karnataka, 560025, India				
Assembly Payments India Private Limited ¹	Activities auxiliary to financial intermediation	India	INR100.00 Ordinary	100
The following companies have the address of Ground Floor, Crescenzo Building, G Block, C 38/39 , Bandra Kurla Complex, Bandra (East) , Mumbai , Maharashtra , 400051, India				
St Helen's Nominees India Private Limited	Nominee Services	India	INR10.00 Equity	100
Standard Chartered Private Equity Advisory (India) Private Limited	Support Services	India	INR1,000.00 Equity	100
The following company has the address of Vaishnavi Serenity, First Floor, No. 112, Koramangala Industrial Area, 5th Block, Koramangala, Bangalore, Karnataka, 560095, India				
Standard Chartered (India) Modeling and Analytics Centre Private Limited	Support Services	India	INR10.00 Equity	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Crescenzo, 6th Floor, Plot No 38-39 G Block , Bandra Kurla Complex, Bandra East, Mumbai , Maharashtra , 400051, India				
Standard Chartered Capital Limited	Banking & Financial Services	India	INR10.00 Equity	100
The following company has the address of 90 M.G.Road, II Floor, Fort, Mumbai, Maharashtra, 400001, India				
Standard Chartered Finance Private Limited	Support Services	India	INR10.00 Ordinary	98.683
The following company has the address of 1st Floor, Europe Building, No.1, Haddows Road, Nungambakkam, Chennai, 600 006, India				
Standard Chartered Global Business Services Private Limited	Offshore Support Services	India	INR10.00 Equity	100
The following company has the address of Second Floor, Indiqube Edge, Khata No. 571/630/6/4, Sy.No.6/4, Ambalipura Village, Varthur Hobli, Marathahalli Sub-Division, Ward No. 150, Bengaluru, 560102, India				
Standard Chartered Research and Technology India Private Limited	Support Services	India	INR10.00 Compulsory Convertible Cumulative Preference	100
			INR10.00 Equity Class - A	100
The following company has the address of 2nd Floor, 23-25 M.G. Road, Fort, Mumbai 400 001, India				
Standard Chartered Securities (India) Limited	Banking & Financial Services	India	INR10.00 Equity	100
The following company has the address of B001, Metrotech Forest View, Sy.No, 67/5 BSK 6th Stage, Thalaghattapura Bengaluru 560062, Karnataka, India				
SCV Research and Development Pvt. Ltd.	Others	India	INR 10.00 Ordinary	100
The following company has the address of The Icon Business Park Blok P Nomor 03, RT 03/RW 09Sampora, Kec, Cisaug, Kabupaten Tangerang, Banten, 15345, Indonesia				
PT Labamu Sejahtera Indonesia	Others	Indonesia	IDR10,000.00 Ordinary	100
The following companies have the address of 91 Pembroke Road, Dublin 4, Ballsbridge, Dublin, DO4 EC42, Ireland				
CurrencyFair (Canada) Limited ¹	Digital Payment platform	Ireland	€1.00 Ordinary	100
CurrencyFair Limited ^{1,10}	FX transfer services	Ireland	€0.001 A Ordinary	100
			€0.001 Ordinary	27951
CurrencyFair Nominees Limited ¹	Nominee company	Ireland	€1.00 Ordinary	100
The following company has the address of 27 Fitzwilliam Street, Dublin, D02 TP23, Ireland				
Zodia Custody (Ireland) Limited	Custody Services	Ireland	US\$1.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 32 Molesworth Street, Dublin 2, D02Y512, Ireland				
Zodia Markets (Ireland) Limited	Banking & Financial Services	Ireland	US\$1.00 Ordinary	100
The following companies have the address of 1st Floor, Goldie House, 1-4 Goldie Terrace, Upper Church Street, Douglas, IM1 1EB, Isle of Man				
Standard Chartered Assurance Limited	Insurance Services	Isle of Man	US\$1.00 Ordinary	100
			US\$1.00 Redeemable Preference	100
Standard Chartered Isle of Man Limited ⁵	Insurance & Reinsurance Company	Isle of Man	US\$1.00 Ordinary	100
The following company has the address of 21/F, Sanno Park Tower, 2-11-1 Nagatacho, Chiyoda-ku, Tokyo, 100-6155, Japan				
Standard Chartered Securities (Japan) Limited	Banking & Financial Services	Japan	JPY Ordinary	100
The following company has the address of 15 Castle Street, St Helier, JE4 8PT, Jersey				
SCB Nominees (CI) Limited	Nominee Services	Jersey	US\$1.00 Ordinary	100
The following company has the address of IFC 5, St Helier, JE1 1ST, Jersey				
Standard Chartered Funding (Jersey) Limited ^{5,9}	Investment Holding Company	Jersey	£1.00 Ordinary	100
The following companies have the address of Standard Chartered@ Chiromo, 48 Westlands Road, P. O. Box 30003 - 00100, Nairobi, Kenya				
Standard Chartered Bancassurance Intermediary Limited	Insurance Services	Kenya	KES100.00 Ordinary	100
Standard Chartered Bank Kenya Limited	Banking & Financial Services	Kenya	KES5.00 Ordinary	74.318
			KES5.00 Preference	100
Standard Chartered Financial Services Limited	Merchant Banking	Kenya	KES20.00 Ordinary	100
Standard Chartered Investment Services Limited	Investment services	Kenya	KES20.00 Ordinary	100
Standard Chartered Kenya Nominees Limited ¹	Nominee Services	Kenya	KES20.00 Ordinary	100
Standard Chartered Securities (Kenya) Limited	Corporate Finance & Advisory Services	Kenya	KES10.00 Ordinary	100
Solvezy Technology Kenya Limited	Digital Venture	Kenya	KES1,000.00 Ordinary	100
Tawi Fresh Kenya Limited	Digital Marketplace, Ecommerce	Kenya	KES1,000.00 Ordinary	100
The following company has the address of 47, Jong-ro, Jongno-gu, Seoul, 110-702, Korea, Republic of				
Standard Chartered Bank Korea Limited	Banking & Financial Services	Korea, Republic of	KRW5,000.00 Ordinary	100
The following company has the address of 2F, 47, Jong-ro, Jongno-gu, Seoul, Korea, Republic of				
Standard Chartered Securities Korea Co., Ltd	Asset Management	Korea, Republic of	KRW5,000.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Atrium Building, Maarad Street, 3rd Floor, P.O. Box 11-4081 Raid El Solh, Beirut Central District, Lebanon				
Standard Chartered Metropolitan Holdings SAL	Investment Holding Company	Lebanon	US\$10.00 Ordinary A	100
The following company has the address of Level 13, Menara 1 Sentrum 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur, Malaysia				
Assembly Payments Malaysia Sdn. Bhd. ¹	Other financial service activities	Malaysia	RM Ordinary	100
The following companies have the address of Level 25, Equatorial Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia				
Cartaban (Malaya) Nominees Sdn Berhad	Nominee Services	Malaysia	RM Ordinary	100
Cartaban Nominees (Asing) Sdn Bhd	Nominee Services	Malaysia	RM Ordinary	100
Cartaban Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	RM Ordinary	100
Golden Maestro Sdn Bhd	Investment Holding Company	Malaysia	RM Ordinary	100
Price Solutions Sdn Bhd	Direct Sales/Collection Services	Malaysia	RM Ordinary	100
SCBMB Trustee Berhad	Trustee Services	Malaysia	RM Ordinary	100
Standard Chartered Bank Malaysia Berhad	Banking & Financial Services	Malaysia	RM Irredeemable Convertible Preference	100
			RM Ordinary	100
Standard Chartered Saadiq Berhad	Banking & Financial Services	Malaysia	RM Ordinary	100
The following companies have the address of TMF Trust Labuan Limited, Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia				
Marina Morganite Shipping Limited ⁶	Ownership and Leasing of vessels	Malaysia	US\$ Ordinary	100
Marina Moss Shipping Limited ⁶	Ownership and Leasing of vessels	Malaysia	US\$ Ordinary	100
Marina Tanzanite Shipping Limited ⁶	Ownership and Leasing of vessels	Malaysia	US\$ Ordinary	100
The following company has the address of Suite 18-1, Level 18, Vertical Corporate Tower B, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia				
Resolution Alliance Sdn Bhd	Investment Holding Company	Malaysia	Ordinary	91
The following company has the address of 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia				
Solv Sdn. Bhd.	B2B digital platform offering financial services	Malaysia	RM5.00 Ordinary	100
The following company has the address of Level 1, Wisma Standard Chartered, Jalan Teknologi 8,, Taman Teknologi Malaysia, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia				
Standard Chartered Global Business Services Sdn Bhd	Offshore Support Services	Malaysia	RM Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands				
Marina Angelica Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Aventurine Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Citrine Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Dahlia Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Dittany Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Lilac Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Lolite Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Obsidian Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Quartz Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Remora Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Turquoise Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
Marina Zircon Shipping Limited ⁶	Ownership and Leasing of vessels	Marshall Islands	USD1.00 Ordinary	100
The following company has the address of 6th Floor, Standard Chartered Tower, 19, Bank Street, Cybercity, Ebene, 72201, Mauritius				
Standard Chartered Bank (Mauritius) Limited	Banking & Financial Services	Mauritius	Ordinary No Par Value	100
The following companies have the address of c/o Ocorian Corporate Services (Mauritius) Ltd, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Mauritius				
Standard Chartered Private Equity (Mauritius) II Limited	Investment Management	Mauritius	US\$1.00 Ordinary	100
Standard Chartered Private Equity (Mauritius) Limited	Investment Management	Mauritius	US\$1.00 Ordinary	100
Standard Chartered Private Equity (Mauritius) III Limited	Investment Management	Mauritius	US\$1.00 Ordinary	100
The following company has the address of Mondial Management Services Ltd, Unit 2L, 2nd Floor Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius				
Subcontinental Equities Limited	Investment Holding Company	Mauritius	US\$1.00 Ordinary	100
The following company has the address of IQEQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius				
Actis Treit Holdings (Mauritius) Limited ¹	Investment Holding Company	Mauritius	Class A \$1.00 Ordinary	62.001

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Standard Chartered Bank Nepal Limited, Madan Bhandari Marg, Ward No.31, Kathmandu Metropolitan City, Kathmandu District, Bagmati Province, Kathmandu, 44600, Nepal				
Standard Chartered Bank Nepal Limited	Banking & Financial Services	Nepal	NPR100.00 Ordinary	70.21
The following companies have the address of 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom				
Standard Chartered Holdings (Africa) B.V. ⁵	Holding Company	Netherlands	€4.50 Ordinary	100
Standard Chartered Holdings (Asia Pacific) B.V. ⁵	Holding Company	Netherlands	€4.50 Ordinary	100
Standard Chartered Holdings (International) B.V. ⁵	Holding Company	Netherlands	€4.50 Ordinary	100
Standard Chartered MB Holdings B.V. ⁵	Holding Company	Netherlands	€4.50 Ordinary	100
The following company has the address of PromisePay, 4 All good Place, Rototuna North, Hamilton, 3210, New Zealand				
PromisePay Limited ¹	Payment Services Provider	New Zealand	NZD Ordinary	100
The following companies have the address of 142, Ahmadu Bello Way, Victoria Island, Lagos, 101241, Nigeria				
Standard Chartered Bank Nigeria Limited	Banking & Financial Services	Nigeria	NGN1.00 B Redeemable Preference	100
			NGN1.00 Irredeemable Non Cumulative Preference	100
			NGN1.00 Ordinary	100
Standard Chartered Capital & Advisory Nigeria Limited	Corporate Finance & Advisory Services	Nigeria	NGN1.00 Ordinary	100
Standard Chartered Nominees (Nigeria) Limited	Custody Services	Nigeria	NGN1.00 Ordinary	100
The following company has the address of 3rd Floor Main SCB Building, I.I Chundrigar Road, Karachi, Sindh, 74000, Pakistan				
Price Solution Pakistan (Private) Limited	Banking & Financial Services	Pakistan	PKR10.00 Ordinary	100
The following company has the address of P.O. Box No. 5556, I.I. Chundrigar Road, Karachi, 74000, Pakistan				
Standard Chartered Bank (Pakistan) Limited	Banking & Financial Services	Pakistan	PKR10.00 Ordinary	98.986
The following company has the address of 8th Floor, Makati Sky Plaza Building 6788, Ayala Avenue San Lorenzo, City of Makati, Fourth District, National Capi, 1223, Philippines				
Standard Chartered Group Services, Manila Incorporated	Offshore Support Services	Philippines	PHP1.00 Ordinary	100
The following company has the address of Rondo Ignacego Daszyńskiego 2B, 00-843, Warsaw, Poland				
Standard Chartered Global Business Services spółka z ograniczoną odpowiedzialnością	Offshore Support Services	Poland	PLN50.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Al Faisaliah Office Tower Floor No 7 (T07D) , King Fahad Highway, Olaya District, Riyadh P.O box 295522 , Riyadh, 11351 , Saudi Arabia				
Standard Chartered Capital (Saudi Arabia)	Custody Services	Saudi Arabia	SAR10.00 Ordinary	100
The following company has the address of 9 & 11, Lightfoot Boston Street, Freetown, Sierra Leone				
Standard Chartered Bank Sierra Leone Limited	Banking & Financial Services	Sierra Leone	SLL1.00 Ordinary	80.656
The following company has the address of 9 Raffles Place, #27-00 Republic Plaza, 048619, Singapore				
Actis Treit Holdings No.1 (Singapore) Private Limited ¹	Investment Holding Company	Singapore	SGD Ordinary	100
Actis Treit Holdings No.2 (Singapore) Private Limited ¹	Investment Holding Company	Singapore	SGD Ordinary	100
The following companies have the address of 38 Beach Road, #29-11 South Beach Tower, 189767, Singapore				
Assembly Payments Pte. Ltd. ¹	Investment Holding Company	Singapore	US\$ Ordinary	100
			US\$ Preference	100
Assembly Payments SGP Pte. Ltd. ¹	Transaction/Payment Processing Services	Singapore	SGD Ordinary	100
The following companies have the address of Raffles Place, #26-01 Republic Plaza, Singapore , 048619, Singapore				
Audax Financial Technology Pte. Ltd	Support Services	Singapore	US\$ Ordinary-A	100
Autumn Life Pte. Ltd.	Support Services	Singapore	US\$ Ordinary-A	96.623
CashEnable Pte. Ltd.	Digital Venture: Financial Services	Singapore	US\$ Ordinary-A	100
Huma.Eco Pte. Ltd.	Support Services	Singapore	US\$ Ordinary	100
Letsbloom Pte. Ltd.	Others	Singapore	US\$ Ordinary-A	100
Libeara (Singapore) Pte. Ltd.	Digital Venture: Investment Services	Singapore	US\$ Ordinary	100
Libeara Pte. Ltd.	Digital Venture: Investment Services	Singapore	US\$ Ordinary	100
Pegasus Dealmaking Pte. Ltd.	Mergers and Acquisitions (M&A) marketplace	Singapore	US\$ Ordinary	100
The following company has the address of 1 Robinson Road, #17-00, AIA Tower, 048542, Singapore				
CurrencyFair (Singapore) Pte.Ltd ¹	Foreign Currency conversion services.	Singapore	SGD Ordinary	100
The following companies have the address of 9 Raffles Place, #26-01 Republic Plaza, 048619 , Singapore				
SCV Research and Development Pte. Ltd.	Others	Singapore	US\$ Ordinary-A	100
Zodia Custody (Singapore) Limited	Custody Services	Singapore	US\$ Ordinary	100
Inveco Pte. Ltd.	Venture: Carbon Credit Marketplace	Singapore	US\$1.00 Ordinary	100
The following companies have the address of 8 Marina Boulevard, Level 26, Marina Bay Financial Centre, Tower 1, 018981, Singapore				
Marina Aquata Shipping Pte. Ltd.	Leasing Business	Singapore	US\$ Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
Marina Aruana Shipping Pte. Ltd.	Leasing Business	Singapore	SGD Ordinary	100
			US\$ Ordinary	100
Marina Cobia Shipping Pte. Ltd.	Leasing Business	Singapore	SGD Ordinary	100
			US\$ Ordinary	100
Marina Fatmarini Shipping Pte. Ltd.	Leasing Business	Singapore	US\$ Ordinary	100
Marina Frabandari Shipping Pte. Ltd.	Leasing Business	Singapore	US\$ Ordinary	100
Marina Gerbera Shipping Pte. Ltd.	Leasing Business	Singapore	US\$ Ordinary	100
Marina Opah Shipping Pte. Ltd.	Leasing Business	Singapore	SGD Ordinary	100
			US\$ Ordinary	100
Marina Partawati Shipping Pte. Ltd.	Leasing Business	Singapore	US\$ Ordinary	100
The following company has the address of Tricor WP Corporate Services Pte Ltd, 80 Robinson Road #02-00, 068898, Singapore				
Solv-India Pte. Ltd.	Investment Holding Entity	Singapore	US\$ Ordinary	100
The following companies have the address of 9 Raffles Place, #26-01 Republic Plaza, Singapore, 048619, Singapore				
Power2SME Pte. Ltd.	Investment Holding Entity	Singapore	US\$ Ordinary	90.6
SCV Master Holding Company Pte. Ltd.	Investment Holding Entity	Singapore	US\$ Ordinary	100
The following company has the address of 7 Changi Business Park Crescent, #03-00 Standard Chartered @ Changi, 486028, Singapore				
Raffles Nominees (Pte.) Limited	Nominee Services	Singapore	SGD Ordinary	100
The following companies have the address of 8 Marina Boulevard, #27-01 Marina Bay Financial Centre Tower 1, 018981, Singapore				
SCTS Capital Pte. Ltd	Nominee Services	Singapore	SGD Ordinary	100
SCTS Management Pte. Ltd.	Nominee Services	Singapore	SGD Ordinary	100
Standard Chartered Bank (Singapore) Limited	Banking & Financial Services	Singapore	SGD Non-cumulative Class C Tier-1 preference	100
			SGD Non-cumulative Class D Tier-1 Preference	100
			SGD Ordinary-A	100
			US\$ Non-cumulative Class B Tier-1 Preference	100
			US\$ Ordinary-A	100
			US\$ Ordinary-B	100
			US\$ Ordinary-C	100
Standard Chartered Holdings (Singapore) Private Limited	Investment Holding Company	Singapore	SGD Ordinary	100
			US\$ Ordinary	100
Standard Chartered Nominees (Singapore) Pte Ltd	Nominee Services	Singapore	SGD Ordinary	100
Standard Chartered Trust (Singapore) Limited	Trustee Services	Singapore	SGD Ordinary	100
The following company has the address of Abogado Pte Ltd, No. 8 Marina Boulevard, #05-02 MBFC Tower 1, 018981, Singapore				
Standard Chartered IL&FS Management (Singapore) Pte. Limited	Investment Management	Singapore	USD Ordinary	50

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of 9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore				
Standard Chartered Private Equity (Singapore) Pte. Ltd	Investment Holding Company	Singapore	US\$ Ordinary	100
Standard Chartered Real Estate Investment Holdings (Singapore) Private Limited	Investment Holding Company	Singapore	US\$ Ordinary	100
The following company has the address of 77 Robinson Road, #25-00 Robinson 77, 068896, Singapore				
Trust Bank Singapore Limited	Banking & Financial Services	Singapore	SGD Ordinary	60
The following companies have the address of 2nd Floor, 115 West Street, Sandton, Johannesburg, 2196, South Africa				
CMB Nominees (RF) PTY Limited	Nominee Services	South Africa	ZAR1.00 Ordinary	100
Standard Chartered Nominees South Africa Proprietary Limited (RF)	Nominee Services	South Africa	ZAR Ordinary	100
The following company has the address of 6 Fort Street, PO 785848, , Birnam, Sandton, 2196 2146, South Africa				
Promisepay (PTY) Ltd ¹	Payment Services Provider	South Africa	ZAR1.00 Ordinary	100
The following company has the address of 1F, No.177 & 3F-6F, 17F-19F, No.179, Liaoning Street, Zhongshan Dist., Taipei, 104, Taiwan				
Standard Chartered Bank (Taiwan) Limited	Banking & Financial Services	Taiwan (Province of China)	TWD10.00 Ordinary	100
The following companies have the address of 1 Floor, International House, Shaaban Robert Street / Garden Avenue, PO Box 9011, Dar Es Salaam, Tanzania, United Republic of				
Standard Chartered Bank Tanzania Limited	Banking & Financial Services	Tanzania, United Republic of	TZS1,000.00 Ordinary	100
			TZS1,000.00 Preference	100
Standard Chartered Tanzania Nominees Limited	Nominee Services	Tanzania, United Republic of	TZS1,000.00 Ordinary	100
The following company has the address of No. 140, 11th, 12th and 14th Floor, Wireless Road, Lumpini, Patumwan, Bangkok, 10330, Thailand				
Standard Chartered Bank (Thai) Public Company Limited	Banking & Financial Services	Thailand	THB10.00 Ordinary	99.871
The following company has the address of Buyukdere Cad. Yapi Kredi Plaza C Blok, Kat 15, Levent, Istanbul, 34330, Turkey				
Standard Chartered Yatirim Bankasi Turk Anonim Sirketi	Banking & Financial Services	Turkey	TRL0.10 Ordinary	100
The following company has the address of Standard Chartered Bank Bldg, 5 Speke Road, PO Box 7111, Kampala, Uganda				
Standard Chartered Bank Uganda Limited	Banking & Financial Services	Uganda	UGS1,000.00 Ordinary	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 14 Mackinnon Road, Nakasero, Kampala, 141769, Uganda				
Furaha Finserve Uganda Limited	Banking & Financial Services	Uganda	US\$1.00 Ordinary	20
The following company has the address of EX-26, Ground Floor, Bldg 16-Co Work, Dubai Internet City, Dubai, United Arab Emirates				
Appro Onboarding Solutions FZ-LLC	IT solutions provider and support service provider.	United Arab Emirates	AED1,000.00 Ordinary	100
The following company has the address of Suites 508, 509, 15th Floor, Al Sarab Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates				
Financial Inclusion Technologies Ltd	Digital wallet and technology payments platform	United Arab Emirates	US\$ Ordinary-A	100
The following company has the address of Unit GV-00-10-07-OF-02, Level 7, Gate Village Building 10, Dubai International Financial Centre, Dubai, United Arab Emirates				
Furaha Holding Ltd	Micro-lending Company	United Arab Emirates	US\$1.00 Ordinary	100
The following company has the address of Standard Chartered Bank, 7th Floor, Building One, Gate Precinct, DIFC, PO Box 999, Dubai, United Arab Emirates				
Global Digital Asset Holdings Limited	Investment vehicle - Strategic investment	United Arab Emirates	US\$ Ordinary	100
The following company has the address of Part of Level 15, Standard Chartered Bank Building, Plot 8, Burj Downtown, Dubai, United Arab Emirates				
myZoi Financial Inclusion Technologies LLC	Digital Venture: Activity auxiliary to financial intermediation	United Arab Emirates	AED1.00 Ordinary	100
The following company has the address of 25 Taylor St, San Francisco CA 94102-3916, United States				
Assembly Escrow Inc ¹	Payment Services Provider	United States	US\$0.0001 Ordinary	100
The following company has the address of 251 Little Falls Drive, Wilmington DE 19808, United States				
CurrencyFair (USA) Inc ¹	Digital Payment platform	United States	US\$1.00 Uncertificated	100
The following company has the address of 1095 Avenue of Americas, New York City NY 10036, United States				
Standard Chartered Bank International (Americas) Limited	Banking & Financial Services	United States	US\$1,000.00 Ordinary	100
The following companies have the address of Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States				
Standard Chartered Holdings Inc.	Investment Holding Company	United States	US\$100.00 Common	100
Standard Chartered Securities (North America) LLC	Banking & Financial Services	United States	Membership Interest	100

40. Related undertakings of the Group continued

Subsidiary undertakings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 50 Fremont Street, San Francisco CA 94105, United States				
Standard Chartered Overseas Investment, Inc.	Ultimate Holding Company	United States	US\$10.00 Ordinary	100
The following company has the address of C/O Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States				
Standard Chartered Trade Services Corporation	Trade Services	United States	US\$0.01 Common	100
The following company has the address of Level 3, #CP1.L01 and #CP2.L01, Capital Place, 29 Lieu Giai Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi, 10000, Vietnam				
Standard Chartered Bank (Vietnam) Limited	Banking & Financial Services	Vietnam	VND Charter Capital	100
The following company has the address of The Company's Registered Office, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, Virgin Islands, British				
Sky Harmony Holdings Limited ⁶	Investment Holding Company	Virgin Islands, British	USD1.00 Ordinary	100
The following companies have the address of Stand No. 4642, Corner of Mwaimwena Road and Addis Ababa Dri, Lusaka, 10101, Zambia				
Standard Chartered Bank Zambia Plc	Banking & Financial Services	Zambia	ZMW0.25 Ordinary	90
Standard Chartered Zambia Securities Services Nominees Limited	Nominee Services	Zambia	ZMW0.0203 Ordinary	100
The following companies have the address of Africa Unity Square Building, 68 Nelson Mandela Avenue, Harare, Zimbabwe				
Africa Enterprise Network Trust ²	Investment Holding Company	Zimbabwe	Trust Interest	100
Standard Chartered Bank Zimbabwe Limited	Banking & Financial Services	Zimbabwe	US\$1.00 Ordinary	100
Standard Chartered Nominees Zimbabwe (Private) Limited	Ultimate Holding Company	Zimbabwe	US\$2.00 Ordinary	100

1. The Group has determined that these undertakings are excluded from being consolidated into the Groups accounts, and do not meet the definition of a Subsidiary under IFRS. See note 32 for the consolidation policy and disclosure of the undertaking.

2. No share capital by virtue of being a trust

3. Limited liability company

4. The Group has determined the principal place of operation to be Ireland

5. The Group has determined the principal place of operation to be United Kingdom

6. The Group has determined the principal place of operation to be Hong Kong

7. Company is exempt from the requirements of the companies Act relating to the audit of individual accounts by virtue of S479A

8. Company numbers of the subsidiaries taking an audit exemption are SC Transport Leasing 1 LTD 06787116, SC Transport Leasing 2 Limited 06787090, Standard Chartered Leasing (UK) Limited 05513184, Standard Chartered Africa Limited 00002877, Standard Chartered Securities (Africa) Holdings Limited 05843604 and Standard Chartered Strategic Investments Limited 01388304

9. Directly held related undertaking

10. Group's ultimate ownership for CurrencyFair entities is 43.422%

40. Related undertakings of the Group continued

Joint ventures

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of Tricor WP Corporate Services Pte Ltd, 80 Robinson Road #02-00, 068898, Singapore				
Olea Global Pte. Ltd.	Provision of trade finance products and services.	Singapore	\$ Ordinary	41
			\$ Preference	100

Associates

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 41 Luke Street, London, EC2A 4DP, United Kingdom				
Fintech for International Development Ltd	Financial intermediation	United Kingdom	\$0.0001 Ordinary-A	58.9
The following company has the address of Bohai Bank Building, No.218 Hai He Dong Lu, Hedong District, Tianjin, China, 300012, China				
China Bohai Bank Co., Ltd.	General commercial banking businesses	China	CNY1.00 Ordinary	16.263
The following company has the address of 17/F, 100, Gongpyeong-dong, Jongno-gu, Seoul, Korea, Republic of				
Ascenta IV	Investment making	Korea, Republic of	Partnership Interest	39.100
The following company has the address of 1 Raffles Quay, #23-01, One Raffles Quay, 048583, Singapore				
Clifford Capital Holdings Pte. Ltd.	Investment Holding Company	Singapore	\$1.00 Ordinary	9.9
The following company has the address of 10 Marina Boulevard #08-08, Marina Bay, Financial Centre, 018983, Singapore				
Verified Impact Exchange Holdings Pte. Ltd	Exchange offering liquidity of trade	Singapore	SGD Ordinary	15
The following company has the address of Victoria House, State House Avenue, Victoria, MAHE, Seychelles				
Seychelles International Mercantile Banking Corporation Limited.	Commercial Bank	Seychelles	SCR1,000.00 Ordinary	22
The following company has the address of Gervinusstrasse 17, 60322, Frankfurt am Main, Hesse, Germany				
SWIAT GmbH	Digital Venture: Financial Services	Germany	€1.00 Ordinary	30
The following company has the address of Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo, Japan				
SBI Zodia Custody Co. Ltd	Others	Japan	JPY50,000.00 Ordinary	100
The following company has the address of 60B, Orchard Road, #06-18, Tower 2, The Atrium @ Orchard, 238891, Singapore				
Partior Holdings Pte. Ltd.	Financial Services	Singapore	SGD1.00 Ordinary	24.999
			SGD1.00 Series A Preferred	25.014

40. Related undertakings of the Group continued

Significant investment holdings and other related undertakings

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom				
Corrasi Covered Bonds (LM) Limited	Liquidation member (Bond holders)	United Kingdom	£1.00 Ordinary	20
The following company has the address of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman , KY1-9005, Cayman Islands				
ATSC Cayman Holdco Limited	Investment holding	Cayman Islands	\$0.01 Ordinary-A	5.272
			\$0.01 Ordinary-B	100
The following companies have the address of Unit 605-07, 6/F Wing On Centre, 111 Connaught Road, Central, Sheung Wan, Hong Kong				
Actis Temple Stay Holdings (HK) Limited	Investment holding	Hong Kong	\$ Class A Ordinary	39.689
			\$ Class B Ordinary	39.689
Actis Rivendell Holdings (HK) Limited	Investment holding	Hong Kong	\$ Class A Ordinary	39.671
			\$ Class B Ordinary	39.671
The following company has the address of 1221 A, Devika Tower, 12th Floor, , 6 Nehru Place, New Delhi 110019, New Delhi, 110019, India				
Mikado Realtors Private Limited	Other business activities	India	INR10.00 Ordinary	26
The following company has the address of 4thFloor, 274, Chitalia House, Dr. Cawasji Hormusji Road, Dhobi Talao, Mumbai City, Maharashtra, India 400 002, Mumbai, 400 002, India				
Industrial Minerals and Chemical Co. Pvt. Ltd	Minerals and Chemical	India	INR100.00 Ordinary	26
The following company has the address of 17F, 47, Jong-ro, Jongno-gu, (17F, 100, Gongpyeong-dong, Jongno-gu), Seoul, Korea, Republic of				
Ascenta III	Investment making	Korea	KRW1.00 Class B Equity Interest	31
The following company has the address of 3 Jalan Pisang, c/o Watiga Trust Ltd, 199070 Singapore				
SCIAIGF Liquidating Trust ¹	Investment Holding Company	Singapore	Trust Interest	43.96
The following company has the address of 251 Little Falls Drive, Wilmington, New Castle DE 19808, United States				
Paxata, Inc.	Data Analytics	United States	US\$0.0001 Series C2 Preferred Stock	40.74
			US\$0.0001 Series C3 Preferred Stock	8.908

1. The Group has determined the principal place of operation to be Singapore

40. Related undertakings of the Group continued

In liquidation

Subsidiary Undertakings

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of C/O Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT, United Kingdom				
Standard Chartered Masterbrand Licensing Limited	To manage intellectual property for Group	United Kingdom	\$1.00 Ordinary Shares	100
The following companies have the address of Bucktrout House, Gategny Esplanade, St Peter Port, GY1 3HQ, Guernsey				
Birdsong Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
Nominees One Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
Nominees Two Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
Songbird Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
Standard Chartered Secretaries (Guernsey) Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
Standard Chartered Trust (Guernsey) Limited	Fiduciary Services	Guernsey	£1.00 Ordinary shares	100
The following company has the address of 30 Rue Schrobelgen, 2526, Luxembourg				
Standard Chartered Financial Services (Luxembourg) S.A.	Corporate Finance & Advisory Services	Luxembourg	€25.00 Ordinary shares	100
The following company has the address of Jiron Huascar 2055, Jesus Maria, Lima 15072, Peru				
Banco Standard Chartered en Liquidacion	Banking services	Peru	\$75.133 Ordinary shares	100
The following company has the address of Luis Alberto de Herrera 1248, Torre II, Piso 11, Esc. 1111, Uruguay				
Standard Chartered Uruguay Representacion S.A.	Financial counselling services	Uruguay	UYU1.00 Ordinary shares	100
The following company has the address of 555 Washington Av, St Louis, MO, United States of America, 63101				
Assembly Payments Inc ¹	Payment services provider	United States	\$0.0001 Ordinary	100
The following companies have the address of C/O Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT, United Kingdom				
Standard Chartered Leasing (UK) 3 Limited	Leasing Business	United Kingdom	\$1.00 Ordinary shares	100

40. Related undertakings of the Group continued

Liquidated/dissolved/sold

Subsidiary/Associate undertakings and Significant investment holdings

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of C/O Teneo Financial Advisory Limited, 156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN, United Kingdom				
Standard Chartered Leasing (UK) 2 Limited	Leasing Business	United Kingdom	\$1.00 Ordinary shares	100
The following companies have the address of C/o WALKERS CORPORATE LIMITED, 190 Elgin Avenue George Town Grand Cayman KY1-9008, Cayman Islands				
Sirat Holdings Limited	Investment Holding Entity	Cayman Islands	\$0.01 Ordinary shares	100
The following companies have the address of TMF Trust Labuan Limited, Brumby Centre, Lot 42,, Jalan Muhibbah, 87000 Labuan F.T., Malaysia				
Pembroke Leasing (Labuan) 3 Berhad	Leasing Business	Malaysia	\$ Ordinary shares	100
The following companies have the address of c/o Ocorian Corporate Services (Mauritius) Ltd, 6th Floor, Tower A, 1 Cybercity, Ebene, 72201, Mauritius				
Standard Chartered Financial Holdings	Investment Holding Company	Mauritius	\$1.00 Ordinary shares	100
The following companies have the address of 142, Ahmadu Bello Way, Victoria Island, Lagos, 101241, Nigeria				
Cherroots Nigeria Limited	Investment Holding Company	Nigeria	NGN1.00 Ordinary Shares	100
The following companies have the address of 80 Robinson Road, #02-00, 068898, Singapore				
Cardspal Pte. Ltd.	Support Services	Singapore	\$ Ordinary shares	100
The following companies have the address of Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, Virgin Islands, British				
Sky Favour Investments Limited	Investment Holding Company	Virgin Islands, British	\$1.00 Ordinary shares	100
The following companies have the address of 14th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.				
Kozagi Limited	Investment Holding Company	Hong Kong	HKD Ordinary shares	100
The following company has the address of Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands				
Pembroke Holland B.V.	Leasing Business	Netherlands	€450.00 Ordinary shares	100

40. Related undertakings of the Group continued

Subsidiary/Associate undertakings and Significant investment holdings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following companies have the address of 32 Molesworth Street, Dublin 2, D02Y512, Ireland				
Inishbrophy Leasing Limited	Leasing Business	Ireland	€1.00 Ordinary shares	100
Inishcannon Leasing Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Inishcrean Leasing Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Inishdawson Leasing Limited	Leasing Business	Ireland	€1.00 Ordinary shares	100
Inisherkin Leasing Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Inishoo Leasing Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Nightjar Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 1 Limited	Leasing Business	Ireland	€1.00 Ordinary shares	100
Pembroke Aircraft Leasing 2 Limited	Leasing Business	Ireland	€1.00 Ordinary shares	100
Pembroke Aircraft Leasing 3 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 4 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 5 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 6 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 7 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 8 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 9 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 10 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 11 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 12 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 13 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 14 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 15 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing 16 Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Aircraft Leasing Holdings Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
Pembroke Capital Limited	Leasing Business	Ireland	€1.25 Ordinary shares	100
			US\$1.00 Ordinary	100
Skua Limited	Leasing Business	Ireland	\$1.00 Ordinary shares	100
The following company has the address of First Names House, Victoria Road, Douglas, IM2 4DF, Isle of Man				
Pembroke Group Limited	Aircraft leasing, fleet advisory and technical services	Isle of Man	\$0.01 Ordinary shares	100
The following company has the address of No. 1034, Managed by Tianjin Dongjiang Secretarial Services , Co., Ltd., Room 202, Office Area of Inspection Warehouse,, No.6262 Ao Zhou Road, Dongjiang Free Trade Port Zone,, Tianjin Pilot Free Trade Zone, China				
Pembroke Aircraft Leasing (Tianjin) Limited	Holding Company	China	\$1.00 Ordinary shares	100
The following company has the address of No. 1035, Managed by Tianjin Dongjiang Secretarial Services , Co., Ltd., Room 202, Office Area of Inspection Warehouse,, No.6262 Ao Zhou Road, Dongjiang Free Trade Port Zone,, Tianjin Pilot Free Trade Zone, China				
Pembroke Aircraft Leasing Tianjin 1 Limited	SPV for Aircraft Operating Lease Business	China	CNY1.00 Ordinary shares	100

40. Related undertakings of the Group continued

Subsidiary/Associate undertakings and Significant investment holdings continued

Name and registered address	Activity	Place of incorporation	Description of shares	Proportion of shares held (%)
The following company has the address of No. 1036, Managed by Tianjin Dongjiang Secretarial Services, Co., Ltd., Room 202, Office Area of Inspection Warehouse,, No.6262 Ao Zhou Road, Dongjiang Free Trade Port Zone,, Tianjin Pilot Free Trade Zone, China				
Pembroke Aircraft Leasing Tianjin 2 Limited	SPV for Aircraft Operating Lease Business	China	CNY1.00 Ordinary shares	100
The following companies have the address of 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom				
Pembroke Aircraft Leasing (UK) Limited	Leasing Business	United Kingdom	£1.00 Ordinary shares	100
The following companies have the address of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands				
Marina Alysse Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
Marina Amandier Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
Marina Ambroisee Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
Marina Buxus Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
Marina Dorado Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
Marina Protea Shipping Limited	Ownership and Leasing of vessels	Marshall Islands	\$1.00 Ordinary shares	100
The following company has the address of 3, Floor 1, No.1, Shiner Wuxingcai yuan, West Er Huan Rd, , Xi Shan District, Kunming, Yunnan Province, PRC, China				
Yunnan Golden Shiner Property Development Co., Ltd.	Real Estate Developers	China	CNY1.00 Ordinary shares	42.5
The following companies have the address of 49, Sungei Kadut Avenue, #03-01 S729673, Singapore				
Omni Centre Pte. Ltd.	Real Estate Owners & Developers	Singapore	SGD Redeemable Convertible Preference shares	99.998
The following company has the address of 505 Howard St. #201, San Francisco, CA 94105, United States				
SC Studios, LLC	Offshore Support Services	United States	US\$1.00 Membership Interest	100
The following company has the address of Avenue de Tivoli 2, 1007, Lausanne, Switzerland				
Metaco SA	Integrated infrastructure solutions	Switzerland	CHF 0.01 Preference A Shares	29.505

Save for those disclosed in this Annual Report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the year under review. Apart from those disclosed in this Annual Report, there were no material investments or additions of capital assets authorised by the Board at the date of this Annual Report.