standard chartered

Strategic Report 2023

Connecting the world's most dynamic markets

here for good™

We are a leading international cross-border bank

Standard Chartered connects the world's most dynamic markets, serving the businesses that are the engines of global growth and supporting people to meet their ambitions. Every day, we help clients to manage and invest their finances safely and seamlessly, and grow their businesses and wealth with confidence.

Over our 170 year history, and across a unique geographical footprint that connects Asia, Africa and the Middle East to each other and the world, we've built a bank like no other, with diverse capabilities and partnerships that set us apart. Inspired by our brand promise, we are here for good.

Financial KPIs[1]

Return on tangible equity

10.1% ↑240bps
Underlying basis

8.4% ↑160bps
Reported basis

Common Equity Tier 1 ratio

14.1% ↑10bps
Above our 13-14 per cent target range

Total shareholder return

9.4% 2022: 41.4%

Non-financial KPIs[2]

Diversity and inclusion: women in senior roles[4]

32.5% ↑0.4ppt

Mobilising Sustainable Finance $

$87.2bn ↑$29.8bn

Employee net promoter score (eNPS)

25.86 ↑8.31 points

Other financial measures[1,3]

Operating income

$17,378m ↑13%
Underlying basis

$18,019m ↑10%
Reported basis

Profit before tax

$5,678m ↑27%
Underlying basis

$5,093m ↑24%
Reported basis

Earnings per share

128.9cents ↑31.0 cents
Underlying basis

108.6cents ↑22.7 cents
Reported basis

Tangible net asset value per ordinary share

$13.93 ↑12%

Stakeholders

Throughout this report, we use these icons to represent the different stakeholder groups for whom we create value.

Clients

Regulators and governments

Investors

Suppliers

Society

Employees

1 Reconciliations from underlying to reported and definitions of alternative performance measures can be found on pages 80 to 87
2 For more information on our culture of inclusion see page 24, and for more on our Sustainability Aspirations see page 66
3 Year-on-Year growth on Operating Income and Profit before tax is on constant currency basis
4 Senior leadership is defined as Managing Directors and Band 4 roles (including Management Team)

In this report

About this report

Sustainability and ESG reporting

The Group includes Environmental, Social and Governance (ESG) and sustainability information in our 2023 Annual Report, providing investors and stakeholders with an understanding of the implications of relevant sustainability-related risks and opportunities, and progress against our objectives.

We have observed our obligations under: (i) sections 414CA and 414CB of the UK Companies Act 2006; (ii) the UK's Financial Conduct Authority's Listing Rules in respect of climate-related disclosures; and (iii) the ESG Reporting Guide contained in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We have made disclosures consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and recommended disclosures throughout our 2023 Annual Report.

In preparing this report we have given consideration to (but do not align in full with) the guidance provided by the International Sustainability Standards Board (ISSB) Standards finalised in 2023: IFRS S1 and IFRS S2, noting that IFRS S2, although largely based on TCFD, requires a more granular level of disclosure. IFRS S1 and S2 are voluntary standards and compliance is not yet required in the Group's listing locations. Additionally, we publish an ESG reporting index against the voluntary Global Reporting Initiative (GRI) Universal Standards and select GRI Topic Standards, and the World Economic Forum Stakeholder Capitalism Metrics framework.

+ The Group's sustainability-related disclosures can be accessed via **sc.com/sustainabilityhub**

Alternative performance measures

The Group uses a number of alternative performance measures in the discussion of its performance. These measures exclude certain items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. They provide the reader with insight into how management measures the performance of the business.

+ For more information on Standard Chartered please visit **sc.com**

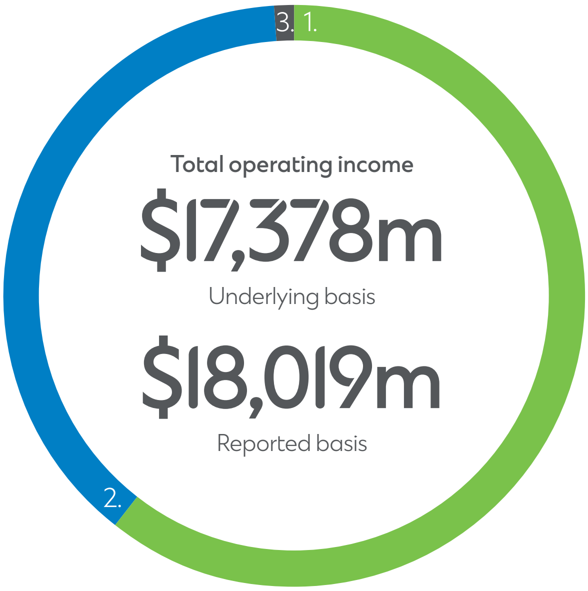
All information presented in the Chairman, CEO and CFO statements are on an underlying basis unless otherwise stated. A reconciliation from underlying to reported and definitions of alternative performance measures can be found on pages 80 to 87.

Unless another currency is specified, the word 'dollar' or symbol '$' in this document means US dollar and the word 'cent' or symbol 'c' means one-hundredth of one US dollar. Disclosures in the Strategic report, Sustainability review, Directors' report, Risk review and Capital review and Supplementary information are unaudited unless otherwise stated. Unless context requires within the document, 'China' refers to the People's Republic of China and, for the purposes of this document only, excludes Hong Kong Special Administrative Region (Hong Kong), Macau Special Administrative Region (Macau) and Taiwan. 'Korea' or 'South Korea' refers to the Republic of Korea. Asia includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam, Mainland China, Hong Kong, Japan, Korea, Macau, Taiwan; Africa and Middle East (AME) includes Bahrain, Botswana, Côte d'Ivoire, Egypt, Ghana, Iraq, Kenya, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, South Africa, Tanzania, UAE, Uganda, and Zambia; and Europe & Americas (EA) include Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Israel, Jersey, Poland, Sweden, Türkiye, the UK, and the US. Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and 'nm' stands for not meaningful. Standard Chartered PLC is incorporated in England and Wales with limited liability, and is headquartered in London. The Group's head office provides guidance on governance and regulatory standards. Standard Chartered PLC. Stock codes are: LSE STAN.LN and HKSE 02888.

Who we are and what we do

Our Purpose is to drive commerce and prosperity through our unique diversity. We serve three client segments in three regions, supported by eight global functions.

Our client segments



	Operating income
1. Corporate, Commercial & Institutional Banking Supporting clients with their transaction banking, financial markets, corporate finance and borrowing needs, Corporate, Commercial & Institutional Banking provides solutions to nearly 20,000 clients in the world's fastest-growing economies and most active trade corridors.	$11,218m Underlying basis $11,788m Reported basis
2. Consumer, Private & Business Banking Serving more than 11 million individuals and small businesses, Consumer, Private & Business Banking focuses on the affluent and emerging affluent in many of the world's fastest-growing economies.	$7,106m Underlying basis $7,151m Reported basis
3. Ventures Ventures promotes innovation, invests in disruptive financial technology and explores alternative business models. It represents a diverse portfolio of over 30 ventures and more than 20 investments	$156m Underlying basis $156m Reported basis
4. Central and other items	$(1,102)m Underlying basis $(1,076)m Reported basis

Enabling and supporting our businesses

Global functions

Our client-facing businesses are supported by our global functions, which work together to ensure the Group's operations run smoothly and consistently.

Conduct, Financial Crime and Compliance

Partners internally and externally to achieve the highest standards in conduct and compliance to enable a sustainable business and to fight financial crime.

Corporate Affairs, Brand and Marketing

Manages the Group's marketing and communications and engagement with stakeholders to promote and protect the Group's reputation, brand and services.

Group Chief Financial Officer

Comprises seven support functions: Finance, Treasury, Strategy, Investor Relations, Corporate Development, Supply Chain Management and Property. The leaders of these functions report directly to the Group Chief Financial Officer.

Group Internal Audit

An independent function whose primary role is to help the Board and Management Team protect the assets, reputation and sustainability of the Group.

Human Resources

Maximises the value of investment in people through recruitment, development and employee engagement.

Legal

Provides legal advice and support to the Group to manage legal risks and issues.

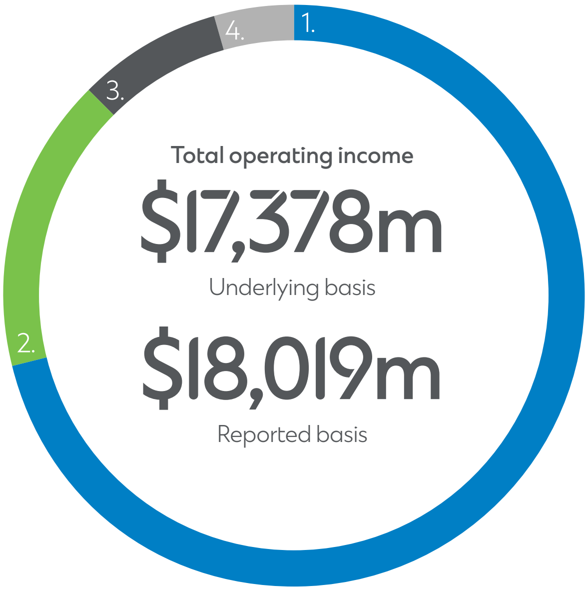
Risk

Responsible for the overall second-line-of-defence responsibilities related to risk management, which involves oversight and challenge of risk management actions of the first line.

Transformation, Technology & Operations

Responsible for leading bank-wide transformation and for reshaping the Group's systems and technology platforms to ensure we provide robust, responsive, and innovative technology and digital solutions. Also manages all client operations, seeking to provide an optimal client service and experience across the board.

Our regions



Operating income

1. Asia

We are present in 21 markets, including Hong Kong and Singapore which contribute the highest income.

$12,429m
Underlying basis

$12,651m
Reported basis

2. Africa and Middle East

We have a presence in 18 markets of which the most sizeable by income are UAE, Pakistan, Kenya, Nigeria, South Africa and Ghana.

$2,806m
Underlying basis

$2,924m
Reported basis

3. Europe and the Americas

Centred in London, with a growing presence across continental Europe, and New York, we operate in both North America and several markets in Latin America.

$1,397m
Underlying basis

$1,702m
Reported basis

4. Central and other items

$746m
Underlying basis

$742m
Reported basis

Valued behaviours

Our valued behaviours are the guiding principles for how we work together, and the way we do business, every day.

Never settle

- Continuously improve and innovate
- Simplify
- Learn from your successes and failures

Better together

- See more in others
- "How can I help?"
- Build for the long term

Do the right thing

- Live with integrity
- Think client
- Be brave, be the change

Where we operate

We operate in the world's most dynamic markets which set the pace for global growth and prosperity. Our unique geographic footprint connects high-growth and emerging markets in Asia, Africa and the Middle East with more established economies in Europe and the Americas, allowing us to channel capital to where it's needed most.

For more than 170 years, we have used the power of our network to maximise opportunities for people and businesses who trade, operate or invest in these regions.

Our diverse experience, capabilities and culture set us apart.

We are present in 52 markets

Asia

We have a long-standing and deep franchise in some of the world's fastest-growing economies. Our Asia region generates **two-thirds** of our income. The two markets contributing the highest income are **Hong Kong and Singapore**.

Australia	Japan	Nepal
Bangladesh	Korea	Philippines
Brunei	Laos	Singapore
Cambodia	Macau	Sri Lanka
Hong Kong	Mainland China	Thailand
India	Malaysia	Vietnam
Indonesia	Myanmar	Taiwan

Read more on **page 31**

Africa and the Middle East

We have a deep-rooted heritage in Africa and the Middle East. **The United Arab Emirates, Pakistan, Kenya, Nigeria, South Africa, and Ghana** are our largest markets by income.

Bahrain	Kenya	Saudi Arabia
Botswana	Mauritius	South Africa
Côte d'Ivoire	Nigeria	Tanzania
Egypt	Oman	UAE
Ghana	Pakistan	Uganda
Iraq	Qatar	Zambia

Read more on **page 32**

Europe and the Americas

We support clients in Europe and the Americas through hubs in **London and New York** and have **a strong presence** in several European and Latin American markets.

Argentina	Germany	Sweden
Brazil	Israel	Türkiye
Colombia	Jersey	UK
Falkland Islands	Poland	US
France		

Read more on **page 33**

Group Chairman's statement

Embedding a culture of excellence to deliver sustained value

Dr José Viñals
Group Chairman

During 2023, the Group continued to improve profitability, delivering on our objective to achieve a double-digit return on tangible equity (RoTE) for the full year. Our high-growth markets, where we are intent on making further investment, continue to deliver strongly despite an uncertain picture for the global economy.

This performance came against a backdrop of rising interest rates in many large economies, which undoubtedly gave a strong tailwind for the business. However, it is also a product of our clear strategy, discipline and tireless execution – a significant achievement for our colleagues, led by our Group Chief Executive, Bill Winters, and his Management Team. Their skills and dedication remain essential to our performance, and my deepest thanks go to all of them.

We have recently bid a fond farewell to Andy Halford, who formally stepped down as Group Chief Financial Officer on 3 January 2024. Since his arrival in the role in 2014, Andy has been a much-valued colleague and friend and made a phenomenal contribution by helping to steer the business through a challenging external environment. Under his watch we strengthened our foundations, reset our risk appetite and redefined the Group's strategy. He leaves with our very best wishes, and will continue in an advisory role until his retirement in August. It is with pleasure that we welcome Diego De Giorgi who joins us as Andy's successor. I am looking forward to working closely with Diego and Bill to drive further excellence for clients and higher value for shareholders.

Advancing our strategic and financial goals

I have said before that our objective is to grow income in a strong, safe and sustainable manner, while maintaining both cost and capital discipline, and I am delighted to say that was the case last year. We are confident that our improved RoTE, which reached 10.1 per cent in 2023, will be a milestone on the way to further long-term success for the Group, underpinned by strong performance across the business. We grew income 13 per cent on a constant currency basis while maintaining a strong capital and liquidity position and positive income-to-cost jaws. We expect our RoTE to steadily increase from 10 per cent, and are targeting 12 per cent in 2026 and to progress thereafter.

The strength of our financial performance affirms that the strategy that we set out in 2021 is working. We remain focused on investment in high-growth markets and have made significant progress against our strategic priorities across Network, Affluent, Mass Retail, and Sustainability.

I am acutely aware of the underperformance of our share price in recent months, which I believe does not reflect the progress we are making. Both the Board and the Management Team are absolutely focused on delivering sustained, long-term value for our shareholders. I believe our solid performance in 2023 gives us a good base from which to do this. As Bill details in the following pages, we have further sharpened the actions we will take to accelerate performance and future growth.

> 'We remain focused on investment in high-growth markets and have made significant progress against our strategic priorities'

Firstly, we will continue to rely on our stronger capabilities to further enhance returns in our Corporate, Commercial & Institutional Banking and Consumer, Private & Business Banking businesses, with a focus on driving income growth in high-returning areas. Secondly, we will improve operational leverage within the Group, addressing structural inefficiencies and complexities whilst protecting income. Finally, we will continue to return substantial capital to shareholders. This year, we are pleased to be able to provide an increased full-year dividend of 27 cents per share and are announcing a further share buyback of $1 billion.

Alongside the importance of delivering improved financial performance, our Purpose and brand promise to be here for good remain cornerstones of our business. We are keenly aware of our role in supporting our clients and communities as they anticipate and respond to economic and social challenges. This is why we remain true to our Stands – Accelerating Zero, Resetting Globalisation and Lifting Participation – which are delivered through the execution of our strategy, and which give us an active framework for positive impact across our footprint.

We updated our net zero roadmap in April 2023, committing to an absolute emissions target and trajectory for the oil and gas sector. In this year's Annual Report, we disclose the targets and science-based methodologies for our financed emissions in 11 of the 12 high-emitting sectors identified as decarbonisation priorities by the Net Zero Banking Alliance, demonstrating our commitment to support the transition of the real-world economy.

We have also recently announced our decision to become an early adopter of the Taskforce on Nature-related Financial Disclosures, highlighting the rising importance of nature and biodiversity as a necessary consideration in sustainability. Given that our footprint represents some of the most complex and diverse natural capital in the world, working across our business and with our clients to preserve, restore and enhance nature is critically important.

It is my honour to be able to act as a voice for our Stands on behalf of the Group as Co-Chair of the United Nations' Global Investors for Sustainable Development Alliance, as well as at various global platforms and by engaging with stakeholders across our markets.

Driving higher standards

The Board remains committed to firmly embedding a culture of excellence across the organisation, building high standards through a 'one bank' culture of ambition, action and accountability that puts our clients at the heart of all we do. We are at our best when we harness the full talent and potential of the diverse markets in which we operate.

Both the Board and the Management Team are dedicated to maintaining our status as an employer of choice. That means offering our colleagues a variety of ways to build their skillset, attracting the best talent through our doors with a diverse set of career paths within the Group and progressive employee policies, such as the standardised parental leave announced last year.

As the world continues to change around us, we also recognise the ongoing importance of technology and continuous improvement in maintaining our competitive edge, and in building an innovation-led culture that allows colleagues to try new things within an effective and comprehensive risk management framework. We are intent on capturing the benefits of new, game-changing technologies like artificial intelligence, whilst protecting the information and financial security of our clients.

Group Chairman's statement
continued

It has been an extremely active year for the Board, with frequent in-depth briefings on geopolitical, cyber and sectoral risks, and a sharp focus on corporate governance. We continue to build out our resilience in both the financial and non-financial dimensions of risk and compliance across our varied markets. This gives us the confidence to achieve our strategic goals and act decisively to grasp new business opportunities.

We continue to maintain a diverse range of skillsets and backgrounds on our Board. Jasmine Whitbread, a long-standing director and impactful former chair of the Culture and Sustainability Committee, stepped down from the Board at last year's AGM. As announced on 16 February 2024, Gay Huey Evans will step down from the Board with effect from 29 February 2024 after serving nine years and contributing significantly to the Board and its Committees, especially as Chair of the former Board Financial Crime Risk Committee. Carlson Tong, another much-valued Board member, will step down from the Board on 9 May 2024, ahead of the AGM. I would like to thank Jasmine, Gay and Carlson for their many contributions during their time with us.

On 16 February 2024, we announced that Diane Jurgens will join the Board from 1 March 2024. Diane is a highly experienced and respected technologist who will bring significant technology and transformation expertise and insight to the Board having operated across a variety of sectors and the Group's key markets.

Our dynamic markets

In 2023 I continued to spend time across our markets, seeing their dynamism first-hand and experiencing the ambition of our colleagues as they work together for greater growth.

Guided by our Purpose – to drive commerce and prosperity through our unique diversity – we are investing heavily in fast-growing economies and trade corridors in Asia, Africa and the Middle East, and bringing innovative digital products to new clients. A good example of this is Solv, our e-commerce platform for small and medium-size enterprises. We're also positioning ourselves to be a positive force in the expansion of sectors that will deliver a more sustainable global economy, like renewables and electric vehicles.

I'm more confident than ever that we are investing in the right places for strong, safe and sustainable growth, and in our role as a connector bank in an ever more complex and fragmenting world. We provide our clients with the right solutions gained from deep experience of our markets, and continue to be a trusted partner for them as they look to seize opportunities across our footprint.

'I'm more confident than ever that we're investing in the right places for strong, safe and sustainable growth, and in our role as a connector bank in an ever more complex, fragmenting world'

Looking ahead with confidence

We expect to see a 'soft landing' for the world economy in 2024. This is no small achievement as we have witnessed the most aggressive period of monetary policy tightening in decades. This, plus other favourable supply side developments have led to a fall in inflation in most countries, engendering expectations of official interest rate cuts in many economies this year. Growth, in turn, remains resilient, with emerging markets expected to keep growing considerably faster than developed economies, and Asia continuing to lead global growth.

However, one cannot be complacent about the years ahead. The 'last mile' of inflation may prove stickier than expected, and geopolitical risks abound. As we begin 2024, the war between Ukraine and Russia continues, increasing uncertainty for nations in Europe and elsewhere. We see renewed conflict in the Middle East, bringing tragedy to many communities and disruption to the Red Sea, a key chokepoint in global supply chains.

2024 is also a year of major elections in the United States, India and probably the United Kingdom, as well as other markets in our footprint. These all have the potential to affect the economic situation.

With so much at stake, we must take care not to needlessly damage the means of growth and wealth creation. I have frequently spoken in defence of open, rules-based trade as a lynchpin of global economic growth. This year, the challenges around it remain powerful, with the risk of further fragmentation.

I believe the system of global trade that has been created with such care over many decades is one of humanity's foremost achievements. It is not perfect by any means, but it has arguably brought more opportunity and prosperity to a greater number of people than any other force in history. Like every intricate system, it is easy to damage and hard to rebuild. Safeguarding and making it more inclusive and sustainable requires constant vigilance and cooperation from policymakers, legislators, and the private sector in an evolved, modernised multilateral system.

While the external landscape remains uncertain, we are confident that we are well positioned to navigate the challenges and seize the opportunities ahead. Our results in 2023 show we are doing just that. We remain focused on continuing to deliver excellence for our clients, and sustained value for shareholders, in 2024 and beyond.

Dr José Viñals
Group Chairman

23 February 2024

Standard Chartered and IFC aim to boost global trade by more than $6 billion

In April, we signed a deal to invest $700 million in the IFC's Global Trade Liquidity Programme, which is expected to support up to $6.4 billion in trade over three years across Asia, the Middle East, Africa, and Latin America.

The deal is a renewal of a facility first launched in 2009 and has supported $20.5 billion in global trade through more than 150 Emerging Market Issuing Banks in 37 countries.

Read more at **sc.com/IFC**

Group Chief Executive's review

Delivering sustainably higher returns

Bill Winters
Group Chief Executive

We produced strong results in 2023, demonstrating the value of our franchise and delivering our target to push past the 10 per cent Return on Tangible Equity ('RoTE') milestone. But 10 per cent is not the extent of our ambition. We have the right strategy, business model and intent to build on this momentum. We have set out clear actions to deliver sustainably higher returns, with RoTE increasing steadily from 10 per cent, targeting 12 per cent in 2026, and to progress thereafter.

Full year 2023 income of $17.4 billion was up 13 per cent on a constant currency basis, benefitting not only from rising interest rates but also encouraging underlying business momentum. Good cost discipline has enabled us to generate significantly positive income-to-cost jaws of 4 per cent for the year, even with continued underlying investment. Loan impairment declined, primarily due to reduced impairments from China commercial real estate and sovereign risks, with the overall portfolio remaining resilient. All this has helped us grow underlying profit before tax 27 per cent year-on-year, to $5.7 billion, the highest level for ten years.

We remain highly liquid and strongly capitalised. We finished the year with a Common Equity Tier 1 ('CET1') ratio of 14.1 per cent, above the top of our target range, allowing us to increase our full year ordinary dividend by 50 per cent to 27 cents per share. We undertook in February 2022 to return over $5 billion to shareholders by the end of 2024. With this full year dividend and the $1 billion share buyback announced today, we will have exceeded that target well ahead of schedule.

As we start the new year, I would like to take a moment to thank my friend and much valued colleague, Andy Halford, who decided to retire this year. Andy has been a great partner to me and the Board and has successfully helped steer the Group over the last ten years. I'd also like to extend a warm welcome to Diego De Giorgi as he takes over as the Group Chief Financial Officer. Diego brings with him over 30 years of financial services experience and I am sure he will continue to build on the progress we have made.

Our strategy is driving success

Our strategy is designed to deliver our Purpose: to drive commerce and prosperity through our unique diversity. We set out four strategic priorities in early 2021: continue to grow our **Network** and **Affluent client** businesses, return to growth in **Mass Retail** and advance on all fronts of our **Sustainability** agenda. We are making good progress in every area.

- Income from our cross-border **Network** business grew 31 per cent in 2023, with standout growth rates in our China offshore corridors to the Middle East and ASEAN, up 67 per cent and 53 per cent respectively
- We increased the total number of **Affluent clients** to 2.3 million. This helped drive significantly higher levels of net new money in 2023, with net inflows of $29 billion, up 50 per cent, year-on-year, and deliver 24 per cent growth in income from this client segment
- We grew our **Mass Retail** client base by over 1 million to 9.5 million. We have continued to grow our digital banks, Mox in Hong Kong and Trust in Singapore. They remain two of the fastest growing digital banks globally and underline our ability to partner and launch differentiated customer propositions. The Mass Retail business also serves a valuable strategic purpose as a pipeline for future Affluent clients, with 224,000 of our Mass Retail clients moving up to Affluent clients in 2023
- Our dedicated Chief Sustainability Office unit acts as a centre of excellence and a catalyst for the execution of the Group-wide **Sustainability** strategy and the achievement of our net zero roadmap, further details of which are set out in the Annual Report. Our Sustainable Finance franchise generated over $0.7 billion income in 2023, a year-on-year growth rate of 42 per cent and we are well on our way to deliver a billion dollars in income by 2025. We have mobilised $87 billion of sustainable finance since the beginning of 2021, making good progress as we advance towards our $300 billion target by 2030

Great execution on our 2022 strategic actions

We set out five actions in 2022 designed to accelerate delivery of double-digit RoTE. The strong execution of these actions over the last two years, where we have either achieved our targets ahead of plan or they are well on track, has enabled us to reach that milestone in 2023.

- We are ahead of schedule to **drive improved returns** in Corporate, Commercial & Institutional Banking ('CCIB'). We targeted around 160 basis points improvement in income return on risk-weighted assets ('IRoRWA') to 6.5 per cent in 2024. The team exceeded this target in 2023, delivering an IRoRWA of 7.8 per cent. This was driven by particularly strong growth in income from Financial Institution clients, which now accounts for 49 per cent of CCIB income, delivering close to the 50 per cent target one year early. The team has also successfully executed $24 billion in risk-weighted assets optimisation over the last two years, exceeding the target of $22 billion. The completion of the sale of the Aviation Finance business also created further capacity for CCIB to grow higher returning business
- We are also ahead of our 2024 target to **transform profitability** in Consumer, Private and Business Banking ('CPBB'). The team has achieved its 60 per cent cost-to-income target one year ahead of plan, with a nine-percentage point improvement in 2023. They have delivered $0.4 billion of structural expense savings from rationalising the branch network, process re-engineering, headcount efficiencies and further automation
- We have continued to **seize the China opportunity**, with our China-related business performing well, despite post-COVID domestic recovery tracking below expectations. We set a target of doubling the operating profit before tax of our onshore and offshore China business by the end of 2024 and we almost achieved that in 2023, generating $1.3 billion. This was driven primarily by offshore-related income, which delivers significantly higher returns, growing 42 per cent. Our onshore income, despite the domestic headwinds, grew 4 per cent. Looking forward, we continue to be confident in the long-term opportunities that China re-opening will generate for our unique franchise
- We continued to **create operational leverage**, and are on track to deliver the three-year $1.3 billion expense savings target, which has helped us absorb inflationary pressure and continue to invest. Our cost-to-income ratio is down 7 percentage points since the end of 2021 to 63 per cent for 2023, so we are well advanced towards our target of around 60 per cent by 2024
- Our equity generation and discipline on risk-weighted assets this year have created capacity for us to continue to **deliver substantial shareholder distributions**. With the final ordinary share dividend for 2023 and a new $1 billion share buyback programme starting imminently, means we are well ahead of our total target of returning in excess of $5 billion by the end of 2024. We will continue to actively manage the Group's capital position with the target of a further capital return of at least $5 billion over the next three years

Group Chief Executive's review
continued

Building on our achievements to deliver sustainably higher returns

Our unique footprint across the world's most dynamic markets gives us a strategic advantage and underpins my confidence that we can continue to grow even in a less supportive interest rate environment. Our objective is to ensure that income growth translates into structurally higher profitability, striking a balance between maintaining the diversity that our clients value, while taking out unnecessary complexity that slows us and drags returns.

We are therefore taking further action in each of our three client businesses to drive income growth:

- In CCIB, we will seek to **drive growth in high-returning businesses** such as cross-border income, targeting an 8 to 10 per cent underlying growth rate over the next three years. Additionally, building on our strength as a top two network trade bank, we are targeting to grow Trade and Working Capital income by 6 to 8 per cent between 2024 and 2026. The team is also driving growth in financing related income (Global Credit and Lending) with a particular focus on accelerating the originate to distribute strategy, targeting an 8 to 10 per cent CAGR to 2026
- In CPBB, we will **build on our strengths in the Affluent client business**, targeting to attract over $80 billion of net new money over the next three years, a 19 per cent increase from the previous three years. We also intend on accelerating the growth in our international client business, with the target of increasing the number of international Affluent clients from 274,000 to over 375,000 by 2026
- Building on the remarkable momentum in our two digital banks, Mox and Trust, we are targeting for the **Ventures segment to be RoTE accretive** by 2026

By executing these actions, we expect to grow income at a compound annual rate of between 5 and 7 per cent over the next three years, well above the anticipated rate of growth for the global economy.

We are also taking action to transform the way we operate, addressing structural inefficiencies and complexity whilst protecting income. Starting this year, we will run a bank-wide programme called Fit for Growth, to accelerate our previous efforts to simplify, standardise and digitise our business. We will fundamentally improve our productivity, client and employee experience and create capacity to reinvest in incremental growth initiatives.

This programme will save around $1.5 billion of cumulative expenses over the next three years and we expect to incur a similar amount in terms of the cost to achieve these permanent organisational and financial benefits. This will help us to deliver positive income-to-cost jaws in each of the next three years and keep operating expenses below $12 billion in 2026.

Continuing to deliver strong income growth, combined with improving operational leverage and maintaining our responsible approach to risk and capital, means we expect RoTE to increase steadily from 10 per cent, targeting 12 per cent in 2026 and to progress thereafter.

Uniquely positioned and confident in the future

We are in a privileged position to take advantage of significant growth opportunities that will continue to come from the markets in our footprint, generating value for our clients and the communities in which we operate.

Whilst we expect global growth to stay below potential at 2.9 per cent in 2024, as high interest rates put a drag on consumers as well as investment spending, Asia is likely to be the fastest-growing region continuing to drive global growth, expanding by 4.9 per cent. Easing inflation is likely to allow major central banks to start cutting rates in the second half of 2024, with a focus on supporting softening economic activity.

Downside risks to this outlook include a sharper than expected slowdown in major economies, sustained inflationary pressures, a sluggish housing market in China and increased geopolitical tensions. But we also see significant opportunities emerging:

- Higher capex to meet sustainability targets and moves towards digitalisation could boost productivity growth
- Within emerging markets, countries in Asia are best placed to take advantage of digitalisation, including generative AI
- Relatively younger populations, as well as the adoption of digital technology, will allow emerging markets to become increasingly important to global growth

Our share price reflects little of our optimism about prospects and seems heavily influenced by the downside concerns mentioned above. The concerns are real, and we take them seriously. We maintain a strong capital position and liquidity to absorb any adverse impact on us and our clients. We believe that the value of our franchise will become increasingly clear to the broader market as we continue to grow our profits and exceed market expectations in those very areas of most concern.

In conclusion: significant progress with ambition for more

We delivered a strong performance in 2023, achieving our 10 per cent RoTE milestone, while maintaining a strong balance sheet and a robust capital position. But we know we must do more.

We have made significant progress on our five strategic actions, with most targets either delivered ahead of plan or well on track, providing a strong platform to grow and drive sutainably higher returns. And while much external uncertainty persists, we are optimistic for the markets and strength of our businesses in our footprint. But we are far from complacent, and my Management Team and I remain focused on delivering on our targets, seizing the growth opportunities we have, driving a culture of excellence and creating exceptional long-term value for our clients, shareholders and communities.

Finally, I would like to acknowledge the remarkable efforts of our colleagues again this year. Their impressive dedication to our customers and the communities that we serve help to manifest our brand promise to be here for good.

Bill Winters
Group Chief Executive

23 February 2024

Management Team

1. **Bill Winters**
   Group Chief Executive
2. **Diego De Giorgi**
   Group Chief Financial Officer
3. **Simon Cooper**
   CEO, Corporate, Commercial & Institutional Banking and Europe & Americas
4. **Claire Dixon**
   Group Head, Corporate Affairs, Brand and Marketing
5. **Judy Hsu**
   CEO, Consumer, Private and Business Banking
6. **Mary Huen**
   CEO, Hong Kong and Cluster CEO for Hong Kong, Taiwan and Macau
7. **Benjamin Hung**
   CEO, Asia
8. **Tanuj Kapilashrami**
   Group Head, Human Resources
9. **Sunil Kaushal**
   CEO, Africa & Middle East
10. **Roel Louwhoff**
    Chief Technology, Operations and Transformation Officer
11. **Tracey McDermott, CBE**
    Group Head, Conduct, Financial Crime and Compliance
12. **Sandie Okoro**
    Group General Counsel
13. **Sadia Ricke**
    Group Chief Risk Officer
14. **Paul Day***
    Group Head, Internal Audit

* Paul represents Group Internal Audit as an invitee at Management Team meetings

Key performance indicators

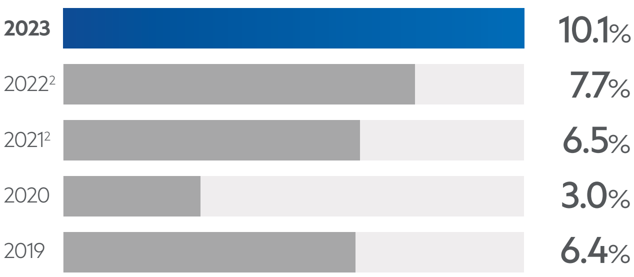
We measure our progress against Group key performance indicators (KPIs), as detailed below, as well as client KPIs, which can be found on pages 28 to 30. Our Group KPIs include non-financial measures reflecting our commitment to build an engaged, diverse and inclusive culture and support social and environmental outcomes.

Financial KPIs

Underlying return on tangible equity (RoTE)[1,2] %

Alignment to remuneration

+240bps



Aim Deliver sustainable improvement in the Group's profitability as a percentage of the value of shareholders' tangible equity.

Progress in 2023 Our strategy to drive improved levels of return on tangible equity (RoTE) is working. RoTE for the year of 10.1 per cent is 240 basis points higher year-on-year.

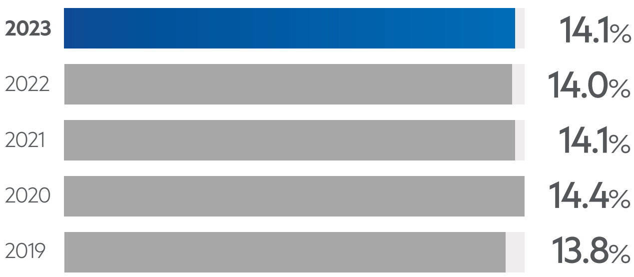
1 The underlying profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' tangible equity.

2 2021-2022 have been restated to reflect market and business exits announced in 1Q'23.

Common Equity Tier 1 ratio %

Alignment to remuneration

+10bps



Aim Maintain a strong capital base and Common Equity Tier 1 (CET1) ratio.

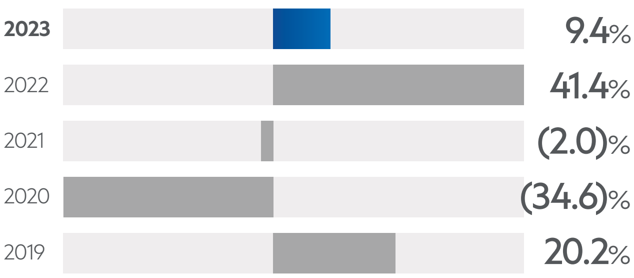
Progress in 2023 The Group remains well capitalised and highly liquid with a CET1 ratio of 14.1 per cent above our target range, enabling the Board to announce a 50 per cent increase in the full-year dividend and a further $1 billion share buyback programme to start imminently.

The components of the Group's capital are summarised in the Capital review on **page 338 to 343** of our 2023 Annual Report.

Total shareholder return (TSR)[1] %

Alignment to remuneration

9.4%



Aim Deliver a positive return on shareholders' investment through share price appreciation and dividends paid.

Progress in 2023 Our TSR for the full year was 9.4%.

1 Combines simple share price appreciation with dividends paid to show the total return to the shareholder and is expressed as a percentage total return to shareholders.

Alignment to remuneration

Reward for all Group employees, including executive directors, continues to be aligned to the Group's strategic priorities, through our annual and long-term incentive scorecards. Our approach to remuneration is consistent for all employees and is designed to create alignment with our Fair Pay Charter, which applies globally. However, our pay structures may vary according to location (to comply with local requirements). Variable remuneration falls into two categories: annual incentive and a long-term incentive plan (LTIP) which are aligned to the KPIs indicated:

Annual incentive is based on measurable performance criteria linked to the Group's strategy and assessed over a period of one year.

LTIP awards are granted to senior executives who have the ability to influence the long-term performance of the Group. Awards are performance dependent based on measurable, long-term criteria.

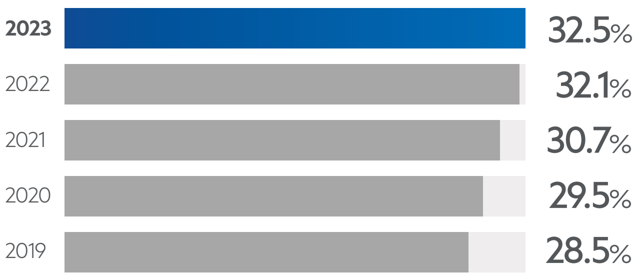
Read more in our Directors' Remuneration Report on **pages 182 to 216** of our 2023 Annual Report

Non-financial KPIs

Diversity and inclusion: Women in senior roles[1] %

Alignment to remuneration

+0.4ppt



Aim Increase representation of women in senior leadership roles[1] to 35 per cent by 2025.

Progress in 2023 In 2023, the proportion of senior leadership roles occupied by women has increased to 32.5 per cent. This is up by 0.4 percentage points from December 2022 (32.1 per cent) and 7 percentage points since December 2016 (25.3 per cent).

1 Senior leadership is defined as Managing Director and Band 4 roles (including Management Team).

Mobilisation of Sustainable Finance[1,2] $

Alignment to remuneration

+$29.8bn

Aim Cumulative progress towards $300 billion mobilisation target between 2021 and 2030.

Progress in 2023 We made strong progress against this target during the year, see more on page 94 of our 2023 Annual Report.

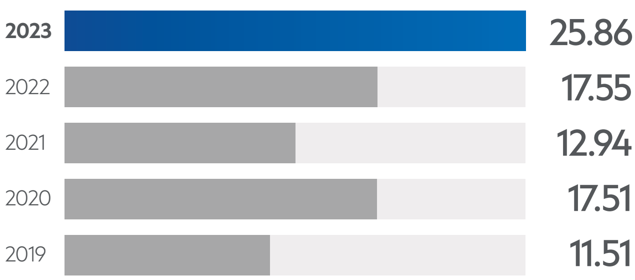
1 Defined as any investment or financial service provided to clients which supports: (i) the preservation, and/or improvement of biodiversity, nature or the environment; (ii) the long-term avoidance/decrease of GHG emissions, including the alignment of a client's business and operations with a 1.5 degree Celsius trajectory (known as transition finance); (iii) a social purpose ; or (iv) incentivising our clients to meet their own sustainability objectives (known as sustainability-linked finance)

2 Figures reflect cumulative Sustainable Finance mobilised since January 2021 up to September of each year. Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at sc.com/sustainabilityhub.

Employee net promoter score (eNPS)[1]

Alignment to remuneration

+8.31points



Aim Improve the overall employee experience across the Group by creating a better work environment for our colleagues that should translate into an improved client experience.

Progress in 2023 The eNPS score is up by 8.31 points to 25.86, which is our highest ever score.

1 eNPS ranges from -100 to +100 and is based on a single question which measures whether colleagues would recommend working for the Bank. It is calculated by deducting percentage of detractors from percentage of promoters.

Market environment

Macroeconomic factors affecting the global landscape

Global macro trends

Trends in 2023

- Global GDP growth continued to slow in 2023, likely to 3.1 per cent, from 3.5 per cent in 2022, as central banks continue to tighten policy and the boost from post-pandemic reopening of economies faded.
- Asia was the best-performing region, recording growth of 5.1 per cent, on strong momentum in India and favourable base effects in China. Sub-Saharan Africa likely saw growth of 3 per cent in 2023, nearly unchanged from 2022, supported by domestic reform momentum in key economies.
- Among the majors, despite a banking-sector crisis in the first half of the year, the US recorded annual growth of 2.5 per cent on the back of resilient domestic demand, while growth slowed sharply in the UK to 0.1 per cent.
- The euro-area economy grew by 0.5 per cent in 2023 following 3.4 per cent growth in 2022, supported by household demand and a positive contribution from exports in H1.
- In most majors, labour markets remained strong, with low unemployment rates that helped support consumer confidence.
- Major central banks like the Fed and ECB continued to tighten monetary policy in the first three quarters of 2023 with a view to bringing inflation back to target levels. Fiscal policy remained accommodative as governments tried to shield consumers and businesses from still elevated prices.

Outlook for 2024

- Global growth is likely to stay below-trend at 2.9 per cent in 2024 as high interest rates drag on consumers as well as investment spending.
- Asia will likely be the fastest-growing region and will continue to drive global growth, expanding by 4.9 per cent. Among the majors, the US is expected to experience below-trend growth of 1.8 per cent in 2024, the UK will grow just 0.1%, while the euro area is likely to see an overall modest expansion of 0.6 per cent.
- Easing inflation is likely to allow major central banks to start cutting rates from Q2 2024, with a focus on supporting softening economic activity.
- Unfavourable global liquidity conditions are likely to make it difficult for some emerging markets to access international financing, forcing them to seek multilateral support.
- Downside risks to this outlook include a sharper than expected slowdown in major economies, sustained inflationary pressures, a sluggish housing market in China, and another flare-up of geopolitical tensions.

Medium- and long-term view

High interest rate environment

- Trade fragmentation and heightened geopolitical risks and related supply disruptions together with still resilient labour markets have the potential to keep inflation elevated over the medium term.
- Concerns about inflation are likely to see central banks adopting a cautious approach to monetary easing, with the risk that rates stay elevated for an extended period of time.
- Fiscal policy might also turn from a tailwind to a headwind for growth. High public debt and government deficits also mean that most economies are looking to tighten fiscal policy over the medium term.
- There may be adverse environmental, agricultural, and economic consequences of a severe El Niño weather cycle. South Asia and Sub-Saharan Africa economies are most at risk from the impact on agricultural production; and although El Niño has varying impacts on GDP growth, it is inflationary for most economies.
- Growing trade fragmentation could undermine the resilience of globalisation, driving up consumer prices, and slowing the pace of economic convergence for emerging markets.

Broader global trends

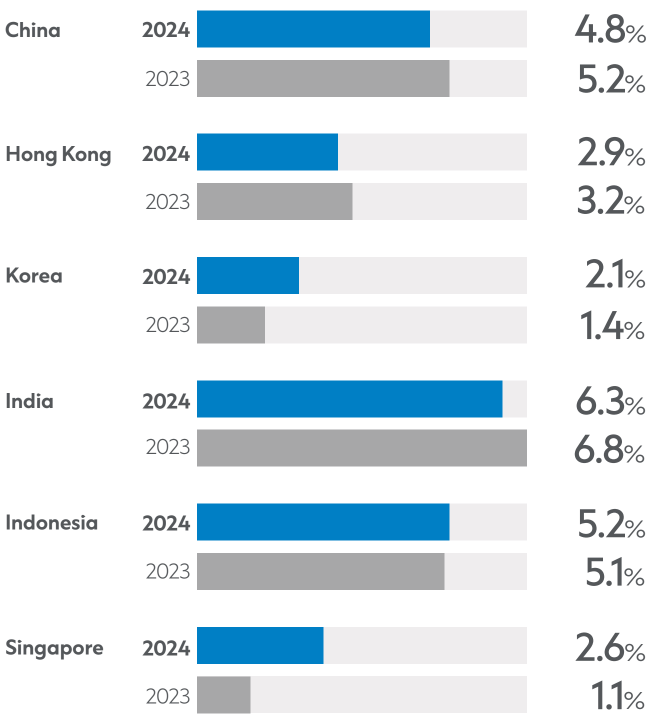
- The world economy could see a permanent loss of economic output or 'scarring' due to the recession following the pandemic. This would make it harder for emerging markets to catch up with developed markets.
- Long-term growth in the developed world is constrained by ageing populations and high levels of debt, exacerbated by the policy response to COVID-19.
- Rising nationalism, anti-globalisation and protectionism are threats to long-term growth prospects in emerging markets.
- However, there are potential offsets. Higher capex to meet sustainability targets, and moves towards digitalisation could boost productivity growth, proving an antidote to economic scarring concerns. Within emerging markets, countries in Asia are best placed to take advantage of digitalisation, including generative artificial intelligence (AI).
- Relatively younger populations, and the adoption of digital technology, will allow emerging markets to become increasingly important to global growth.
- In order to meet net zero targets, energy-related spending will have to increase significantly; headwinds include insufficient funds across emerging markets, labour shortages and supply chain constraints.

Regional outlook

Asia

- China's economic activity remains below potential, leaving room for further recovery. We forecast 2024 growth at 4.8 per cent. The post-COVID recovery has been disappointing, due to continuing contraction of the property sector, a negative contribution from foreign trade, and a lack of confidence on the part of consumers and private businesses. While GDP growth picked up to 5.2 per cent in 2023 on the reopening boost, policy support and a favourable base, economic activity is currently 2–3 percentage points below trend according to our estimate. We expect the government to set a growth target of around 5 per cent in 2024, the same as in 2023, to narrow the negative output gap and prevent deflation expectation from becoming entrenched.
- While housing market adjustment will likely continue, we expect it to exert less of a drag on growth next year. The authorities have turned more supportive of the sector since the July Politburo meeting, relaxing purchase restrictions, lowering mortgage rates, accelerating renovation of urban villages, and pledging to meet reasonable financing need from eligible property developers. Consumption is likely to remain the key driver of the economy, with consumers showing renewed willingness to draw on their excess savings. The easing bias of macro policies is likely to remain to consolidate the recovery. We expect the People's Bank of China to increasingly rely on expansion of its balance sheet to inject ample liquidity, keeping the credit condition relatively easy. The official budget deficit may exceed the implicit ceiling of 3 per cent of GDP, with the central government more willing to share the debt burden. However, the upside is likely to be capped by private sector's hesitation to expand investment.
- Hong Kong's outlook remains challenging. We expect growth to slow to 2.9 per cent in 2024 from 3.2 per cent in 2023, a reflection of still cautious household and business sentiment. The positive factors, including a continued normalisation in tourist arrivals and a persistently tight labour market, may not be sufficient to offset a weak property market and elevated US interest rates that keep weighing on investment appetite. We expect Korea's growth to accelerate to 2.1 per cent from 1.4 per cent in 2023, benefiting from a potential upcycle of semiconductors, but prolonged high-interest rates and rising commodity prices will adversely affect Korean consumption and construction investment.
- In India, we expect FY25 (year beginning April 2024) GDP growth to likely moderate to 6.3 per cent vs 6.8 per cent for FY24 amid slower global growth, higher interest rates and slowing consumer demand . However, the growth dynamics are likely to stay strong. Rising real wages are likely to support rural demand and we expect private capex recovery post national elections in April/May 2024; the current ruling party is widely expected to return to power. Meanwhile, inflation pressures are expected to ease slightly to 5 per cent in FY25 vs 5.4 per cent in FY24. Hence, we see a shallow rate cut cycle of 50 bps starting June 2024 amid easing global rates. Ample foreign exchange (FX) reserves and yet another year of balance of payment surplus led by index inclusion related inflows, remain a strong buffer for the economy and are likely to limit FX market volatility. The key risks to our view can emanate from higher oil prices and/or tighter global financial conditions.

Actual and projected growth by market in 2023 and 2024 %



- While global demand may remain soft in 2024, we expect the external drag on externally oriented economies in Association of South East Asian Nations (ASEAN), including Singapore, Vietnam, Malaysia and Thailand, to be more moderate due to favourable base effects. In addition, a bottoming of the global electronics cycle may help these economies, though we do not expect a significant recovery given weak external demand and uncertainty. Domestic activity may see consumption and investment sentiment partly affected by higher interest rates and still-high inflation earlier in the year. But potential rate cuts and easing inflation in H2 and likely stable labour markets should provide support. Election spending in Indonesia may also provide a boost to consumption earlier in the year. Tourism recovery may continue to bolster growth in 2024 but the support may be fading. Inflation is expected to moderate in 2024 on favourable base effects and tighter monetary policies but upside risks arise from potentially higher food and energy prices, especially with the latest developments in the Middle East.
- Monetary policy in the region may remain tight for longer given upside risks to inflation, and this poses a downside risk to economic growth, but some easing is expected in H2 which will help support growth sentiment. On balance, growth may remain somewhat subdued and similar to 2023, but lower inflation and rate cuts in H2 may help offset a weaker H1.

See our regional performance on **page 31**

Market environment
continued

Regional outlook continued

Africa and the Middle East

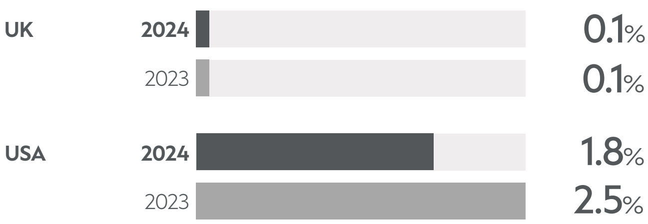
Actual and projected growth by market in 2023 and 2024 %

- For Sub-Saharan Africa, external factors remain a key headwind. Constrained or more expensive access to external financing is a challenge, especially given a concentration of external debt maturities in the years ahead. Scaled-up multilateral support for emerging and frontier economies is likely to be a partial mitigant. Whether the US can avoid a hard landing will be key to risk appetite. FX liquidity remains an issue, although encouragingly FX reforms are now underway in key markets. Higher oil prices may increase pressures. Common Framework debt restructuring progress in Zambia and Ghana remains key to economic prospects, as they look to build resilience to further shocks.
- In Nigeria, with a new cabinet and central bank leadership in place, we expect fuel subsidy and FX reforms to be completed in 2024. New investment in LNG production and a scaling up of domestic refining capacity should add to economic resilience. In South Africa, while load shedding has improved, port and rail bottlenecks may hold back growth. In Kenya, increased concessional financing and a partial refinancing of the 2024 Eurobond have eased external liquidity concerns, but fiscal consolidation will be key to stabilising high debt levels.
- Higher for longer rates, higher commodity prices and elevated regional tensions highlight the divergence between MENAP oil exporting and oil importing economies. The Gulf Cooperation Council (GCC) is likely to continue using oil windfalls to reverse the deterioration in government balance sheets stemming from the late-2014 and 2020 oil price shocks. The UAE, Oman and Qatar have committed to de-leveraging alongside the rebuilding of external buffers. In Saudi Arabia, drawdowns at the Central Bank continue to support growing Public Investment Fund assets; robust domestic investment and execution of giga-projects aim to expand potential in the non-oil economy. Headline growth in Saudi Arabia may be modest, given extension of oil output cuts. However, GCC non-oil growth remains robust against external headwinds, aided by lower levels of domestic inflation.

See our regional performance on **page 32**

Europe and the Americas

Actual and projected growth by market in 2023 and 2024 %



- The US economy has been resilient in the face of sustained monetary policy tightening. But as credit growth slows, housing affordability weakens and delinquencies rise as higher rates feed through to the real economy, and we expect a slowdown in growth over the course of 2024. In the euro area, we expect growth to be elusive until rate cuts start in Q2, before picking up modestly in H2.
- Headline inflation has fallen sharply for both the US and Euro area, but core inflation still remains off target. Central banks will remain alert to any signs of renewed upside risks to inflation, stemming from ongoing tight labour markets and geopolitical tensions.
- The Fed and ECB have likely completed their rate-hiking cycles. Lower inflation leaves room for cuts from both central banks beginning in Q2; we expect the Fed to deliver 100bps and the ECB to deliver 125bps by end-2024.
- There is likely to be less of a tailwind to growth in Europe from fiscal policy as new fiscal rules and higher interest rates force consolidation of budget deficits, and programmes introduced during the 2022–2023 energy crisis come to an end. The US economy has benefitted from fiscal support for infrastructure investment, but this impulse is likely to fade in 2024.
- In Latin America, weakening domestic demand, and a downtrend in inflation should support further monetary easing by the region's central banks, most of which have already started rate cuts. Lower interest rates are likely to support better recovery in H2 2024, although sluggish external demand and tight global financial conditions could be headwinds.

See our regional performance on **page 33**

Zodia Custody and Zodia Markets flourish in 2023

SC Ventures backed, UK-based Zodia Custody and Zodia Markets both continued to grow in 2023. Zodia Custody – an institution first digital asset custodian – launched in Australia, Hong Kong, Japan, Luxembourg and Singapore and secured $36 million in Series A funding. Meanwhile, Zodia Markets – a digital asset brokerage and exchange platform - expanded into UAE and was registered as a Virtual Asset Service Provider with the Central Bank of Ireland.

Read more at **zodiamarkets.com** and **zodia.io**

Business model

We help corporates and financial institutions connect and maximise opportunities across our global network, and we support individuals and local businesses in growing their wealth.

Our business

Corporate, Commercial and Institutional Banking (CCIB)

We support large corporates and financial institutions across the world's most dynamic markets, helping unlock growth opportunities and create sustainable value.

Consumer, Private and Business Banking (CPBB)

We support small and medium-sized enterprises and individuals, from Mass Retail clients to Affluent including high-net-worth individuals, both digitally and in person.

Ventures

We promote innovation, invest in disruptive financial technology and explore alternative business models. Our diverse portfolio of ventures includes two market-leading digital banks in Singapore and Hong Kong.

Our products and services

Financial Markets

- Macro, commodities and credit trading
- Financing and securities services
- Sales and structuring
- Debt capital markets and leveraged finance
- Project and export finance

Transaction Banking

- Cash management
- Trade finance
- Working capital

Wealth Management

- Investments
- Insurance
- Wealth advice
- Portfolio management

Retail Products

- Deposits
- Mortgages
- Credit cards
- Personal loans

How we generate returns

We earn net interest income on loans and deposit products, fee income on financing solutions, advisory and other services, and trading income from providing risk management in financial markets.

Income
Net interest income
Fee income
Trading income

→

Profit after tax
Income gained from providing our products and services minus expenses, impairments and taxes

→

Return on tangible equity
Profit after tax generated relative to tangible equity invested

What makes us different

Our Purpose is to drive commerce and prosperity through our unique diversity – this is underpinned by our brand promise, here for good. Our Stands – aimed at tackling some of the world's biggest issues – Accelerating Zero, Lifting Participation and Resetting Globalisation (see page 26 for more) challenge us to use our unique position articulated below.

Client focus

Our clients are our business. We build long-term relationships through trusted advice, expertise and best-in-class capabilities.

Distinct proposition

Our understanding of our markets and our extensive international network allow us to offer a tailored proposition to our clients, combining global expertise and local knowledge.

Robust risk management

We are here for the long term. Effective risk management allows us to grow a sustainable business.

Sustainable and responsible business

We are committed to sustainable social and economic development across our business, operations and communities.

1 2022 figures restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) Debit Valuation Adjustment (DVA)

2 Compound Annual Growth Rate

How we are shaping our future

We have progressed strongly in delivering our strategy to accelerate returns.

In 2022, we set out to uplift our return on tangible equity (RoTE) to 10% by 2024. In 2023, we have improved our RoTE to 10.1%, with strong progress in delivering against the five strategic actions we set out to accelerate our returns:

- Driving improved returns in CCIB: income return on risk weighted assets further enhanced to 7.8% (2022[1]: 6.2%) and plan to reduce $22bn of risk weighted assets between 2022 and 2024 fully delivered early during the year
- Transforming profitability in CPBB: cost-to-income ratio further improved to 60% (2022[1]: 69%), supported by the continuous delivery of business savings and digitisation programme
- Seizing opportunities in China: China onshore and offshore profit before tax grown to $1.3bn (increased 1.6 times vs. 2022[1]), despite recent market challenges
- Creating operational leverage by delivering $1.3bn of sustainable cost saves over 2022–2024: $0.4bn of cost saves in 2023, bringing 2022–2023 total to $0.9bn
- Delivering sustainable shareholder distributions in excess of $5bn over 2022–2024: $2.7bn total distributions for 2023, bringing 2022–2023 total to $4.5bn; plus a new $1bn share buyback programme starting imminently in 2024.

We have further optimised our businesses and footprint. In 2023, we completed the sale of our Aviation Finance leasing business. For the seven Africa and Middle East (AME) markets and two additional AME CPBB businesses we announced to exit in 2022, we have completed the sale of our Jordan business and closed our Lebanon representative office, and have signed binding agreements for the divestment of the remainder.

The significant progress we have made on our strategic agenda has provided us with a strong platform to grow and drive sustainably higher returns. We target RoTE to increase steadily from 10%, targeting 12% in 2026 and to progress thereafter. Key actions for the next three years include:

- Continue to deliver strong income growth targeting 5-7% income growth CAGR[2] for the next three years
- Improving operational leverage through the Fit for Growth programme, to simplify, standardise and digitise key elements of the Group, enabling the Group to keep annual operating expenses below $12bn in 2026
- Continuing active management of the Group's capital position, with the target of a further capital return of at least $5bn over the next three years.

Business model
continued

The sources of value we rely on

We aim to use our resources in a sustainable way to achieve the goals of our strategy.

Human capital

Diversity differentiates us. Delivering our Purpose rests on how we continue to invest in our people, the employee experience we further enhance, and the culture we strengthen.

International network

Our network is our unique competitive advantage and connects companies, institutions and individuals to, and in, some of the world's fastest-growing and most dynamic regions.

Local expertise

We are deeply rooted in our markets with a strong understanding of key economic drivers, offering us insights that help our clients achieve their ambitions.

Brand recognition

We are a leading international banking group with 170 years of history. In many of our markets, we are a household name.

Consumer client satisfaction metric[1]

56.6%

2022: 49.8%

Financial strength

With $823bn in assets on our balance sheet, we are a strong and trusted partner for our clients.

CET1 capital

$34bn

Technology

Our strong digital foundations and leading technological capabilities continue to enable a data-driven digital bank that delivers world-class client service.

1 Excludes CCIB and Business Banking clients. Includes Private Banking. Restated for 2022

How we are enhancing our resources

- Upskilling and reskilling our people continues to be a priority – more than 30,000 colleagues undertook learning in 2023 to build future-ready skills, including in sustainable finance, data and analytics, digital, cyber security, and leadership.
- We continue to strengthen a work environment that supports inclusion, innovation, and high performance, with an ongoing focus on wellbeing. This includes further embedding flexible working across our markets, providing enhanced benefits, and building the capabilities of our people leaders.

- Across our international network, we are investing in capabilities such as digital channels and client experiences to access new high-growth segments, grow our share of wallet with existing clients and create new business model opportunities.
- We are strengthening our Transaction Banking, Financial Markets and Sustainable Finance solutions in CCIB and Wealth Management offerings in CPBB to meet the needs of our cross-border clients across our network.

- We continue to enhance our product, advisory and digital capabilities to serve our individual clients. In 2023, we launched more than 20 new digital wealth capabilities, made our Signature Chief Investment Office (CIO) funds available in 12 markets and launched new digital loan partnerships.
- In Business Banking, we continued to support the growth of small and medium-sized enterprises by making digital loan origination available in five markets and expanding the SC Women's International Network, our offering for women entrepreneurs, to five markets.

- In 2023, we continued to invest in our brand through our 'Possibilities are Everywhere' global advertising campaign, highlighting our distinctive brand promise to be here for good and showcasing how we help people, companies and communities grow and prosper across our international network.
- We have been successful in leveraging our brand and insights to support business growth. Media sentiment towards the Group continued to exceed the average for the banking sector and ranked top three in most of our key markets over 2023.

- Our capital position remains strong, with a CET1 ratio of 14.1% at the end of 2023, above the target range of 13–14 per cent.
- We continue to maintain a strong and resilient funding profile, with a Liquidity Coverage Ratio (LCR) of 145% and a Net Stable Funding Ratio (NSFR) of 138% at the end of 2023.

- We are maintaining momentum on simplification and harmonisation of our technology estate, integrating platforms using the cloud where appropriate, and investing in our engineering capabilities and best-in-class tools to provide secure and resilient technology.
- We are accelerating automation to optimise our technology stack and enhancing the end-to-end delivery from requirements to deployment via a new, single platform that enables our colleagues to collaborate on technology projects in a consistent and efficient manner.
- We have continued delivering value to our clients by improving speed to market, as enabled by more efficient and scalable technology development and delivery processes.

Read more on stakeholder engagement on **pages 54 to 64**

The value we create

We aim to create long-term value for a broad range of stakeholders in a sustainable way.

Clients

We deliver banking solutions for our clients across our network, both digitally and in person. We help individuals grow their wealth while connecting corporates and financial institutions to opportunities across our network.

Total active individual clients[1]

11.8m

2022[2]: 10.4m

Total CCIB and Business Banking clients[1]

226,000

2022[2]: 232,000

Suppliers

We engage diverse suppliers, locally and globally, to provide efficient and sustainable goods and services for our business.

Total spend in 2023

$4.5bn

2022: $4.3bn

Active suppliers

11,600

2022: 11,700

Employees

We believe that great employee experience drives great client experience. We want all our people to pursue their ambitions, deliver with purpose and have a rewarding career enabled by great people leaders.

Senior appointments which are internal

60%

2022: 67%

Employees committed to our success

97%

2022: 96%

Regulators and governments

We play our part in supporting the effective functioning of the financial system and the broader economy by proactively engaging with public authorities and by paying our taxes.

Corporate Taxes and Bank Levy paid in 2023

$1,476m

2022[3]: $926m

Society

We strive to operate as a sustainable and responsible company, working with local partners to promote social and economic development.

Community investment

$68.6m

2022: $51.3m

Investors

We aim to deliver robust returns and long-term sustainable value for our investors.

Dividends declared in 2023

$728m

2022: $523m

Share buy-backs in 2023

$2.0bn

2022: $1.3bn

1 Excluding customers served or supported by Ventures segment
2 2022 figures restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance
3 2022 restated to include bank levy

Our strategy

To become a leader in global finance

Over the past year, we have executed strongly against our strategy, with a considerable uplift in our return on tangible equity (RoTE) delivered.

We continue to focus on:

- Four strategic priorities: Network business, Affluent client business, Mass Retail business, and Sustainability
- Three critical enablers: People and Culture, Ways of Working, and Innovation.

While the macroeconomic and industry environments continue to evolve, we believe the strategy remains fit for the Bank.

Our strategic priorities and enablers will continue to be supported by our three Stands: Accelerating Zero, Lifting Participation and Resetting Globalisation (please find more details of our Stands on page 26).

Critical enablers

People and Culture

We invest in our people by building future-ready skills, providing a differentiated employee experience, and strengthening our inclusive and innovative culture. We do this by:

- Embedding our refreshed approach to performance, reward and recognition that puts greater focus on ambition, collaboration, and innovation
- Increasing re-skilling and upskilling towards future roles and work, aligned with our business strategy and workforce's aspirations
- Strengthening leadership capability through modernised development programmes and measurement platforms
- Focusing on wellbeing to enhance resilience, productivity and performance, as well as offering progressive, purpose-led benefits
- Further embedding flexible working across our footprint, with over 52,000 employees in 44 markets now on agreed flexi-working arrangements.

Culture of inclusion score

83.2% 2022: 83.1%

Women in senior roles

32.5% 2022: 32.1%

Ways of Working

We drive client-centricity with a focus on speed to value for our clients. We are improving our operating rhythm and organisational agility while empowering our people to continuously improve the way we work.

We continue strong progress on:

- Simplifying and transforming the way we invest, operate and execute
- Harnessing operational efficiencies to help us continue the drive of commerce and prosperity in our markets
- Enhancing the way we deliver and manage change across the Bank, anchored around simplifying our processes end-to-end.

Speed to value[1]

150days 2022: 160 days

Consumer client satisfaction metric[2]

56.6% 2022: 49.8%

Innovation

We embed innovation through digitising our core, leveraging partnerships to drive scale and extended reach, and building new business models through ventures.

We continue to focus on:

- Modernising and strengthening our technology estate and data management
- Exploring and experimenting to enhance client experience, develop new platforms and improve operational resilience
- Leveraging partnerships to access new clients and strengthen our capabilities
- Building, launching, and scaling innovative ventures while driving ventures' collaboration with the broader Bank and its clients.

Percentage of revenue from new businesses[3]

36% 2022: 22%

1 Speed to value measures the time taken to deliver a change from ideation till customer go-live and is based on the weighted average of lead time across Corporate, Commercial and Institutional Banking (CCIB) and Consumer, Private and Business Banking (CPBB) businesses.

2 Excludes CCIB and Business Banking clients. Includes Private Banking. Restated for 2022.

3 Income from digital initiatives, innovation and transformation of the core, the majority of which will come from new and upgraded platforms and partnerships. Also includes Sustainable Finance income and 100 per cent of Ventures income.

Network business

Through our unique network, we enable global trade and investment through financing, payments, asset origination and risk management, with an increasing focus on Sustainable Finance.

Our on-the-ground presence and capabilities in more than 50 markets give us an advantage in advice and deal execution for corporates and financial institutions by:

- Helping our clients seize opportunities in shifting supply chains, tapping into existing and emerging trade and investment corridors such as intra-Asia, and supporting our European and American clients' access to emerging markets assets
- Continuously improving client experience with market-leading digital platforms that allow seamless onboarding, client servicing and application programming interface (API) connectivity
- Developing differentiated propositions in high-returning, high-growth sectors such as Technology, Media & Telecom (TMT), Healthcare, Cleantech and Electric Vehicles.

CCIB network income

$6.9bn

2022[1]: $5.2bn

Percentage of CCIB transactions digitally initiated

65.7%

2022: 61.5%

Affluent client business

We offer comprehensive solutions, personalised advice, and exceptional client experiences to help our Affluent clients manage and grow their wealth, at home and abroad.

As a leading international wealth manager, we are strengthening our competitive advantage by:

- Unlocking the value of our network, leveraging our wealth hubs in Hong Kong, Singapore, UAE and Jersey to deliver a seamless global proposition and client experience with wealth, advisory and digital capabilities
- Maximising synergies across our client portfolios and the Bank by nurturing clients up the Affluent client continuum with our deep local expertise and differentiated propositions, and by partnering with CCIB to offer solutions such as real estate and acquisition financing to ultra-high-net-worth clients
- Delivering expert advice and digital-first wealth solutions via an open architecture approach, supported by investments in innovation and scalable platforms.

Affluent client income

$4.6bn

2022[2]: $3.7bn

Active Affluent clients

2.3m

2022[2]: 2.1m

Mass Retail business

Mass Retail is strategically important to our client continuum. It demonstrates our deep local expertise, commitment to and relevance in the markets where we operate.

Besides providing a continuous stream of clients who become more affluent over time, Mass Retail underscores our commitment to lifting participation in the communities we serve.

Our focus is on:

- Continuing the pivot towards a digital-first model to become more personalised, relevant and real-time
- Sharpening our onboarding and engagement capabilities through digital sales and marketing, advanced analytics capabilities and straight-through self-service
- Launching and developing new business models with leading global and regional partners to leverage synergies in distribution, digital capabilities and risk management to serve customers at scale.

Active Mass retail clients

9.5m

2022[2]: 8.3m

Percentage of digital sales for Retail Products

56%

2022: 48%

Sustainability

We aim to support the sustainable economic and social development of our markets, helping people to thrive long-term.

In line with our Stands, we are committed to accelerating the transition to net zero, lifting participation in the economy and resetting globalisation. Our focus includes:

- Continuing to scale our sustainable and transition finance business by integrating sustainability as a core component of our value proposition and enhancing our suite of Sustainable Finance products and solutions across CCIB and CPBB
- Progressing on our pathway to achieve net zero financed emissions by 2050, including setting interim 2030 targets for additional high-emitting sectors and enhancing our existing climate risk governance and management processes
- Contributing our skills, experience and networks to initiatives and coalitions that aim to further develop the global sustainability ecosystem
- Seeking to partner with our clients and communities to mobilise social capital and drive economic inclusion and entrepreneurship through our Futuremakers global initiative.

Cumulative Sustainable Finance mobilised since 2021[3]

$87bn[4]

2022: $57bn[5]

Sustainable Finance income in 2023[6]

$720m

2022: $508m

1 2022 figures restated for removal of (i) exit markets and business in Africa and Middle East (AME) and (ii) Aviation Finance.
2 2022 figures restated for removal of exit markets and business in AME.
3 Defined as any investment or financial service provided to clients which supports: (i) the preservation and/or improvement of biodiversity, nature or the environment; (ii) the long-term avoidance/decrease of greenhouse gas (GHG) emissions, including alignment of a client's business and operations with a 1.5 degrees Celsius trajectory (known as transition finance); (iii) a social purpose; or (iv) incentivises clients to meet their own sustainability objectives (known as sustainability-linked finance).
4 January 2021 to September 2023 cumulative progress towards $300 billion mobilisation target by 2030.
5 January 2021 to September 2022 cumulative progress towards $300 billion mobilisation target by 2030.
6 Defined as income generated from Sustainable Finance products as listed in the Green and Sustainable Product Framework. For further information, please refer to pages 99 to 101 of our 2023 Annual Report.

Our Stands

Climate change, stark inequality and the unfair aspects of globalisation impact us all. We're taking a stand by setting long-term ambitions on these issues where they matter most. This works in unison with our strategy, stretching our thinking, our action and our leadership to accelerate our growth.

Accelerating Zero

The world must reach net zero carbon emissions by 2050 to limit the worst effects of climate change. This will require efforts across stakeholder groups to accelerate the transition to a low-carbon, climate-resilient economy. Policymakers, corporates and financial institutions must play a substantial part in this to ensure that finance is an enabler of change. The need for a just transition that addresses environmental challenges, while ensuring inclusive economic and social development in the footprint markets where we operate, is a priority for the Group.

Lifting Participation

Inequality, along with gaps in economic inclusion, mean that many young people, women, and small businesses struggle to gain access to the financial system to save for their futures and to grow their businesses. We want to increase access to financial services and make them available at low cost. We strive to expand the reach and scale of accessible banking and to connect clients and our wider communities to the skills and educational opportunities that promote and sustain access to finance and economic opportunity.

Resetting Globalisation

Globalisation has lifted millions out of poverty but left many behind. We advocate for a new model of globalisation based on transparency to build trust, renew confidence and promote dialogue and innovation. We connect the capital, expertise and ideas needed to drive new standards and create innovative solutions for sustainable growth. We work across our markets to shape a new understanding of growth, one that is based on inclusivity, sustainability and our ambition to support people and communities for the long term.

SC Ventures launches Tawi

In May, SC Ventures, our innovation, fintech investments and ventures arms, launched Tawi – an Agritech B2B marketplace for smallholder farmers in Kenya. As part of the Tawi marketplace, farmers have access to an e-commerce platform helping them connect with commercial kitchens and reduce post-harvest losses.

Tawi also helps improve price transparency and efficient supply chain management. By the end of 2023, Tawi had onboarded more than 1,000 farmers (65 per cent women), more than 700 commercial kitchens (34 per cent women-led businesses) and fulfilled more than 6,000 orders. Tawi is also working to launch financial services including agri-loans, savings and working capital to enhance financial inclusion.

Read more at **tawifresh.com**

Corporate, Commercial and Institutional Banking

KPIs

Profit before taxation

$5,436m
↑ 42%
underlying basis

$5,747m
↑ 49%
reported basis

Return on tangible equity (RoTE)

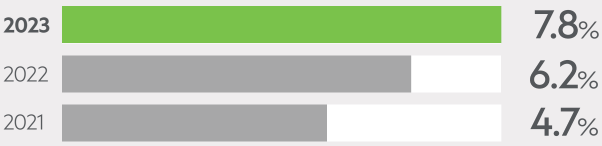
19.5%
↑ 610bps
underlying basis

20.6%
↑ 700bps
reported basis

Risk-weighted assets (RWA)

$142bn ↓ $1.6bn

Income Return on risk-weighted assets (Income RoRWA)



Aim: Achieve RoRWA of 6.5% by 2024.

Analysis: CCIB income RoRWA improved to 7.8% in 2023, up 160bps YoY and in line with our 2024 target, driven by higher income and disciplined risk management.

Contribution of Financial Institutions segment to total income

Aim: Drive growth in high-returning Financial Institutions segment.

Analysis: Share of Financial Institutions income improved to 49 per cent in 2023 as we applied continued focus to this segment to drive income and returns.

Segment overview

Corporate, Commercial and Institutional Banking supports local and large corporations, governments, banks and investors with their transaction banking, financial markets and borrowing needs. We provide solutions to nearly 20,000 clients in some of the world's fastest-growing economies and most active trade corridors. Our clients operate or invest across 45 markets across the globe.

Our strong and deep local presence enables us to help co-create bespoke financing solutions and connect our clients multilaterally to investors, suppliers, buyers and sellers. Our products and services enable our clients to move capital, manage risk and invest to create wealth. Our clients represent a large and important part of the economies we serve. Corporate, Commercial and Institutional Banking is at the heart of the Group's shared Purpose to drive commerce and prosperity through our unique diversity.

We are also committed to promote sustainable finance in our markets and channeling capital to where the impact will be greatest. We are delivering on our ambition to support sustainable economic growth, increasing support and funding for financial offerings that have a positive impact on our communities and environment.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets
- Generate high-quality returns by improving funding quality and income mix, growing capital-lite income and driving balance sheet velocity while maintaining disciplined risk management
- Be a digital-first and data-driven bank, that delivers enhanced client experiences
- Accelerate our sustainable finance offering to our clients through product innovation and enabling transition to a low-carbon future

Progress

- Our underlying income performance is driven by our diversified product suite and expanded client solutions supported by the higher interest rate environment. Our cross-border income currently contributes to 61 per cent of total CCIB income with growth across strategic corridors
- Robust balance sheet quality with investment-grade net exposures representing 66 per cent of total corporate net exposures (2022: 70 per cent) and high-quality operating account balances broadly stable at 65 per cent of Transaction Banking and Securities Services customer balances (2022: 67 per cent)
- We defended against liabilities attrition through active pricing management
- Our client migration to the Straight to Bank NextGen platform is successfully completed. We achieved digital adoption of 65.7 per cent (2022: 61.5 per cent) across Cash, Trade and FX, by driving client awareness and adoption programs. Client experience remains at the centre of our digital transformation, with our Net Promoter Score at 78.6 per cent (2022: 68.4 per cent)
- We are ~70% of the way towards delivering our $1 billion income from sustainable finance franchise by 2025, and have mobilised $87 billion in sustainable financing against our $300 billion commitment by 2030

Performance highlights

- Underlying profit before tax of $5,436 million up 42 per cent at constant currency ("ccy"), primarily driven by higher income and lower credit impairment charges, partially offset by higher expenses
- Underlying operating income of $11,218 million up 20 per cent at ccy primarily due to strong performance in Cash Management from pricing discipline in a rising interest rate environment. Financial Markets was down 2 per cent at ccy, mainly from lower revenue in FX and Commodities on the back of lower market volatility, subdued primary issuances and non-repeat of the gains on mark-to-market liabilities in 2022. Excluding the latter, Financial Markets was up 3 per cent
- Underlying operating expenses were up by 10 per cent at ccy largely due to inflationary pressure, targeted investments and strategic hires to support business growth
- Risk-weighted assets were down by $1.6 billion since 31 December 2022, mainly as a result of optimisation initiatives partly offset by business growth. We achieved $10.3 billion optimisation in risk-weighted assets in 2023 ($24.2 billion since January 2022)
- Underlying RoTE increased from 13.4 per cent to 19.5 per cent

Consumer, Private and Business Banking

KPIs

Profit before taxation

$2,487m
↑60%
underlying basis

$2,427m
↑63%
reported basis

Return on tangible equity (RoTE)

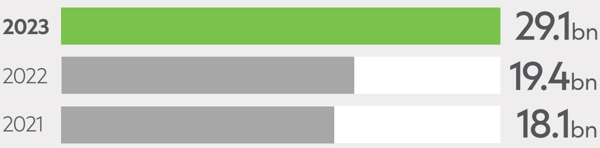
25.3%
↑950bps
underlying basis

24.7%
↑950bps
reported basis

Risk-weighted assets (RWA)

$51bn ↑$0.6bn

Affluent Net New Money (NNM)



Aim: Acquire NNM from new and existing Affluent clients, via innovation, advisory-led and digital-first Wealth propositions.

Analysis: Affluent NNM increased by 50% YoY in 2023, supported by strong new-to-bank client acquisition momentum, cross-border referrals and digital-driven client engagement

Digital Sales for Retail Products

Aim: Sharpen our on-boarding and engagement capabilities through digital sales and marketing, advanced analytic capabilities and straight-through self-service to improve client experience and efficiency

Analysis: Digital onboarding for Retail Products has seen significant growth increasing to 56% in 2023 vs. 41% in 2021.

Segment overview

Consumer, Private and Business Banking serves more than 11 million clients in many of the world's fastest-growing markets. Our client continuum spans from Mass Retail to Affluent, including high-net worth clients served by our Private Bank. We leverage digital banking channels with a human touch to provide clients with differentiated products and services such as deposits, payments, financing, wealth management and personalised advice. We also support small business clients with their business banking needs.

We are committed to realising greater synergies from our international network and the Group's other client segments, from delivering holistic propositions to clients with cross-border investment needs to offering employee banking services to Corporate, Commercial and Institutional Banking clients. Consumer, Private and Business Banking also provides a source of high-quality liquidity for the Group.

Strategic priorities

- Maximise the value of our international network, with wealth hubs in Hong Kong, Singapore, UAE and Jersey, to provide Affluent clients with a global wealth proposition built on deep local expertise and seamless cross-border client experience
- Unlock synergies from nurturing clients up our client continuum, by helping them grow and protect their wealth through expert advice and best-in-class wealth propositions
- Grow Mass Retail profitably, via digital-first sales and service business models, partnerships, and data analytics
- Continue to improve client experience and efficiency through digitalisation, process simplification and operational excellence

Progress

- Accelerated Affluent growth momentum in New to Bank clients, NNM and income across Priority Banking and Private Bank
- Rolled out Standard Chartered-INSEAD Wealth Academy to more markets with over 900 senior frontline staff upskilled to be future-ready advisors
- Enhanced cross border digital capabilities to improve client experience
- Expanded myWealth suite of digital advisory tools to enable RMs to provide personalised portfolio construction and investment ideas for clients
- Recognised as a leader in digital Wealth capabilities with 20 industry awards received in 2023
- Enhanced digital capabilities in key markets focusing on frictionless mobile experience, leading to an average rating of 4.6 on App Store and Play Store in Hong Kong, Singapore, India, China and Pakistan
- Continued to transform our Mass Retail business by scaling sustainably through partnerships, digital client engagement, and automation
- Eight Mass Retail partnerships live across our footprint in China, Indonesia, Vietnam and Singapore, reaching more than 2.6 million clients

Performance highlights

- Underlying profit before tax of $2,487 million was up 60 per cent at ccy driven by higher income, offsetting higher expenses and higher credit impairments
- Underlying operating income of $7,106 million was up 19 per cent (up 22 percent at ccy). Asia was up 20 per cent at ccy and Africa and the Middle East was up 36 per cent at ccy
- Strong income growth mainly from Deposits up 76 per cent at ccy with improved margins and balance sheet growth coupled with 10 per cent (ccy) growth from Wealth Management. This offsets lower income in Mortgages, and Unsecured Lending largely due to margin compression impacted by a rising interest rate environment
- Underlying RoTE increased from 15.8 per cent to 25.3 per cent

Ventures

KPIs

Loss before taxation

$408m

↑ 12% underlying basis

External Funds Raised

$64m

↑ 41%

Risk-weighted assets (RWA)

$1.9bn

↑ $0.6bn

New Ventures launched

5

↓ 2

Gross Transaction Value

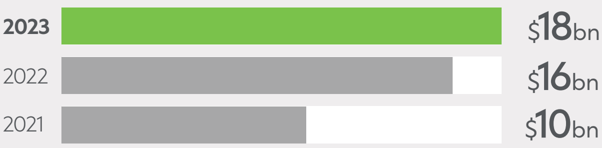
$18bn

↑ $2bn

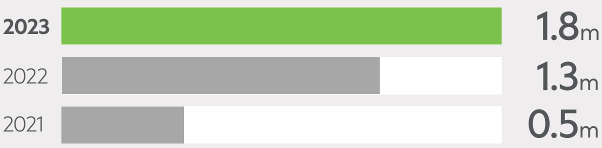
Customers

2m

Gross Transaction Value



Customers



Customer numbers for 2021 and 2022 normalised for the exit of Cardspal in 2023

Segment overview

Formed in 2022 the Ventures client segment is a consolidation of SC Ventures and its related entities as well as the Group's two majority-owned digital banks Mox in Hong Kong and Trust in Singapore.

- **SC Ventures** is the platform and catalyst for the Group to promote innovation, invest in disruptive financial technology and explore alternative business models. It represents a diverse portfolio of over 30 ventures and more than 20 investments.
- **Mox**, a cloud-native, mobile only digital bank, was launched in Hong Kong as a joint venture with HKT, PCCW and Trip.com in September 2020.
- **Trust Bank** is Singapore's first cloud-native bank and was launched in a partnership with FairPrice Group in September 2022.

Strategic priorities

- **SC Ventures'** focus is on building and scaling new business models – across the four themes of Online Economy & Lifestyle, SMEs & World Trade, Digital Assets and Sustainability & Inclusion. We do this by connecting ecosystems, partners and clients to create value and new sources of revenue, providing optionality for the Bank. Through its fund SC Ventures advances the Fintech agenda by identifying, partnering, and taking minority interests in companies, which can be integrated into the Bank and Ventures. Focus is on innovative, fast-growing, technology-focused companies which accelerate transformation in the financial industry.
- **Mox** continues to grow the customer base and drive main bank relationships across mass and mass affluent segments in Hong Kong. Mox's vision is to set the global benchmark for digital banking from Hong Kong. It aims to be the leading Hong Kong virtual bank for Cards, Digital Lending and continues to further expand services, including the recent launch of Digital Wealth Management services.
- **Trust Bank** aims to become the fourth largest retail bank in Singapore by the end of 2024. To achieve this, it will scale through its partner ecosystem and deepen its customer relationships with the mass and mass affluent customer segments.

Progress

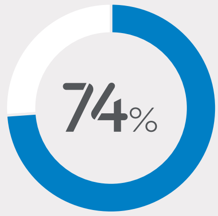
- Business performance in 2023 saw continued positive momentum for **SC Ventures** – five ventures were launched, funds were raised amidst a challenging environment, geographical reach was expanded, and the business exited two investments successfully. As a result, the SC Ventures customer base grew by 25 per cent to reach 587,000 with Gross Transactional Value (GTV) growing by 15 per cent to $18 bn. One significant milestone for SC Ventures in 2023 was the establishment of a partnership with SBI Holdings setting up a $100m digital asset joint venture in the UAE, a region fast becoming a hub for fintechs in the digital asset space. SC Ventures, through a number of innovative fintech ventures (such as Shoal, Tawi and myZoi), continues to drive sustainability, financial inclusion and financial literacy for the underbanked.
- In 2023, **Mox** had a strong focus on expanding its card and digital lending services and recorded a strong performance and an engaged customer base. Mox has more than 523,000 customers, up 1.2 times YoY, with customers holding an average of 3.1x products. It delivered close to three times YOY growth in revenue with both deposits and lending expanding over 30 per cent YOY basis. Mox reached 36 per cent (ranked #1) and 30 per cent of (ranked #2) market share in lending and deposits respectively among all Hong Kong virtual banks in H1. The bank was recognised in Forbes' World's Best Banks 2023, and The Asian Banker Hong Kong Awards 2023 as the Best Digital-only Bank in Hong Kong, and was ranked fifth in the World's Top 50 Digital Banks 2023 by The Digital Banker. The Mox app is the top-rated Hong Kong virtual banking app in Apple App Store. Mox consistently has the best Net Promoter Score (NPS) among all Hong Kong virtual banks.
- **Trust Bank** continued to scale and, by reaching 12 per cent market share a year after launch, became one of the world's fastest growing digital banks. Product development remained on track, with the launch of unsecured loans, supplementary credit cards, and broadening of the general insurance offering. By the end of 2023, its customer base had grown 1.7 times YoY to 700,000 customers and deposit balances had grown 3.0 times YoY to $1.4bn. Customer engagement remained strong with card activation of 85 per cent and more than 2m digital coupons redeemed by customers in the Trust ecosystem. In its first year of operation, Trust was recognised as the best digital retail bank in Singapore and Southeast Asia by The Digital Banker and was the number one rated banking app in the Singapore Apple App Store.

Performance highlights

- Underlying loss before tax of $408 million was up $45 million, driven mainly by higher expenses as we continue to invest in new and existing ventures.
- Risk-weighted assets of $1.9 billion have increased $0.6 billion mainly due to continued investment in new and existing ventures and minority interests.

Asia

Loans and advances to customers (% of group)



Profit before taxation

$4,740m

↑32%
underlying basis

$3,812m

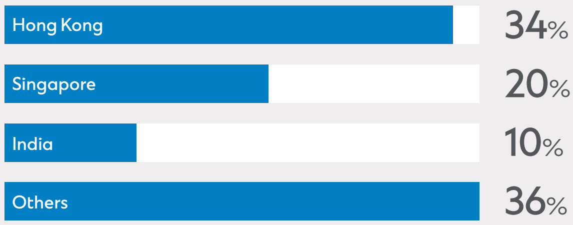
↑16%
reported basis

Risk-weighted assets (RWA)

$156bn

↑$5bn

Income split by key markets



Region overview

The Asia region has a long-standing and deep franchise across some of the world's fastest-growing economies. The region generates over two-thirds of the Group's income from its extensive network of 21 markets. Of these, Hong Kong and Singapore contributed the highest income, underpinned by a diversified franchise and deeply rooted presence.

The region is highly interconnected, with three distinct and potent sub-engines of Greater China, ASEAN and South Asia. Our global footprint and strong regional presence, distinctive proposition, and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy where we now earn two dollars offshore from Chinese clients for every dollar we earn onshore, the growing connectivity of ASEAN and the strong economic growth in India.

The region is benefiting from rising trade flows, especially intra-Asia, continued strong investment, and a rising middle class which is driving consumption growth and improving digital connectivity.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients, particularly across high-growth corridors e.g., China–ASEAN, China–South Asia, China-AME and KR-ASEAN
- Capture and monetise opportunities arising from China's opening and accelerate growth in Asia
- Turbocharge our Affluent and Wealth Management businesses through differentiated propositions and service
- Continue to invest and advance in technology, digital capabilities and partnerships to enhance client experience and build scale efficiently
- Support clients' sustainable finance and transition needs and continue to strengthen our thought leadership status

Progress

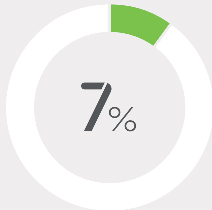
- We continue to advance our China strategy both on- and off-shore, and have also made a material increase in both the number of, and the income contribution from New to Bank affluent Mainland China customers and adding new clients through digital partnerships. The China business delivered record income on-shore and has grown network income strongly along a number of key corridors in ASEAN, up 53 per cent and ME up 67 per cent YoY. We have also made progress with digital partnerships launching new partnerships JD.com and KCB.
- Strong Asia cross border momentum including India Singapore corridor up 29 per cent YoY highlighting the role of Singapore as a financial hub for clients in ASEAN as well as India
- Our two strong international financial hubs in Hong Kong and Singapore, delivered strong income growth driven by Wealth Management with Affluent clients, increased Financial Markets activity with Corporate and Institutional clients and a material improvement in the net interest margin.
- Our digital agendas have progressed; and our virtual bank Mox has the largest loan book and the 2nd largest deposits base among virtual banks in Hong Kong, while our digital bank Trust, is becoming one of the world's fasting growing digital banks; more than one in ten Singaporeans now bank with Trust.

Performance highlights

- Underlying profit before tax of $4,740 million was up 32 per cent at constant currency (ccy) on the back of higher income and lower credit impairment, partially offset by 8 per cent (ccy) increase in operating expenses
- Underlying operating income of $12,429 million was up 15 per cent at ccy, mainly from strong double-digit increases across Cash Management and Retail Deposits, underpinned by expansion in margins and Wealth Management partly offset by lower Mortgage income and a loss in Treasury Markets
- Credit Impairment improved 18 per cent year-on-year (YoY)
- Loans and advances to customers were down 5 per cent (reported and ccy); Customer accounts were up 9 per cent (reported and ccy) YoY
- Risk-weighted assets up $5 billion YoY
- RoTE increased to 16.4 per cent from 11.9 per cent in FY22

Africa and the Middle East

Loans and advances to customers (% of group)



Profit before taxation

$1,311m

↑90%
underlying basis

$1,317m

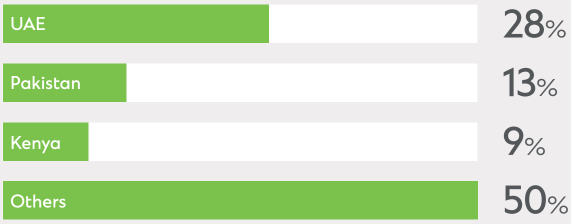
↑87%
reported basis

Risk-weighted assets (RWA)

$38.4bn

↓$2.3bn

Income split by key markets



Region overview

We have a rich heritage in Africa and the Middle East (AME) with deep client relationships and historical contributions to the economy and the communities. Our unique footprint in the region, as well as across centres in Asia, Europe and the Americas, enable us to seamlessly support our clients. AME is becoming increasingly important for global trade and investment corridors, and we are well placed to facilitate these flows.

Gulf Cooperation Council (GCC) markets are expected to outpace global growth on the back of macro-economic tailwinds, higher government spend in diversified areas, bilateral trade negotiations and evolving economic partnerships. The macro-economic risk remains elevated in some markets in the region due to a high level of sovereign debt and FX liquidity challenges, but they remain integral to the economic corridors for our global clients. Overall, AME's medium and long-term attractiveness remains compelling and intact, and it is an important part of our global network proposition for our clients.

Strategic priorities

- Provide best-in-class structuring and financing solutions and drive creation through client initiatives
- Accelerate growth in differentiated international network and Affluent client businesses
- Invest in market-leading digitisation initiatives in CPBB to protect and grow market share in core markets, continue with our transformation agenda to recalibrate our network and streamline structures
- Be an industry leader in the transition to net zero across the region
- Simplify footprint and refocus on strategic growth areas

Progress

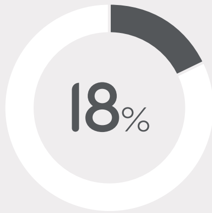
- Topped the regional DCM league tables for the tenth consecutive year and secured the first rank in GCC G3 Bond and Sukuk issuance
- Supported Sustainable Finance across our footprint through our comprehensive product offering. ESG DCM volumes across the Middle East grew by over 160 per cent year on year, on the back of some of the largest and most innovative ESG deals in the region
- Strong cross-border income growth of 39 per cent with broad-based growth across all our key corridors
- Further embedded our International Banking proposition, activating our diverse footprint across Africa and the Middle East. This has resulted in more than 150 per cent growth in Priority Banking client base across our International Banking corridors for the region
- Enhanced our digital offering in Africa by becoming the first international bank with digital fixed income solutions in Kenya, Nigeria and Ghana, extending our micro-investment solution (SC Shillingi) to Uganda, and launching digital personal loans in Kenya
- Our Saudi franchise saw strong growth following the branch set-up in 2021 while a new branch launched recently in Egypt provides additional growth opportunities in the region
- The sale of the Jordan business has been completed and buyers have been announced for select sub-Saharan African businesses that were identified for exit as part of our strategic announcement in 2022
- Sustained productivity actions have resulted in an improved Cost to Income Ratio at 56 per cent (vs. 63 per cent in FY'22) and an improvement in productivity with income per headcount (up 18 per cent year-on-year)

Performance highlights

- Underlying profit before tax of $1,311 million, the highest annual profit since 2015, was up 66 per cent (up 90 per cent at ccy), driven by higher income and a net release in credit provisions partially offset by an increase in expenses
- Underlying operating income of $2,806 million was up 14 per cent (up 26 per cent at ccy) with strong growth in Cash Management, Retail Deposits and Financial Markets. Income was up 29 per cent (up 38 per cent at ccy) in Middle East, North Africa, Pakistan, up 1 per cent (up 14 per cent at ccy) in Africa
- Credit Impairment net release of $91 million in FY23 compared to $119 million charge in FY22 reflecting a non-repeat of the prior year's sovereign related impairments and releases relating to historic CCIB provisions
- Loans and advances to customers were up 8 per cent YoY (up 15 per cent at ccy) and customer accounts were up 4 per cent (up 9 percent at ccy) since 31 December 2022
- Risk-weighted assets were 6 per cent lower than 31 December 2022, despite the impact of sovereign downgrades, due to continuing RWA optimisation activities, de-risking in markets with elevated macro-economic risk and currency devaluation
- RoTE increased to 16.6 per cent from 9.3 per cent in FY22

Europe and the Americas

Loans and advances to customers (% of group)



Loss before taxation

$330m

↓ 139%
underlying basis

$28m

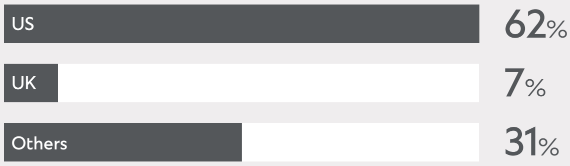
↓ 103%
reported basis

Risk-weighted assets (RWA)

$46.1bn

↓ $4bn

Income split by key markets



Region overview

The Group supports clients in Europe and the Americas through hubs in London, Frankfurt and New York as well as a presence in several other markets in Europe and Latin America. Our expertise in Asia, Africa and the Middle East allows us to offer our clients in the region unique network and product capabilities.

The region generates significant income for the Group's Corporate, Commercial and Institutional Banking business. Clients based in Europe and the Americas contribute over one-third of the Group's CCIB client income. Over three-quarters of client income is booked in the network, generating above-average returns.

In addition to being a key origination centre for CCIB, the region offers local, on-the-ground expertise and solutions to help internationally minded clients grow across Europe and the Americas. The region is home to the Group's two biggest payment clearing centres and the largest trading floor.

Our European CPBB business focuses on serving clients with links to our footprint markets.

Strategic priorities

- Leverage our network capabilities to connect new and existing Corporate and Financial Institutions clients in the West to the fastest-growing and highest-potential economies across our footprint
- Supercharge our FI Franchise
- Grow the business we capture from inbound trade flows from our East to West Corridors
- Further develop our Sustainable Finance product offering and risk management capabilities
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Expand assets under management in CPBB and continue to strengthen the franchise

Progress

- Strong growth of 33 per cent in global cross-border network business with Europe and the Americas CCIB clients across key footprint markets
- Financial Institutions segment growth of 32 per cent, now accounting for 60 per cent of the CCIB business for European and Americas clients.
- Material growth in income from sustainable finance products and expansion of our sustainable product offering
- In CPBB we see positive momentum on Net New Money in 2023 coupled with strong growth in mortgage balances for our high net worth clients

Performance highlights

- Underlying loss before tax of $330 million driven by lower income and increased expenses
- Underlying operating income of $1,397 million was down 40 per cent reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income
- Expenses increased by 12 per cent at ccy largely due to increased investment spend and the impact of inflation
- Credit impairments for the region remain well controlled
- FY23 RoTE negative 3.6 per cent down from 8.6% per cent in FY22

Group Chief Financial Officer's review

Back to growth and improving returns

Diego De Giorgi
Group Chief Financial Officer

Summary of financial performance

The Group delivered on its key financial objective for 2023, achieving a 10 per cent underlying return on tangible equity, supported by significant progress on the five strategic actions set out in 2022. Underlying profit before tax increased 27 per cent at constant currency as the Group delivered 4 per cent positive income-to-cost jaws. Income grew 13 per cent on a constant currency basis as the Group took advantage of the favourable interest rate environment. Expenses increased 8 per cent at constant currency, while the Group incurred a loan loss rate of 17 basis points, well below its historical average. The Group reduced the carrying value of its investment in China Bohai Bank ('Bohai') by $850 million and booked a $262 million net gain from selling its Aviation Finance business. The Group remains well-capitalised and highly liquid with a liquidity coverage ratio of 145 per cent and a CET1 ratio of 14.1 per cent, above its target range, enabling the Board to announce a further $1 billion share buyback programme. The terms of the buyback will be published, and the programme will start shortly.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a reported currency basis, unless otherwise stated.

- **Operating income** of $17.4 billion increased by 10 per cent year-on-year or 13 per cent on a constant currency basis as the Group benefitted from the positive impact of rising interest rates, and a partial recovery in Wealth Management partly offset by losses from hedges
- **Underlying net interest income** increased 20 per cent or 23 per cent on a constant currency basis as the net interest margin increased 26 basis points or 18 per cent with the Group having increased its pricing on assets and the yield on its Treasury portfolio more quickly than it repriced its liability base, reflecting strong pricing discipline and passthrough rate management as interest rates increased in key footprint currencies. This was partly offset by an additional 15 basis points drag from short-term and structural hedges due to rising interest rates, 16 basis points headwind from migration into higher priced term deposits from lower rate paid current and savings accounts ('CASA') as well as adverse changes in the mix between Treasury and customer assets
- **Underlying non NII** was stable, or 2 per cent higher on a constant currency basis. This was in part due to a strong Wealth Management performance, which was up 10 per cent on a constant currency basis as it benefitted from a steady flow of new to bank clients and net new money. An accounting asymmetry resulting from Treasury management of business as usual FX positions also contributed to an increase in non NII, with a partial offset from reduced net interest income
- **Operating expenses** excluding the UK bank levy increased 7 per cent, or 8 per cent on a constant currency basis, reflecting the Group's continued investment into business growth initiatives, strategic investments and higher inflation partly funded by cost efficiency actions. The Group generated 4 per cent positive income-to-cost jaws at constant currency and the cost-to-income ratio improved by 2 percentage points to 63 per cent
- **Credit impairment** was a $528 million charge, a reduction of $308 million representing an annualised loan loss rate of 17 basis points. The impairment charge includes $282 million in relation to the China commercial real estate sector, $354 million in the Consumer, Private and Business Banking ('CPBB') portfolio and $85 million from Ventures partly offset by a $45 million net release from sovereign-related exposures and a net release in other Corporate exposures
- **Other impairment** increased by $91 million to $130 million primarily relating to write-off of software assets
- **Profit from associates and joint ventures** decreased 44 per cent to $94 million reflecting a lower profit share from Bohai
- **Restructuring, other items and goodwill and other impairment** totalled $585 million. This included an impairment charge of $850 million reflecting a reduction in the carrying value of the Group's investment in Bohai following a refresh of the value-in-use calculation. Other items include 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. Restructuring charges of $14 million include the impact of actions to transform the organisation to improve productivity, partly offset by profits from businesses classified as held-for-sale. Movements in the Debit Valuation Adjustment ('DVA') were a positive $17 million
- **Taxation** was $1,631 million on a reported basis, with an underlying effective tax rate of 29.1 per cent down from 29.9 per cent in the prior year reflecting a favourable change in the geographic mix of profits partly offset by increased losses in the United Kingdom where the Group currently does not recognise a tax benefit
- **Underlying return on tangible equity ('RoTE')** increased by 240 basis points to 10.1 per cent reflecting an increase in profits and lower average tangible equity benefitting from distributions to shareholders and movements in reserves primarily through the course of 2022
- **Underlying basic earnings per share ('EPS')** increased 32 per cent to 128.9 cents and reported EPS of 108.6 cents increased by 26 per cent
- A final **ordinary dividend** per share of 21 cents has been proposed taking the full-year total to 27 cents, a 50 per cent increase. The Group also completed two share buyback programmes totalling $2 billion which along with a new share buyback programme of $1 billion to start imminently. Since 1 January 2022, total shareholder distributions announced total $5.5 billion

Summary of financial performance

	2023 $million	2022[4] $million	Change %	Constant currency change[1] %
Underlying net interest income[5]	9,557	7,967	20	23
Underlying non NII[5]	7,821	7,795	–	2
Underlying operating income	17,378	15,762	10	13
Other operating expenses	(11,025)	(10,307)	(7)	(8)
UK bank levy	(111)	(102)	(9)	(2)
Underlying operating expenses	(11,136)	(10,409)	(7)	(8)
Underlying operating profit before impairment and taxation	6,242	5,353	17	22
Credit impairment	(528)	(836)	37	32
Other impairment	(130)	(39)	nm[7]	nm[7]
Profit from associates and joint ventures	94	167	(44)	(43)
Underlying profit before taxation	5,678	4,645	22	27
Restructuring	(14)	(99)	86	89
Goodwill and other impairment[3]	(850)	(322)	(164)	(164)
DVA	17	42	(60)	(60)
Other items[6]	262	20	nm[7]	nm[7]
Reported profit before taxation	5,093	4,286	19	24
Taxation	(1,631)	(1,384)	(18)	(25)
Profit for the year	3,462	2,902	19	24
Net interest margin (%)[2]	1.67	1.41	26	
Underlying return on tangible equity (%)[2]	10.1	7.7	240	
Underlying earnings per share (cents)	128.9	97.9	32	

1. Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2. Change is the basis points ('bps') difference between the two periods rather than the percentage change
3. 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')
4. 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
5. To be consistent with how we the compute Net Interest Margin ('NIM'), and to align with the way we manage our business, we have changed our definition of Underlying Net Interest Income ('NII') and Underlying non NII. The adjustments made to NIM, including interest expense relating to funding our trading book, will now be shown against Underlying non NII rather than Underlying NII. Prior periods have been restated. There is no impact on total income
6. 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
7. Not meaningful

Reported financial performance summary

	2023 $million	2022 $million	Change %	Constant currency change[1] %
Net interest income	7,769	7,593	2	5
Non NII	10,250	8,725	17	20
Reported operating income	18,019	16,318	10	13
Reported operating expenses	(11,551)	(10,913)	(6)	(7)
Reported operating profit before impairment and taxation	6,468	5,405	20	25
Credit impairment	(508)	(836)	39	34
Goodwill and other impairment	(1,008)	(439)	(130)	(130)
Profit from associates and joint ventures	141	156	(10)	(10)
Reported profit before taxation	5,093	4,286	19	24
Taxation	(1,631)	(1,384)	(18)	(25)
Profit for the year	3,462	2,902	19	24
Reported return on tangible equity (%)[2]	8.4	6.8	160	
Reported earnings per share (cents)	108.6	85.9	26	

1. Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2. Change is the basis points ('bps') difference between the two periods rather than the percentage change

Operating income by product

	2023 $million	2022[2,3] $million	Change %	Constant currency change[1] %
Transaction Banking	**5,837**	3,874	51	54
Trade & Working capital	**1,294**	1,343	(4)	(1)
Cash Management	**4,543**	2,531	79	83
Financial Markets	**5,099**	5,345	(5)	(2)
Macro Trading	**2,827**	2,965	(5)	(1)
Credit Markets	**1,803**	1,761	2	5
Credit Trading	**554**	488	14	17
Financing Solutions & Issuance[3]	**1,249**	1,273	(2)	–
Financing & Securities Services[3]	**469**	619	(24)	(22)
Lending & Portfolio Management	**498**	558	(11)	(9)
Wealth Management	**1,944**	1,796	8	10
Retail Products	**4,969**	4,027	23	26
CCPL & other unsecured lending	**1,161**	1,202	(3)	(1)
Deposits	**3,437**	2,021	70	74
Mortgage & Auto	**236**	633	(63)	(62)
Other Retail Products	**135**	171	(21)	(19)
Treasury	**(902)**	337	nm[4]	nm[4]
Other	**(67)**	(175)	62	52
Total underlying operating income	**17,378**	15,762	10	13

1. Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2. 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
3. Shipping Finance is now reported under Financing Solutions & Issuance which was reported under Financing & Securities Services in 2022
4 Not meaningful

The operating income by product commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a constant currency basis, unless otherwise stated.

Transaction Banking income increased 54 per cent with Cash Management income up 83 per cent reflecting strong pricing discipline and passthrough rate management to take advantage of a rising interest rate environment. Trade & Working Capital decreased 1 per cent, reflecting lower balance sheet and contingent volumes due to a reduction in economic activity and clients' preference for local currency financing provided by local banks. This was partly offset by higher margins as the Group focused on higher-returning trade products.

Financial Markets income decreased 2 per cent and was up 3 per cent excluding the non-repeat of $244 million gain on mark-to-market liabilities in 2022. Flow income grew by 7 per cent which was more than offset by the 15 per cent reduction in episodic income, driven by subdued market volatility, reduced issuances and the non-repeat of prior year fair value gains on mark-to-market liabilities. Macro Trading was down 1 per cent with declines in FX and Commodities partly offset by a double-digit increase in Rates from an expanded product offering. Credit Markets income was up 5 per cent primarily from higher Credit Trading income. Financing & Securities Services income was down 22 per cent as the benefit of higher interest rates on Securities Services balances was offset by negative movements in XVA and the non-repeat of mark-to-market gains.

Lending and Portfolio Management income decreased 9 per cent reflecting the impact of risk-weighted assets optimisation actions which contributed to lower balances and an increase in portfolio management costs.

Wealth Management income grew 10 per cent with Bancassurance up 17 per cent and Treasury Products up 16 per cent partly offset by lower income from Wealth Management Lending which was down 15 per cent on the back of client deleveraging and margin compression. There was continued strong growth in net new sales, which totalled $14 billion and offset adverse market movements as Wealth Management assets under management remained broadly stable.

Retail Products income increased 26 per cent. Deposits income was up 74 per cent due to active passthrough rate management in a rising interest rate environment partly offset by migration of Retail CASA balances into Time Deposits. Mortgage & Auto income decreased 62 per cent on the back of lower volumes and the impact of the Best Lending Rate cap in Hong Kong restricting the ability to reprice mortgages, despite an increase in funding costs from higher interest rates. CCPL income decreased 1 per cent reflecting reduced margins from increased funding costs partly offset by increased balances, driven by partnerships and the new digital banks.

Treasury income was a $902 million loss primarily due to losses from structural and short-term hedges in a rising interest rate environment. The remaining short-term hedges mature in February 2024.

Profit before tax by client segment and geographic region

	2023 $million	2022[2] $million	Change %	Constant currency change[1] %
Corporate, Commercial & Institutional Banking	**5,436**	3,990	36	42
Consumer Private & Business Banking	**2,487**	1,593	56	60
Ventures	**(408)**	(363)	(12)	(12)
Central & other items (segment)	**(1,837)**	(575)	nm[3]	nm[3]
Underlying profit before taxation	**5,678**	4,645	22	27
Asia	**4,740**	3,616	31	32
Africa & Middle East	**1,311**	792	66	90
Europe & Americas	**(330)**	834	(140)	(139)
Central & other items (region)	**(43)**	(597)	93	95
Underlying profit before taxation	**5,678**	4,645	22	27

1. Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2. 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
3. Not meaningful

The client segment and geographic region commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a constant currency basis, unless otherwise stated.

Corporate, Commercial & Institutional Banking ('CCIB') profit increased 42 per cent. Income grew 20 per cent with Cash Management benefitting from disciplined pricing initiatives in a rising interest rate environment partly offset by lower episodic income within Financial Markets and lower Lending income as CCIB delivered on its RWA optimisation initiatives. Expenses were 10 per cent higher while credit impairment decreased $302 million with lower charges in relation to the China commercial real estate sector and releases on historic provisions within the remaining portfolio.

Consumer, Private & Business Banking ('CPBB') profit increased 60 per cent, with income up 22 per cent, benefitting from higher interest rates on Retail Deposits income and a recovery in Wealth Management. This was partly offset by lower Mortgage income negatively impacted by the Best Lending Rate cap in Hong Kong. Expenses increased 6 per cent while credit impairment was $92 million higher.

Ventures loss increased 12 per cent to $408 million, reflecting the Group's continued investment in transformational digital initiatives. Income increased five-fold to $156 million while expenses grew by 27 per cent. This resulted in a lower operating loss before impairment year-on-year. The impairment charge increased $69 million to $85 million reflecting increased bankruptcy related write-offs in Mox where credit criteria have now been adjusted to reduce the current elevated delinquency rate.

Central & other items (segment) recorded a loss of $1.8 billion as income declined by $1.3 billion mostly reflecting the losses from structural and short-term hedges booked within Treasury. Expenses increased by $43 million while there was a net release in credit impairment primarily relating to sovereign-related exposures. Associate income reduced by $65 million reflecting lower profits at Bohai.

Asia profits increased 32 per cent as income grew 15 per cent, expenses increased by 8 per cent and credit impairments reduced by $146 million. The income growth reflects strong double-digit increases across Cash Management, Retail Deposits and Wealth Management partly offset by lower Mortgage income and a loss in Treasury Markets. The profit share from Bohai reduced by $65 million. The lower credit impairment charge reflects in part a lower level of impairments booked in the year relating to the China commercial real estate sector.

Africa & Middle East ('AME') profits increased 90 per cent as income increased 26 per cent with strong growth in Cash Management and Retail Deposits income partly offset by a loss in Treasury Markets following de-risking actions in certain markets. Expenses grew 6 per cent while credit impairment charges were a net release of $91 million, a $210 million reduction, reflecting a non-repeat of the prior year's sovereign-related impairments and releases relating to historic Corporate provisions.

Europe & Americas recorded a loss of $330 million as income reduced by 40 per cent, reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income. Expenses increased 12 per cent reflecting the impact of inflation and higher investment spend. There was a $59 million reduction in credit impairment releases.

Central & other items (region) recorded a loss of $43 million compared to a $597 million loss in the prior year. This improvement is mainly due to higher returns paid to Treasury on the equity provided to the regions in a rising interest rate environment while expenses increased by 8 per cent.

Adjusted net interest income and margin

	2023 $million	2022 $million	Change[1] %
Adjusted net interest income[2]	**9,547**	7,976	20
Average interest-earning assets	**572,520**	565,370	1
Average interest-bearing liabilities	**540,350**	525,351	3
Gross yield (%)[3]	**4.76**	2.70	206
Rate paid (%)[3]	**3.27**	1.38	189
Net yield (%)[3]	**1.49**	1.32	17
Net interest margin (%)[3,4]	**1.67**	1.41	26

1 Variance is better/(worse) other than assets and liabilities which is increase/(decrease)

2 Adjusted net interest income is reported net interest income less financial markets trading book funding costs and financial guarantee fees on interest-earning assets

3 Change is the basis points (bps) difference between the two periods rather than the percentage change

4 Adjusted net interest income divided by average interest-earning assets, annualised

Adjusted net interest income increased 20 per cent driven by an 18 per cent increase in the net interest margin, which averaged 167 basis points in the year, 26 basis points year-on-year uplift benefiting from a rapid increase in policy interest rates across many of our markets slightly offset by an adverse change in asset mix. The net interest margin was also depressed by loss making hedges within Treasury and an accounting asymmetry from Treasury's business as usual management of FX positions within its portfolio.

- Average interest-earning assets grew 1 per cent, or 2 per cent excluding the impact of currency translation and risk-weighted asset optimisation actions, reflecting an increase in cash and balances at central banks partly offset by lower customer loan balances. Gross yields increased 206 basis points compared with the average in the prior year
- Average interest-bearing liabilities increased 3 per cent, or 4 per cent excluding the impact of currency translation, reflecting an increase in customer accounts while the rate paid on liabilities increased 189 basis points compared with the average in the prior year

Credit risk summary

Income Statement (Underlying view)

	2023 $million	2022[2] $million	Change[1] %
Total credit impairment charge/(release)[3]	**528**	836	(37)
Of which stage 1 and 2[3]	**138**	407	(66)
Of which stage 3[3]	**390**	429	(9)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Underlying credit impairment has been restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance. No change to reported credit impairment

3 Reconciliation from underlying to reported can be found on page 46

Balance sheet

	2023 $million	2022 $million	Change[1] %
Gross loans and advances to customers[2]	**292,145**	316,107	(8)
Of which stage 1	**273,692**	295,219	(7)
Of which stage 2	**11,225**	13,043	(14)
Of which stage 3	**7,228**	7,845	(8)
Expected credit loss provisions	**(5,170)**	(5,460)	(5)
Of which stage 1	**(430)**	(559)	(23)
Of which stage 2	**(420)**	(444)	(5)
Of which stage 3	**(4,320)**	(4,457)	(3)
Net loans and advances to customers	**286,975**	310,647	(8)
Of which stage 1	**273,262**	294,660	(7)
Of which stage 2	**10,805**	12,599	(14)
Of which stage 3	**2,908**	3,388	(14)
Cover ratio of stage 3 before/after collateral (%)[3]	**60 / 76**	57 / 76	3 / 0
Credit grade 12 accounts ($million)	**2,155**	1,574	37
Early alerts ($million)	**5,512**	4,967	11
Investment grade corporate exposures (%)[3]	**73**	76	(3)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $13,996 million at 31 December 2023, $10,267 million at 30 September 2023, $10,950 million at 30 June 2023 and $24,498 million at 31 December 2022

3 Change is the percentage points difference between the two points rather than the percentage change

Credit quality remained resilient, reflected in lower year-on-year credit impairment charges and an improvement in a number of underlying credit metrics. The Group continues to actively manage the credit portfolio whilst remaining alert to a volatile and challenging external environment including increased geopolitical tensions which has led to idiosyncratic stress in a select number of markets and industry sectors.

Credit impairment was a $528 million charge, down 37 per cent year-on-year, representing a loan loss rate of 17 basis points. There was a $282 million impairment charge relating to the China commercial real estate sector, including a $32 million decrease in the management overlay which now totals $141 million. The decrease in the management overlay reflects repayments and loans moving into stage 3. The Group has provided $1.2 billion in total, in relation to China commercial real estate sector primarily over the last three years. There was a net release of $45 million relating to sovereign downgrades. Excluding the China commercial real estate portfolio and sovereign-related exposures, there was a net release relating to Corporate exposures, primarily historical provisions. CPBB charge of $354 million reflects an uptick in delinquency trends across the year and the $85 million charge in Ventures is primarily from portfolio growth and increased bankruptcy related write-offs in Mox where credit criteria have now been adjusted to reduce the current elevated delinquency rate.

Gross stage 3 loans and advances to customers of $7.2 billion were 8 per cent lower year-on-year as repayments, client upgrades and write-offs more than offset new inflows. Credit-impaired loans represented 2.5 per cent of gross loans and advances, flat on the prior year.

The stage 3 cover ratio before collateral of 60 per cent increased by 3 percentage points, while the cover ratio post collateral at 76 per cent was flat on the prior year, with the cover ratio before collateral increasing due to an increase in stage 3 provisions in relation to the China commercial real estate sector and a reduction in gross stage 3 balances.

Credit grade 12 balances have increased by 37 per cent to $2.2 billion substantially from a change in instrument on an existing sovereign exposure with no increase in risk. Excluding this temporary inflow, credit grade 12 balances declined 24 per cent reflecting both improvements into stronger credit grades and downgrades to stage 3. Early Alert accounts of $5.5 billion have increased by 11 per cent, reflecting new inflows relating to a select number of clients including sovereign-related exposures. The Group is continuing to carefully monitor its exposures in vulnerable sectors and select markets, given the unusual stresses caused by the currently challenging macro-economic environment.

The proportion of investment grade corporate exposures fell by 3 percentage points to 73 per cent, mainly due to a reduction in repurchase agreement balances across various central clearing counterparties.

Restructuring, goodwill impairment and other items

	2023				2022[1]			
	Restructuring $million	Goodwill and other impairment[2] $million	DVA $million	Other items[3] $million	Restructuring $million	Goodwill and other impairment[2] $million	DVA $million	Other items $million
Operating income	362	–	17	262	494	–	42	20
Operating expenses	(415)	–	–	–	(504)	–	–	–
Credit impairment	20	–	–	–	–	–	–	–
Other impairment	(28)	(850)	–	–	(78)	(322)	–	–
Profit from associates and joint ventures	47	–	–	–	(11)	–	–	–
Total	(14)	(850)	17	262	(99)	(322)	42	20

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 (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank ('Bohai')
3. 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

The Group's reported performance is adjusted for 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 underlying performance period-by period.

In 2022 the Group announced the exit of seven markets in the AME region and will focus solely on the CCIB segment in two more markets. In 2023, the Group completed the sale of its Jordan business, closed its Lebanon representative office and signed agreements for sale of the remaining exit markets. Additionally, the Group sold its global Aviation Finance leasing business to Aircraft Leasing Company ('AviLease') for proceeds of approximately $3.6 billion including $0.7 billion consideration and $2.9 billion repayment of net-intra-group financing, giving rise to a gain on disposal of $309 million. The $1 billion Aviation loan businesses was sold separately, giving rise to a loss on disposal of $47 million. Both of these transactions are recorded in Other items. As a result of these disposals, effective 1 January 2023, the Group has not included the exit markets and the Aviation Finance business within the Group's underlying operating profit before taxation but reported them within restructuring.

The Group has also classified movements in the debit valuation adjustment ('DVA') out of its underlying operating profit before taxation and into Other items. To aid comparisons with prior periods the Group has removed the exit markets, Aviation Finance business and DVA from its underlying operating profit before taxation for 2022.

Restructuring loss of $14 million reflects the impact of actions to transform the organisation to improve productivity, primarily additional redundancy charges, technology simplification and optimising the Group's property footprint. This was partly offset by the profits from the AME exit markets and Aviation Finance business before the completion of their exit from the Group.

Other impairment of $850 million is in relation to a further reduction in the carrying value of the Group's investment in its associate Bohai, to align to a lower value-in-use computation following banking industry challenges and property market uncertainties in Mainland China, that may impact Bohai's future profitability. The carrying value of the Group's investment in Bohai has reduced to $0.7 billion from $1.5 billion.

Movements in DVA were a positive $17 million driven by the widening of the Group's asset swap spreads on derivative liability exposures. The portfolio subject to DVA did not change materially during the year.

Balance sheet and liquidity

	2023 $million	2022 $million	Increase/ (Decrease)[1] $million	Increase/ (Decrease)[1] %
Assets				
Loans and advances to banks	**44,977**	39,519	5,458	14
Loans and advances to customers	**286,975**	310,647	(23,672)	(8)
Other assets	**490,892**	469,756	21,136	4
Total assets	**822,844**	819,922	2,922	–
Liabilities				
Deposits by banks	**28,030**	28,789	(759)	(3)
Customer accounts	**469,418**	461,677	7,741	2
Other liabilities	**275,043**	279,440	(4,397)	(2)
Total liabilities	**772,491**	769,906	2,585	–
Equity	**50,353**	50,016	337	1
Total equity and liabilities	**822,844**	819,922	2,922	–
Advances-to-deposits ratio (%)[2]	**53.3%**	57.4%		
Liquidity coverage ratio (%)	**145%**	147%		

1 Variance is increase/(decrease)comparing current reporting period to prior reporting periods

2 The Group now excludes $20,710 million held with central banks (30.09.23: $21,241 million, 30.06.23: $24,749 million, 31.12.22: $20,798 million) that has been confirmed as repayable at the point of stress.

The Group's balance sheet remains strong, liquid and well diversified.

- Loans and advances to customers decreased 8 per cent, or $24 billion to $287 billion as at 31 December 2023 but declined 1 per cent on an underlying basis. The underlying reduction excludes the impact of $12 billion decrease in Treasury and securities backed loans held to collect, $7 billion reduction from risk-weighted asset optimisation actions undertaken by CCIB and a $1 billion reduction from currency translation
- Customer accounts increased $8 billion to $469 billion and up 2 per cent excluding the $2 billion impact of currency translation. Retail Time Deposits increased $18 billion and Cash Management balances increased $11 billion partly offset by a $18 billion decrease in Corporate Term Deposits
- Other assets increased 4 per cent, or $21 billion from 31 December 2022 with a $41 billion increase in financial assets held at fair value through profit or loss, primarily reverse repurchase agreements and debt securities and other eligible bills. Cash and balances at central banks increased $12 billion. This was partly offset by a $13 billion reduction in derivative balances and a $8 billion reduction in investment securities fair valued through other comprehensive income
- Other liabilities decreased 2 per cent, or $4 billion from 31 December 2022 with a $14 billion decrease in derivative balances partly offset by a $10 billion increase in repurchase agreements

The advances-to-deposits ratio decreased to 53.3 per cent from 57.4 per cent at 31 December 2022 reflecting the reduction in loans and advances to customers. The liquidity coverage ratio decreased 2 percentage points to 145 per cent as at 31 December 2023 after increasing in the first half of the year as the banking industry as a whole navigated turbulent external market conditions and remains well above the minimum regulatory requirement of 100 per cent.

Risk-weighted assets

	2023 $million	2022 $million	Change[1] $million	Change[1] %
By risk type				
Credit risk	**191,423**	196,855	(5,432)	(3)
Operational risk	**27,861**	27,177	684	3
Market risk	**24,867**	20,679	4,188	20
Total RWAs	**244,151**	244,711	(560)	–

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Total risk-weighted assets ('RWA') of $244.2 billion were broadly flat in comparison to 31 December 2022.

- Credit risk RWA decreased by $5.4 billion to $191.4 billion. There was a $10.3 billion reduction from optimisation actions, relating to the CCIB low-returning portfolio, a $2.1 billion reduction from other RWA efficiency actions, $2.7 billion reduction from currency translation, and a $1.1 billion reduction from model and methodology changes. The impairment of Bohai further reduced RWAs by $2.1 billion and the sale of the Aviation Finance business by a further $1.6 billion. This was partly offset by a $11.8 billion increase from asset mix and $2.7 billion increase relating to adverse credit migration
- Operational risk RWA increased $0.7 billion primarily due to an increase in average income as measured over a rolling three-year time horizon, with higher 2022 income replacing lower 2019 income
- Market risk RWA increased by $4.2 billion to $24.9 billion reflecting an increase in traded risk positions and market volatility

Capital base and ratios

	2023 $million	2022 $million	Change[1] $million	Change[1] %
CET1 capital	**34,314**	34,157	157	–
Additional Tier 1 capital (AT1)	**5,492**	6,484	(992)	(15)
Tier 1 capital	**39,806**	40,641	(835)	(2)
Tier 2 capital	**11,935**	12,510	(575)	(5)
Total capital	**51,741**	53,151	(1,410)	(3)
CET1 capital ratio end point (%)[2]	**14.1**	14.0	0.1	
Total capital ratio transitional (%)[2]	**21.2**	21.7	(0.5)	
Leverage ratio (%)[2]	**4.7**	4.8	(0.1)	

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 Change is percentage points difference between two points rather than percentage change

The Group's CET1 ratio of 14.1 per cent was 10 basis points higher than the ratio as at 31 December 2022. The Group was able to fund $2.7 billion of capital returns to ordinary shareholders from underlying profits. The CET1 ratio remains 3.5 percentage points above the Group's latest regulatory minimum of 10.5 per cent and above the top of the 13-14 per cent target range.

As well as the 169 basis points of CET1 accretion from underlying profits, the Group's CET1 ratio decreased 34 basis points from a net $5.9 billion increase in risk-weighted assets as the Group exercised tight control over capital consumption. A further 22 basis points uplift was the result of an increase in Other Comprehensive Income from fair value gains on debt instruments as long-term interest rates began to fall in the latter half of the year. The sale of the Group's Aviation Finance business increased the CET1 ratio by 20 basis points.

Ordinary shareholder distributions reduced the CET1 ratio by approximately 111 basis points. The Group spent $2 billion purchasing 230 million ordinary shares of $0.50 each during the year, representing a volume-weighted average price per share of £7.06. These shares were subsequently cancelled, reducing the total issued share capital by 7.9 per cent and the CET1 ratio by 82 basis points. The Board has recommended a final dividend of 21 cents per share resulting in a total 2023 ordinary dividend of 27 cents per share or $728 million, reducing the CET1 ratio by approximately 30 basis points. Payments due to AT1 and preference shareholders cost approximately 17 basis points.

The Board has announced a share buyback for up to a maximum consideration of $1 billion to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The terms of the buyback will be published, and the programme will start shortly and is expected to reduce the Group's CET1 ratio in the first quarter of 2024 by approximately 40 basis points.

The $850 million impairment of Bohai also resulted in a RWA reduction of $2.1 billion, the net effect of which resulted in a reduction of the CET1 ratio by 23 basis points.

The Group's leverage ratio of 4.7 per cent is 6 basis points lower than at 31 December 2022. This is primarily driven by a decrease in Tier 1 capital of $0.8 billion as CET1 capital increased by $0.2 billion and was more than offset by the redemption of $1.0 billion Additional Tier 1 securities. The reduction in Tier 1 capital was broadly offset by a $7.2 billion reduction in leverage exposures. The Group's leverage ratio remains significantly above its minimum requirement of 3.7 per cent.

Outlook

We have updated our guidance for 2024 and have provided additional guidance for 2025 and 2026 as follows:

- Income:
  - Operating income to increase 5-7 per cent for 2024 to 2026 and around the top of 5-7 per cent range in 2024
  - Net interest income for 2024 of $10 billion to $10.25 billion, at constant currency
- Expenses:
  - Operating expenses to be below $12 billion in 2026, at constant currency
  - Expense saves of around $1.5 billion and cost to achieve of no more than $1.5 billion from 2024 to 2026
  - Positive income-to-cost jaws, excluding UK bank levy, at constant currency in each year from 2024 to 2026
- Assets and RWA:
  - Low single-digit percentage growth in loans and advances to customers and RWA each year from 2024 to 2026 (pre-Basel 3.1 day-1 impact)
  - Basel 3.1 day-1 impact, pending clarification of rules, expected to add no more than 5 per cent incremental RWA
- Continue to expect the loan loss rate to normalise towards the historical through-the-cycle 30 to 35 basis points range
- Capital:
  - Continue to operate dynamically within the full 13-14 per cent CET1 target range
  - Plan to return at least $5 billion to shareholders cumulative 2024 to 2026
  - Continue to increase full-year dividend per share over time
- RoTE increasing steadily from 10%, targeting 12% in 2026 and to progress thereafter

Diego De Giorgi

Group Chief Financial Officer

23 February 2024

Group Chief Risk Officer's review

Proactively managing our risks whilst keeping our focus on the execution of the Group's strategy

Managing Risk

2023 presented challenges across many of our markets, with sustained high inflation levels from 2022 continuing to put pressure on the central banks to dampen rising prices through increases to interest rates. Increased levels of volatility were seen in early 2023 as several bank failures prompted fears of a global contagion. Despite having no material exposures to the failed banks, the Group took proactive steps to further strengthen our liquidity position and monitor for any signs of second order impacts. 2023 also saw a fundamental shift in global power dynamics, including with the BRICS expansion. Sovereign risks persisted across emerging markets in the Africa and Middle East region. In Asia, despite slower than expected economic growth in China, we saw positive signs of growth in the second half of the year. We continued to keep our focus on the challenges in the China real estate sector and any contagion risks. The Group has limited direct exposure in Ukraine and to the countries in the Middle East which are currently most impacted by conflict. However, we remained cognisant of the volatility and the potential second order market impacts, including those from elevated oil and commodity prices or supply chains disruption, which we continue to actively monitor through stress testing and portfolio reviews.

As we enter 2024, we stay vigilant and continue to review our exposure and limits across our portfolios to identify vulnerable industries and clients for closer monitoring.

Corporate, Commercial and Institutional Banking (CCIB)

Our CCIB credit portfolio remained resilient with overall good asset quality, as evidenced by our largely investment grade corporate portfolio (31 December 2023: 73 per cent, 31 December 2022: 76 per cent). We actively tracked geopolitical risks to enable us to act should the need materialise. In consideration of the macroeconomic challenges, additional reviews were conducted throughout 2023 across US regional Banks, Non-Bank Financial Institutions (NBFI), Leveraged Lending books, Global Commercial Real Estate (CRE) portfolio and select geographies. We closely monitored vulnerable sectors and identified clients that may face difficulties on account of increased interest rates, foreign exchange movements, commodity volatility or increased prices of essential goods. In China, the property market recovery remained slower than expected amidst government support measures and we continued to monitor our developers and sponsors portfolios through dedicated reviews.

Consumer, Private and Business Banking (CPBB)

The CPBB credit portfolio remained alert to the risks of the uncertain economic outlook but continued to demonstrate resilience. An increase in delinquency rates (Stage 2 provisions as at 31 December 2023: $139 million, 31 December 2022: $118 million) highlights the emerging pressure on customers' debt servicing capacity, as our customers continue to adapt to the prolonged higher interest rate environment. We continued to monitor potential secondary impacts of local challenges arising from heightened country risks across Bangladesh, Ghana, Kenya, Nigeria, Pakistan, and Sri Lanka, amongst others. There was no material impact on the CPBB portfolio due to the war in Ukraine and the conflict in the Middle East. For both our secured and unsecured consumer credit portfolios, we continued to monitor customer affordability across our key markets and dynamically adjusted origination criteria, portfolio management and collections strategies, as appropriate. We were mindful of the higher credit risk associated with increased lending to the mass market segment through our digital partnerships and digital banks and have tailored our lending criteria and portfolio management approach to the unique risks and customer behaviours observed in these segments.

Treasury Risk

Our liquidity and capital risks are managed to ensure a strong and resilient balance sheet that supports sustainable growth. We continued to enhance our Treasury Risk framework to incorporate the lessons from recent market events as well as horizon risks. Liquidity remained resilient across the Group and major legal entities. Group liquidity coverage ratio (LCR) is 145.4 per cent as at December 2023 (31 December 2022: 147 per cent) with a surplus to both Risk Appetite and regulatory requirements. Common Equity Tier 1 (CET1) ratio was 14.1 per cent as at December 2023 (31 December 2022: 14.0 per cent) while Leverage ratio was 4.7 per cent (31 December 2022: 4.8 per cent). In March 2023, we saw sharp moves in funding markets and customer behaviours triggering several bank failures in the US and Switzerland. This resulted in a heightened focus on Treasury risks including capital, liquidity, and interest rate risk on the banking book, with problems most acute in the US market and reverberating globally. We maintained a resilient liquidity position throughout the period and continued to focus on managing risks even as those event risks receded.

The Risk function remains actively engaged in providing independent review and challenge to internal and regulatory stress tests and recovery and resolution capabilities.

Further details on Risk Management for our Principal Risk Types can be found in **page 314** of our 2023 Annual Report

Further details on Climate Risk can be found in **page 298** of our 2023 Annual Report

Risk Performance Summary

Asset quality is resilient. The percentage of investment-grade corporate net exposure remained high at 73 per cent (31 December 2022: 76 per cent). Exposure to our top 20 corporate clients as a percentage of Tier 1 capital decreased to 62 per cent (31 December 2022: 65 per cent), mainly driven by reduction in Transaction Banking exposures. However, the Group remained vigilant of persistent challenging conditions in some markets and sectors. In 2023, we saw a $0.5 billion increase in Early Alerts exposure (31 December 2023: $5.5 billion, 31 December 2022: $5.0 billion), driven by inflows relating to a select number of clients including sovereign-related exposures, partially offset by transfers to Purely Precautionary, regularisations, exposure reductions and outflows to Credit grades 12-14. Credit grade 12 balances increased to $2.2 billion (31 December 2022: $1.6 billion) due to sovereign and client downgrades, partially offset by outflows to non-performing loans.

Key indicators

	2023	2022
Group total business[1]	292.1	316.1
Stage 1 loans ($ billion)	273.7	295.2
Stage 2 loans ($ billion)	11.2	13.0
Stage 3 loans, credit-impaired ($ billion)	7.2	7.9
Stage 3 cover ratio	60%	57%
Stage 3 cover ratio (including collateral)	76%	76%
Corporate, Commercial & Institutional Banking		
Investment grade corporate net exposures as a percentage of total corporate net exposures	73%	76%
Loans and advances maturing in one year or less as a percentage of total loans and advances to customers[3]	68%	68%
Early Alert portfolio net exposures ($ billion)	5.5	5.0
Credit grade 12 balances ($ billion)	2.2	1.6
Aggregate top 20 corporate net exposures as a percentage of Tier 1 capital[2]	62%	65%
Collateralisation of sub-investment grade net exposures maturing in more than one year	41%	53%
Consumer, Private & Business Banking		
Loan-to-value ratio of Consumer, Private & Business Banking mortgages	47.2%	44.7%

1 These numbers represent total gross loans and advances to customers
2 Excludes reverse repurchase agreements
3 The 2022 figure has been restated from 65 per cent to 68 per cent

The Group's credit impairment was a net charge of $508 million (31 December 2022: $836 million), a decrease of $328 million. 2022 included overlays for sovereign downgrades and China commercial real estate, which was partly offset by a full release of COVID-19 overlays. Stage 3 was a charge of $369 million (31 December 2022: $430 million), and the reduction was driven by CCIB releases and lower impairment charges for our China commercial real estate clients. This reduction was offset by higher bankruptcy related write-offs in CPBB across Singapore, Hong Kong and Korea, and portfolio growth in digital partners.

Credit impairment

	2023			2022[1]		
	Stage 1 & 2 $million	Stage 3 $million	Total $million	Stage 1 & 2 $million	Stage 3 $million	Total $million
Ongoing business portfolio						
Corporate, Commercial & Institutional Banking	11	112	123	148	277	425
Consumer, Private & Business Banking	129	225	354	151	111	262
Ventures	42	43	85	13	3	16
Central & other items	(44)	10	(34)	95	38	133
Credit impairment charge/(release)	138	390	528	407	429	836
Restructuring business portfolio	-	-	-	-	-	-
Others	1	(21)	(20)	(1)	1	-
Credit impairment charge/(release)	1	(21)	(20)	(1)	1	-
Total credit impairment charge/(release)	139	369	508	406	430	836

1 Underlying credit impairment has been restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance. No change in reported credit impairment

Further details of the risk performance for 2023 are set out in the full Risk review section (**pages 232 to 343** of our 2023 Annual Report).

An update on our risk management approach

Our Enterprise Risk Management Framework (ERMF) outlines how we manage risk across the Group, as well as at branch and subsidiary level[1]. It gives us the structure to manage existing risks effectively in line with our Group Risk Appetite, as well as allowing for holistic risk identification. The ERMF also sets out the roles and responsibilities and the minimum governance requirements for the management of Principal Risks.

In revisions made in the ERMF in 2023, effective 1 January 2024, the concepts of Integrated Risk Types (IRTs) and IRT Owner roles were discontinued. Oversight on existing IRTs, i.e. Climate Risk, Digital Asset and Third Party Risk, is achieved through the Risk Type Frameworks (RTFs) and dedicated policies. The subject matter experts, as the policy owners for these risks, provide overall governance and ensure a holistic view of how risks are monitored and managed across the Principal Risk Types (PRTs).

Principal Risk Types

PRTs are risks inherent in our strategy and business model. These are formally defined in our ERMF, which provides a structure for monitoring and controlling these risks through the Risk Appetite Statement. We will not compromise compliance with our Risk Appetite in order to pursue revenue growth or higher returns.

The table below provides an overview of the Group's PRTs and their corresponding risk appetite statements.

Risk Types	Risk Appetite Statement
Credit Risk	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.
Traded Risk	The Group should control its financial markets and activities to ensure that market and counterparty credit risk losses do not cause material damage to the Group's franchise.
Treasury Risk	The Group should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items does not cause material damage to the Group's franchise. In addition, the Group should ensure its Pension plans are adequately funded.
Operational and Technology Risk	The Group aims to control operational and technology risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise.
Financial Crime Risk	The Group has no appetite for breaches in laws and regulations related to Financial Crime, recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Compliance Risk	The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Information and Cyber Security Risk	The Group aims to mitigate and control ICS risks to ensure that incidents do not cause the Bank material harm, business disruption, financial loss or reputational damage – recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Reputational and Sustainability Risk	The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed with the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct in striving to do no significant environmental and social harm.
Model Risk	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting some model uncertainty.

In addition to the PRTs, the Group has defined the following Risk Appetite statement for Climate Risk: "The Group aims to measure and manage financial and non-financial risks arising from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement."

1 The Group's Enterprise Risk Management Framework and system of internal control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group.

Further details on our Risk Management Approach can be found on **page 314** of our 2023 Annual Report.

Topical and Emerging Risks (TERs)

Emerging Risks refer to unpredictable and uncontrollable outcomes from certain events which may have the potential to adversely impact our business. Topical Risks refer to themes that may have emerged but are still evolving rapidly.

As part of our continuous risk identification process, we have updated the Group's TERs from those disclosed in the 2022 Annual Report and 2023 Half-Year Report; these remain applicable, with nuances in their evolution noted where pertinent. Below is a summary of the TERs, and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment as performed by senior management.

The TER list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. There are some horizon risks that, although not highly likely at present, could evolve into a threat in the future and we are therefore monitoring them. These include future pandemics and the world's preparedness for them, and other potential cross-border conflicts. Our mitigation approach for these risks may not eliminate them but demonstrates the Group's awareness and attempt to reduce or manage the risks. As certain risks develop and materialise over time, management will take appropriate steps to mitigate them based on their materiality on the Group.

Macroeconomic and geopolitical considerations

There is interconnectedness between risks due to the importance of US Dollar financing conditions for global markets, the global or concentrated nature of key supply chains for energy, food, semi-conductors and rare metals, and the direct influence of geopolitics on geoeconomics.

The Group is exposed to these risks directly through investments, infrastructure and staff, and also indirectly through its clients. Whilst the main impacts are financial, other ramifications may exist such as reputational, compliance or operational considerations.

Expanding array of global tensions and new geopolitical order

Global power dynamics have shifted, with different political and economic alliances beginning to create a multipolar power system. This has been accelerated by the war in Ukraine and conflicts in the Middle East. Whilst the Group has limited direct exposure to Russia, Ukraine or Israel, it may be impacted by second order effects on its clients and markets for agricultural commodities, oil or gas.

The positioning of 'middle powers' is complex and evolving, and could tip the geopolitical scales. The negotiating power of exporters of energy and other natural resources has expanded and can shape global markets, as they can use global divisions to raise their own profile. One such example is the envisaged expansion of BRICS to seek a counterweight to Western power axes.

US-China tensions remain, with protectionist measures imposed by both sides. Tariffs, embargos, sanctions, new taxes such as that on carbon, and restrictions on technology exports and investments, are being used to achieve goals beyond just economic. Further economic or political actions could escalate distrust and accelerate the decoupling of trade links, leading to increasingly inefficient production and inflation pressures.

Despite attempts to become more pragmatic, a number of potential flashpoints remain. A push by China to increase RMB trade and establish RMB as a secondary global reserve currency presents new business opportunities but also potential disruption to the balance of power.

With many elections due across the world in the next twelve months, there is uncertainty over the political direction of domestic and foreign policy. There is a risk of short-term political expediency taking precedence over long-term strategic decision making. The malicious use of AI-enabled disinformation could also cause disruption and undermine trust in the political process.

There is an ongoing threat of terrorism, with unpredictability exacerbated by the wider range of ideologies at play. Cyber warfare by state related actors could also be used to disrupt infrastructure or institutions in rival countries.

A more complex and less integrated global political and economic landscape has the potential to challenge cross border business models, but also provides new business opportunities.

Persistent high inflation and interest rates

Although rate cuts have been signalled by the Federal Reserve, global rates could remain elevated for longer. Structurally higher spending and continued supply disruptions increase the probability of inflation remaining sticky. During 2023, the International Monetary Fund (IMF) and World Trade Organisation lowered their initial forecasts for trade growth and increased that of inflation in 2024, suggesting that several economies will walk a fine line between recession and stagflation.

Concern for the credit environment spans both commercial and retail lending, with price inflation and the cliff effects of energy, mortgage and debt re-pricing ultimately leading to higher defaults. This is visible in bond markets with yields widening markedly and prone to high volatility.

Drives to de-risk supply chains combined with no obvious resolution to ongoing conflicts continue to disrupt supply chains. This complicates efforts to combat inflation as supply constrained markets dent the effectiveness of monetary policy.

Some sectors are particularly sensitive to high rates, notably commercial real estate, non-bank financial institutions (NBFI) and leveraged finance due to their reliance on the availability of cheap financing. Bank failures in Q1 2023 highlighted challenges in managing liquidity, credit, refinancing and market risks. They also raised questions of competence and confidence in the finance industry.

Economic slowdown in China

Whilst China's exit from COVID restrictions has had an overall positive impact, it has failed to deliver a sustained boost to the global economy as the country contends with strain in several sectors such as real estate. There has also been a change in the corporate operating environment, with reduced clarity on the economic outlook.

Given China's importance to global trade a slowdown would have wider implications across the supply chain, especially for its trading partners, as well as to countries which rely on it for investment, such as those in Africa. However, opportunities arise from the diversification of intra-Asia trade and other global trade routes, and growth acceleration in South Asia, especially India.

Sovereign risk

Credit fundamentals have been eroding across both emerging and advanced economies due to persistently high interest rates, food and energy prices. Emerging markets will also be affected by weakness in local currencies versus the US Dollar and the resultant cost of refinancing existing debt, or availability of hard currency liquidity. Issues and challenges have already been observed across several of the Group's footprint markets, including the recent default of Ghana, political instability in Pakistan, high inflation in Turkey, economic turmoil in Sri Lanka, and coups in Africa.

For some countries there is a heightened risk of failure to manage social demands, which might culminate in increased political vulnerability. Furthermore, food security exacerbated by the influences of armed conflict and climate change, and energy security challenges have the potential to drive social unrest.

Debt moratoria and refinancing initiatives are complicated by larger number of financiers, with much financing done on a bilateral basis outside of the Paris Club. Whilst the Global Sovereign Debt Roundtable has made some progress on coordinating approaches between the Paris Club and other lenders their interests do not always match. This can lead to delays in negotiations on debt resolutions for developing nations.

Supply chain issues and material shortages

Demand and supply imbalances in global supply chains are increasingly becoming structural in nature and affect a wide range of commodities including food, energy, minerals and raw materials, plus targeted restrictions on certain industry sectors.

There is growing political awareness around the need for key component and resource security at national level. Countries are enacting rules to "de-risk" by reducing reliance on rivals or concentrated suppliers (for example semiconductors) and look to either re-industrialise or make use of near-shoring and friend-shoring production.

The growing need for minerals and rare earth metals to power green energy technologies could increase the geopolitical standing of the main refiners, such as China, Indonesia and some African nations. However, there are also environmental and social costs to rapidly increasing extraction. A desire to avoid dependence may slow down the move by some nations towards the transition.

How these risks are mitigated/next steps

- We remain vigilant in monitoring risk and assessing impacts from geopolitical and macroeconomic risks to portfolio concentrations.
- We conduct thematic stress tests and portfolio reviews at the Group, country, and business level, with regular reviews on vulnerable sectors, and undertake any necessary mitigating actions.
- We maintain a diversified portfolio across products and geographies, with specific risk appetite metrics to monitor concentrations.
- Increased scrutiny is applied when onboarding clients and in ensuring compliance with sanctions.
- Collateral and credit insurance are used to manage concentrations.
- We track the participation of our footprint countries in the G20's Common Framework Agreement and Debt Service Suspension Initiative for Debt Treatments and the associated exposure.
- Our NBFI exposure is closely monitored in terms of both limits, products and counterparties.

Regulatory considerations

Changing regulatory environment

Given notable bank failures in 2023 (and the response of resolution authorities to those failures), the regulatory framework for banks remains subject to continued change in addition to the implementation of Basel 3.1 in various jurisdictions. Additionally, the differing pace and scale of regulatory adoption between jurisdictions, along with increasing extraterritorial reach and prescriptiveness, can make it challenging for multinational groups to manage their business. Implementation timelines are a focus.

The scale of upcoming regulatory change in 2024 and 2025 is significant with major regime changes in capital and operational resilience due to take effect.

How these risks are mitigated/next steps

- We actively monitor regulatory developments, including those related to sustainable finance and ESG, and respond to consultations either bilaterally or through well-established industry bodies.

ESG considerations

ESG stakeholder expectations

Organisations across the corporate and financial sectors are setting ambitious sustainability goals and net zero targets with many embedding them in their business models. This has prompted increased attention from various stakeholders in ensuring that net zero targets are being met with credible action plans. Stakeholder scrutiny around greenwashing risk relating to ESG focused financial products, as well as companies' commitments, transpires in the various regulatory developments and early enforcement actions taken by several key regulators.

Fragmentation in the pace and scale of adoption of ESG regulations around the world remains, particularly around taxonomies and disclosure requirements, which may lead to unintended consequences including misallocation of capital, increased implementation costs and litigation risks.

The Group's net zero aspirations may be impacted by governments or corporates scaling back their sustainability targets, especially as economic conditions remain challenging, and budgets are constrained. There have been examples in developed nations, such as the UK revisiting its electric vehicle transition timeline. A slower transition from key clients may also weigh reputational pressure on the Group's roadmap.

Higher frequencies of extreme weather-related events such as wildfires, floods and famines may lead to physical climate risk and the cost of managing it becoming a heavier burden on global economies. This will be particularly impactful to developing markets. Alongside climate change, biodiversity loss, pollution, and depletion of key resources, such as water, pose incremental risks to food and health systems, energy security and contribute to the disruption of supply chains.

Human rights concerns are increasingly in focus, with the scope expanding beyond direct abuses to cover other areas such as technological advancement and supply chains.

How these risks are mitigated/next steps

- We update our environmental and social standards for providing financial services to clients every two years, with a new version scheduled for 2024.
- We focus on embedding our values through our Position Statements for sensitive sectors and a list of prohibited activities
- We integrate the management of greenwashing risks into our Reputational and Sustainability Risk Framework and policies
- 'Green', 'sustainable' and 'transition' labels for products and transactions reflect the criteria set out in the Group's Sustainable Finance frameworks, which are regularly reviewed. We obtain external verification on the Group's Sustainable Finance asset pool.
- We assess our clients and suppliers against various international human rights principles, as well as through our social safeguards and supplier charter.

+ Modern slavery statement:
https://www.sc.com/modernslavery

+ Human Rights Position Statement:
https://www.sc.com/humanrights

- Detailed portfolio reviews and stress tests are conducted to test resilience to climate-related risks and enhance modelling capabilities to understand the financial risks and opportunities from climate change.
- Work is underway to embed Climate Risk considerations across all relevant PRTs. This includes client-level Climate Risk assessments, including setting adequate mitigants or controls as part of decision making and portfolio management activities.

Technological considerations

Data and digital

The Group's digital footprint will expand as more services and products are digitised and made more accessible. Scale in operations and interactions with digital systems will further reduce the tolerance for errors and outages. The risk of data breaches is amplified by highly organised actors, with threats such as 'Ransomware as a Service' and affordable, sophisticated AI systems helping to facilitate attacks on organisations and individuals.

Data regulation continues to be fluid and fragmented. Geopolitical tensions have accelerated the implementation of data sovereignty laws, including data localisation requirements and cross-border access restrictions. These regulations often have an extraterritorial reach which could increase operating costs significantly, and also impact cross-border business models. Stakeholder expectations on data management have also increased, particularly relating to quality, integrity, record keeping, privacy, sovereignty, the ethical use of data and application of AI.

The sophistication and adoption of AI solutions are growing exponentially and will increase exposure to existing risks such as model, fraud, financial crime, compliance and Information and Cyber Security (ICS) risks. In response, regulation is accelerating, particularly around the ethical application of AI in decision-making, necessitating robust governance measures. The Group needs to ensure that it develops sufficient in-house subject matter expertise.

New business structures, channels and competition

Failure to harness new technologies and new business models would place banks at a competitive disadvantage. The continued exploration of partnerships, alliances, digital assets, generative AI and nascent technologies, such as quantum computing, provides both opportunities and unique challenges. This is increasingly important as digital assets and distributed ledger technology become progressively prevalent and interconnected with the financial ecosystem. Supply chains are becoming more complex, interconnected and digital. Highly extended enterprises expand opportunities available for malicious actors, with risk cascading further down supply chains beyond just direct and third party risks.

These innovations require specialist in-house expertise, new operating models and adapting risk frameworks to perform robust risk assessment and management of new threats. There is also growing regulatory attention in many of these areas. Balancing resilience and agility is essential given the global nature of new technologies alongside the maintenance of existing systems. It is imperative to establish clear ownership, frameworks, and oversight of the use of emerging technologies.

How these risks are mitigated/next steps

- We monitor emerging trends, opportunities and developments in technology as well as emerging business models that may have implications for the banking sector.
- We invest in our capabilities, to better prepare and protect ourselves against possible disruption and new risks.
- We track the evolving regulatory landscape affecting key areas such as data management, digital assets and AI, including country-specific requirements, and actively collaborate with regulators to support important initiatives.
- We have established enhanced governance for novel areas through the Digital Asset Risk Committee and Responsible AI Council, which considers emerging regulatory guidance.
- We manage data risks through our Compliance Risk Type Framework and information security risks through our ICS Risk Type Framework.
- We have developed a Group Data Strategy, to strengthen ownership of related data risks.
- We maintain a dedicated Data Compliance Policy with globally applicable standards. These standards undergo regular review to ensure alignment with evolving regulations and industry best practice.
- We maintain programmes to enhance our data risk management capabilities and controls, including compliance with BCBS239 requirements on effective risk data aggregation, with progress tracked at executive level risk governance committees
- The Group has implemented a 'defence-in-depth' ICS control environment strategy to protect, detect and respond to known and emerging ICS threats.
- New risks arising from partnerships, alliances, digital assets and generative technologies are identified through the New Initiatives Risk Assessment and Third Party Risk Management Policy and Standards.

Demographic considerations

Talent pools of the future

The expectations of the workforce, especially skilled workers, continue to evolve. The COVID pandemic accelerated changes on how people work, connect and collaborate, with expectations on hybrid working now a given. The focus is increasingly on 'what' work people do and 'how' they get to deliver it, which are becoming differentiators in the war for future talents. There is greater desire to seek meaning and personal fulfilment at work that is aligned to individual purpose.

These trends are even more distinct among Millennials and Generation Z who make up an increasing proportion of the global talent pool, and as digital natives possess the attributes and skills we seek to pursue our strategy.

To sustainably attract, grow and retain talent, we must continue to invest in and further strengthen our Employee Value Proposition (EVP) and our brand promise, here for good, through both firm-wide interventions as well as targeted action.

Demographic trends

Divergent demographic trends across developed and emerging markets create contrasting challenges. Developed markets' state budgets could be strained by ageing and shrinking populations, whilst political stances reduce the ability to fill skills gaps through immigration. Conversely emerging markets are experiencing fast-growing, younger workforces. Whilst it is an opportunity to develop talent, population growth will put pressure on key resources such as food, water, education and health, as well as government budgets.

Population displacement, whether as a result of climate events, lack of key resources, political issues or war, may increase the fragility of societal structures in vulnerable centres. Large scale movement could cause social unrest, as well as propagate disease transmission and accelerate the spread of future pandemics.

How these risks are mitigated/next steps

- Our culture and EVP work aims to address the emerging expectations of the diverse talent we seek. The Brand and Culture Dashboard monitors our diversity and inclusion, colleagues' perceptions of our EVP, and whether we are living our Valued Behaviours. Management teams discuss many of these metrics (including employee survey responses) to identify actions.
- We are undertaking a multi-year journey of developing future-skills amongst our colleagues by focusing on continuous learning, to balance appropriately between 'building' and 'inducting' skills into the Group.
- Our internal Talent Marketplace provides colleagues with opportunities to learn through experience by signing up for cross-functional (or even cross-geography) projects.
- Employees in 44 markets are on agreed flexible working arrangements. We continue to enhance support and resources to People Leaders and colleagues to help balance productivity, collaboration and wellbeing.
- Our Stands continue to be operationalised through our strategy, and help address the talent pool's increased expectations of us being purpose-led.

Sadia Ricke

Group Chief Risk Officer

23 February 2024

Stakeholders and Sustainability overview

The Women's International Network continues to grow

SC Women's International Network (SC WIN) went from strength to strength in 2023, launching in Malaysia in June, Kenya in July, Singapore in September, and Hong Kong in October.

SC WIN aims to provide female entrepreneurs with tailored financial solutions, business education and opportunities to connect with like-minded entrepreneurs so they can successfully grow their businesses. SC WIN launched in India in 2022 and is set to launch in further markets in 2024.

Read more at **sc.com/SCWin**

Stakeholders

As an international bank operating in 52 markets, stakeholder engagement is crucial in ensuring we understand local, regional and global perspectives and trends which inform how we do business.

Our stakeholders

- Clients
- Regulators and governments
- Investors
- Suppliers
- Society
- Employees

This section forms our **Section 172** disclosure, describing how the directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. It also forms the directors' statement required under section 414CZA of the Act.

See the following pages for:

- How we engage stakeholders to understand their interests. See pages 55 to 64
- How we engage employees and respond to their interests. See pages 60 to 64
- How we respond to stakeholder interests through sustainable and responsible business. See pages 54 to 64

Detailed information about how the Board engages directly with stakeholders and shareholders can be found in the Director's report on pages 134 to 229 of our 2023 Annual Report.

Examples of a selection of the Board's principal decisions are included throughout this section. This section also forms our key non-financial disclosures in relation to sections 414CA and 414CB of the Companies Act 2006. Our Non-financial information statement can be found at the end of this section on page 79.

Listening and responding to stakeholder priorities and concerns is critical to achieving our Purpose and delivering on our brand promise, here for good. We strive to maintain open and constructive relationships with a wide range of stakeholders including regulators, lawmakers, clients, investors, civil society, and community groups.

In 2023, we made improvements to some of our feedback processes, so relationship managers could address client needs as they emerged. Our engagement took many forms, including one-to-one sessions using online channels and calls, virtual roundtables, written responses, and targeted surveys. These conversations, and the issues that underpin them, help inform our business strategy and support us to operate as a responsible and sustainable business.

Stakeholder feedback, where appropriate, is communicated internally to senior management through the relevant forums and governing committees such as the Sustainability Forum, and to the Board's Culture and Sustainability Committee (CSC) which oversees the Group's approach to its main relationships with stakeholders.

We communicate progress regularly with external stakeholders through channels such as sc.com, established social media platforms and this report. More detailed information on material sustainability topics can be found in our Sustainability review on pages 90 to 133 of our 2023 Annual Report.

How we create value

We want to deliver easy, everyday banking solutions to our clients in a simple and cost-effective way with a great customer experience. We enable individuals to grow and protect their wealth; we help businesses trade, transact, invest and expand; and we help a variety of financial institutions, including banks, public sector and development organisations, with their banking needs.

How we serve and engage

Our presence in high-growth markets – and ongoing roll out of digital platforms – helps connect our clients to the global engines of trade and innovation. As part of our aim to reach net zero carbon emissions by 2050, our transition finance team have been working closely with our clients in hard-to-abate sectors on their own transitions. This is in addition to our plan to mobilise $300 billion of Sustainable Finance between 2021 and 2030.

Across the bank, we have processes and controls to mitigate greenwashing risks, and to support transparency we publish the details of what constitutes our sustainable products and investments universe externally.

We work closely with third-party Environmental, Social and Governance (ESG) data providers to support the development of product ideas, and due diligence is conducted by our in-house team on our high conviction suite of sustainable funds.

Our push for a best-in-class client experience is underpinned by innovative products and digital straight-through services. This includes building capability to protect our clients against evolving risks in the ecosystem, like fraud and cyber security, and comes with education and increased client communication.

To act in the best interests of our clients, we use our insights gathered from our data alongside robust policies, procedures and the Group's risk appetite to design and offer products and services that meet client needs, regulatory requirements and Group performance targets, while contributing to a sustainable and resilient environment.

Fees and charges are disclosed to clients in line with regulatory requirements and industry best practice and, where available, benchmarked against competitors. For Personal and Business Banking products, agreed interest rates, fees and other charges as billed to clients are monitored and assessed locally, with global oversight.

Triggers for outlier fees and charges are defined and subject to annual review. Complaints are reviewed on an ongoing basis and are one of the factors that are taken into account prior to amendments to annual interest, fees and charges.

We also assess our product portfolio for new risks to ensure they remain appropriate for client needs and aligned to emerging regulation. These quantitative and qualitative assessments, including Periodic Product Reviews, are intended to provide a complete view of whether to continue, enhance, grow or retire products.

Training is provided to frontline staff across our branches, contact centres and digital channels to identify and support vulnerable clients, and we have also implemented an educational training programme for those clients who require assistance in navigating online and mobile channels.

Throughout 2023, we maintained our sharp focus on improving the client experience across the Bank. We engaged with clients to show them the opportunities trade corridors could bring and how using our network could help them flourish.

Consumer, Private & Business Banking

In Consumer, Private & Business Banking (CPBB), 2023 saw significant enhancements in digital wealth with the delivery of around 20 new capabilities across our markets. This includes client DIY Wealth Lending for Funds in Hong Kong and the UAE and MyInsure in India where relationship managers can leverage a digital tool to perform comprehensive insurance needs analysis and portfolio reviews for clients.

Our focus on partnerships continues to show results with the growth of our existing partnerships business in China, Vietnam, Indonesia, and Singapore, and we have expanded the partnership business to Malaysia. In 2023, the Bank launched partnerships with Ctrip in China, SeaMoney in Indonesia, and Atome in Singapore and Malaysia. These new and existing partnerships have incrementally added 2.6 million active clients, growth to 1.7 billion in balances, and a total of 7.5 billion of new disbursements with impressive revenue growth in 2023.

Additionally, we made significant progress in our advisory business with the launch of SC Wealth Select in 14 markets. SC Wealth Select aims to bring a portfolio approach to client conversations and is supported by our digital advisory tool MyWealth Advisor. Across CPBB, 8,000 colleagues have completed the SC Wealth Select e-learning training and 930 frontline colleagues have completed or are undertaking the Standard Chartered INSEAD Wealth Academy Advisory programme.

Importantly, we leverage our cross-border scale by using the same technology and open architecture product platform in different markets to offer competitive products and solutions globally. Examples of this include our series of Signature CIO Funds which is now available in 12 markets, with more to come in 2024, and Wealth Saver, an innovative savings product, now available in three markets.

Stakeholders
continued

Clients continued

Corporate, Commercial & Institutional Banking

In 2023, Corporate, Commercial & Institutional Banking (CCIB) strengthened its annual feedback process by capturing how clients feel about what we offer – including advice, customer service and digital channels. CCIB also focused on building a consistent digital experience and accelerated delivery through Cash, Trade, Financial Markets and Data Solutions.

Refining our processes through continuous improvement has enabled us to achieve benefits in revenue and cost savings by creating capacity and reducing client waiting times. We are transforming our bank-wide processes by taking a client-focused, data-driven digital bank approach that will enable us to serve the needs of our clients better and faster, and reduce the amount of friction and complexity in our network.

We have set in place processes and guidelines specific to our client businesses for us to better understand and promptly address issues.

We implemented self-serve digital tools and capabilities such as chatbot, our mobile banking app, application programming interface (API) connectivity and data analytics. These have reduced operational costs and enhanced the overall client experience. Agile ways of working accelerated our decision-making processes and change delivery to create great experiences and make it easier for our clients to bank with us.

We continue to engage in partnerships that help us offer enhanced services to customers. Collaborations with Linklogis and Taulia, which is part of SAP, aid clients with supply chain financing through blockchain and dynamic discounting. Our work with the Partior platform allows us to deliver the speed, efficiency and visibility of domestic settlement systems to cross-border payments and settlements networks to absolve significant wholesale cross border payment frictions and deliver instant, 24/7 settlement of digital assets on the blockchain.

Our work with digital trade transaction portal Trade Track-It integrates DHL's tracking system and Lloyd's List Intelligence vessel tracking system through API, to offer clients end-to-end visibility of their trade transaction status globally.

Across both CCIB and CPBB, throughout 2024, we will continue to listen and respond to stakeholder priorities and concerns, addressing feedback as it emerges, strengthen our digital transformation and innovation capabilities, and support our clients as they transition to net zero.

Using artificial intelligence (AI) to serve CCIB clients

In 2023, we deployed artificial intelligence (AI) and other cutting-edge technology to improve how we serve our Corporate, Commercial and Institutional Banking clients. This included:

- client and frontline analytics that gave insights for better working capital decisions, FX hedging, more efficient liquidity deployment and cross-selling recommendations
- data science in the use of in-house proprietary ESG models
- the use of a cloud-based machine learning platform to automate manual processes and improve efficiency.

We continued our work with open banking APIs to support sector solutions for fintechs, shipping, retail, insurance and healthcare.

Their interests

- Differentiated product and service offering
- Digitally enabled and positive experience
- Sustainable finance
- Access to international markets.

Regulators and governments

How we create value

We engage with public authorities to play our part in supporting the effective functioning of the financial system and the broader economy.

How we serve and engage

We actively engage with governments, regulators and policymakers at a global, regional and national level to share insights and support the development of best practice, and adoption of consistent approaches, across our markets.

In 2023, we engaged with regulators, government officials and trade associations on a broad range of topics that included international trade, sustainability, data, cyber security, digital adoption, and innovation. We also engaged with officials on the financial services regulatory environment, in particular on prudential, financial markets, conduct and financial crime frameworks.

Our Group Public and Regulatory Affairs team supports most engagements while Conduct, Financial Crime & Compliance, Risk, Legal and Finance identify and analyse relevant policies, legislation and regulation.

This work is overseen by various governance forums within the Bank, which comprise senior executives representing business and control functions to support alignment between advocacy and business strategies.

For more details on our engagement with regulators and governments, as well as our industry and membership associations please see **sc.com/politicalengagement**

Their interests

- Strong capital base and liquidity position appropriate to a global systemically important bank (G-SIB)
- Robust standards for conduct and financial crime
- Healthy economies, trade flows and competitive markets
- Sustainable Finance and net zero transition
- Digital innovation in financial services
- Operational resilience
- Customer protection
- Financial stability

Investors

How we create value

We aim to deliver robust returns and long-term sustainable value for our investors.

How we serve and engage

We rely on capital from debt and equity investors to execute our business model. Whether they have short- or long-term investment horizons, we provide our investors with information about progress against our strategic and financial frameworks.

Through our footprint and the execution of our sustainability agenda, we provide our investors with exposure to opportunities in emerging markets. We believe that our integrated approach to ESG issues, as well as a strong risk and compliance culture, are key differentiators.

The Group delivered a strong set of results in 2023 and achieved its financial objective of a double-digit return on tangible equity (RoTE) for the year. We set out five actions in 2022 designed to accelerate delivery of this RoTE target. The strong execution of these actions over the last two years, where we either achieved our targets ahead of plan or they are well on-track, supported us to reach that milestone in 2023. We will now build on this success, taking action to deliver sustainably higher returns with a focus on driving income growth and improving operational leverage, to deliver a RoTE of 12 per cent in 2026

Regular and transparent engagement with our investors, and the wider market, helps us understand investors' needs and tailor our public information accordingly. In addition to direct engagement from our Investor Relations team, we communicate through quarterly, half-year and full-year results, conferences, roadshows, investor days and media releases.

We continued to expand our use of virtual meetings during the year 2023, coupled with a growing number of face-to-face interactions. We hosted two capital market days, focusing on our Asia region and the Sustainability opportunity in May and November respectively.

Key investor feedback, recommendations and requests are considered by the Board, whose members keep abreast of current topics of interest. Standard Chartered PLC's Annual General Meeting (AGM) in May was open to shareholders to attend either in person or electronically where they were provided a platform to view a live video feed of the meeting. All participants were provided with the opportunity to submit their votes and ask the Board questions.

Similarly, the Group Chairman, alongside some members of the Board, hosted a hybrid stewardship event for institutional investors in November which provided a platform for shareholders to receive an update on a number of topics, including sustainability, net zero and governance matters. The event included an open question-and-answer session across a range of key issues.

Stakeholders
continued

Investors continued

We continue to respond to growing interest from a wide range of stakeholders on ESG matters, including investors. We sought shareholder endorsement for our net zero pathway at the 2022 AGM, intended as a means by which we will measure progress, engage and gather views. We also work with sustainability analysts and participate in sustainability indices that benchmark our performance, including the Carbon Disclosure Project (CDP) Climate Change survey and Workforce Disclosure Initiative.

Regular engagement with different shareholder groups ensures that we act fairly between them. Our principal engagement event with our retail shareholders is our AGM and in order to hear from as wide a group as possible we encourage maximum participation by way of attendance in person and via a live web portal. Further details of our 2023 AGM are on page 159 of our 2023 Annual Report.

In 2024, we will continue to engage with investors on progress against our strategic priorities and actions, as well as our financial framework as we progress towards delivering sustainably higher returns.

Their interests

- Safe, strong and sustainable financial performance
- Facilitation of sustainable finance to meet the United Nations (UN) Sustainable Development Goals
- Progress on ESG matters, including advancing our net zero agenda

Suppliers

How we create value

We are dedicated to engaging with suppliers who offer value-adding goods and services across our network, and we work closely with them to support global environmental and social standards. Our suppliers are expected to be ethical, respect human rights, diversity and inclusion, and the environment to support our colleagues, clients, and communities.

How we serve and engage

We must effectively manage, monitor, and mitigate risks in our supply chain. We do this through our Third-Party Risk Management Policy. This, in conjunction with the Principal Risk Type Policies and Standards, set out the Group's minimum control requirements for the identification, mitigation and management of risks arising from the use of suppliers.

Our Supplier Charter sets out our principles in relation to ethics, human rights, diversity and inclusion, and environmental performance. All newly onboarded suppliers are expected to agree with these principles. We seek to reinforce this through the terms of our standard contract templates, where possible, and we further encourage alignment by sending an annual letter to all active suppliers. This includes guidance regarding our stance on ethics and conduct, sustainability aspirations, payment processes and other relevant principles such as Anti-Bribery and Corruption. Our Charter covers all geographies and categories of suppliers, and we plan to refresh the Charter in 2024.

Supporting our suppliers to achieve net zero

Our supply chain is critical to achieving the Group's sustainability aspirations, and we continue to make good progress. We encourage our suppliers to set science-based emissions reduction targets and by 2028 we plan to direct 70 per cent of our total expenditure to suppliers who have set or committed to setting science-based emission reduction targets. In 2023, we held group sessions with our suppliers to support them reduce their emissions, discuss progress and next steps.

Supporting a diverse and inclusive supply chain

We recognise the value of supply chain diversity to our business and society. In 2023, we continued to integrate supplier diversity into our business strategy and make efforts to include diverse suppliers in sourcing activities and improve spending levels with diverse suppliers as appropriate. To do this we have continued to collaborate with non-governmental organisations (NGOs), business incubators and others to help build and develop our diverse and talented supplier pool. In 2023, this included joining member-buyer events, local procurement networking activities and best practice sharing events with partners like WEConnect International – a global network supporting women-owned businesses to connect with larger companies.

We have continued to build capacity with our own colleagues through online training on supplier diversity and inclusion. Highlighting our commitment, we have been awarded the Chartered Institute of Procurement and Supply Asia Excellence in Procurement Award for outstanding Diversity and Inclusion practices in procurement teams and Best Initiative to Build a Diverse Supplier Base. In 2023, approximately 40 per cent of our newly onboarded suppliers were diverse* including, for example, KASHow. KASHow is a micro-owned and predominately women-led business, which managed the logistics and planning of Standard Chartered Hong Kong's 25th marathon in 2023. In addition, KASHow was supportive of our sustainability objectives by using recycled materials for the marathon event logistics and the building of the carnival event booth.

*For Standard Chartered, diverse suppliers are defined as:

- Small enterprise (10–49 employees + turnover <USD10 million)
- Micro enterprise (<10 employees + turnover <USD2 million)
- Medium enterprise (50–249 employees + turnover <USD50 million)
- Women owned (51 per cent or more owned by Women (South Africa 30 per cent owned by women as per local government regulations))
- Ethnic minority owned (51 per cent owned by ethnic minorities)
- Veteran Owned (51 per cent or more owned by veterans)
- Disabled owned (51 per cent or more owned by differently abled people)
- LGBT+ owned (51 per cent owned by LGBT+ (not possible in some countries due to local legal regulations))
- Social enterprises (NGOs and charities)

Their interests:

- Open, transparent and consistent tendering process
- Accurate and on-time payments
- Willingness to adopt supplier-driven innovations
- Obtain guidance on implementation of Sustainability matters

Society

How we create value

We strive to operate as a sustainable and responsible company, working with local partners to promote social and economic development.

How we serve and engage

We engage with a wide range of civil society, international and local NGOs, from those focused on environmental and public policy issues to partners delivering our community programmes. To shape our strategy, we aim for constructive dialogue that helps us to understand alternative perspectives and ensure that our approach to doing business is understood. This includes working with NGOs that approach us about a specific client, transaction or policy.

In 2023, climate change, our net zero pathway, human rights and nature continued to underpin many of our conversations. We primarily received NGO feedback via our public inbox and responded to queries in line with our standards. For complex issues such as climate change, we held bilateral virtual meetings with NGOs to exchange perspectives in greater depth.

In 2023, together with the Standard Chartered Foundation, we continued to engage with NGOs, charities and other organisations to empower the next generation to learn, earn and grow through Futuremakers by Standard Chartered, our global community initiative to tackle inequality by promoting greater economic inclusion. We provided education, employability and entrepreneurship support to more than one million young people, with 62 per cent of those engaged being women.

To close the gender gap and promote access to finance, we piloted financing facilities to support women-led microbusinesses with green and social ambitions. At the UN Climate Change Conference, COP 28, we held a Futuremakers Youth Panel in Dubai, and online in Nairobi to generate insights on scaling tech solutions for a green and inclusive economy. In 2024, we will conduct a study on our social return on investment to assess the impact of Futuremakers.

By offering three days paid volunteering leave, we instilled a strong culture of volunteering where 61 per cent of our colleagues contributed over 76,000 days giving back to the community. In 2024, we will increase our skills-based activities leveraging our colleagues' skills to deepen our impact, with a target of 75,000 skills-based hours across our footprint.

Their interests

- Climate change and decarbonisation
- Nature
- Human rights
- Financial inclusion
- Economic empowerment
- Gender equity
- Community impact.

Stakeholders
continued

Employees

How we create value

We recognise that our workforce is key to driving our performance and productivity and that the diversity of our people, cultures and network sets us apart. To lead the way in addressing the evolving needs of our clients and advances in technology, we are developing a workforce that is future-ready, and are co-creating with our employees to build an inclusive, innovative and client-centric culture that drives ambition, action and accountability.

How we serve and engage

By engaging employees and fostering a positive experience for them, we can better serve our clients and deliver on our Purpose. A culture of inclusion and ambition enables us to unlock innovation, make better decisions, deliver our business strategy, live our valued behaviours and embody our brand promise. We proactively assess and manage people-related risks, such as, capacity, capability and culture, as part of our Group Risk Management Framework.

Our People Strategy, which was approved by the Board, stays relevant and future-focused, with external events having accelerated many of the future of work trends which continue to inform our approach.

Their interests

Translating our here for good brand promise and Purpose of driving commerce and prosperity through our unique diversity into our colleagues' day-to-day experience is critical to us remaining an employer of choice across our footprint. The research we have on our Employee Value Proposition (EVP) tells us that our existing and potential employees want to: have interesting and impactful jobs; innovate within a diverse set of markets and for a spectrum of clients; cultivate a brand that sustainably drives commerce and offers enriching careers and development; and be supported by great people leaders. They want these elements to be anchored in competitive rewards and a positive work–life balance. The employment proposition is a key input to our People Strategy which supports the delivery of our business strategy.

Listening to employees

Frequent feedback from employee surveys helps us identify and close gaps between colleagues' expectations and their experience. In addition to our annual survey, colleague sentiment is captured more frequently, through a rolling culture survey and through surveys at key moments for our employees, such as when they join us, when they leave, and when they return to work after parental leave. In addition to leveraging inputs from employee surveys, the Board and Management Team also engage with and listen to the views of colleagues through interactive sessions. More information on the Board's engagement with the workforce can be found on page 161 of our 2023 Annual Report.

In 2023, our annual My Voice survey was conducted in May and June: 87 per cent of our employees (69,935) and 58 per cent of eligible agency workers (2,203) participated in the survey. Key measures of employee satisfaction have continued to improve year-on-year, with an 8.3 point increase in our employee Net Promoter Score (NPS) (which measures whether employees would recommend working for us) as well as a 3 percentage point increase in our employee engagement index. Over 87 per cent say that the Group meets or exceeds their expectations. More colleagues are saying that we are simplifying the client experience, that we are collaborating better to deliver results, that decision-making is becoming easier and our processes are becoming more efficient. It is also encouraging to see that 97 per cent of employees feel committed to doing what is required to help the Group succeed, and 90 per cent feel proud about working for the Group. The consistent increase in scores indicates that we are continuing to improve as a place to work.

This is also underscored by the 'Great Place to Work' certifications that we have received across multiple markets, including in India, Vietnam, Bahrain, Poland, the UK and the US. Our Glassdoor rating (out of five) has increased from 3.7 in 2019 to 3.9 in 2023, and 77 per cent would recommend working with us to friends. We also continue to be recognised as an employer of choice and details of our accolades can be found on page 522 of our 2023 Annual Report and on sc.com/awards.

All of this is indicative of our progress in further strengthening our EVP to attract, retain and grow the skills and talent that are critical to delivering our strategy and outcomes for clients.

Strengthening our culture of high performance

As the Group transforms to achieve our strategic ambitions, we continue to embed our refreshed approach to managing, recognising and rewarding performance. We are strengthening a culture of ambition, action and accountability by increasing the frequency of performance and development conversations and emphasising the importance of two-way feedback. We are placing greater focus on recognising outperformance that is driven by collaboration and innovation, and are encouraging more aspiration during goal-setting and flexibility in reward decisions (supported by the removal of formulaic performance decisions starting 2022).

Behavioural changes are visible. Colleagues are telling us that they are having more regular performance check-ins with their leaders – with over two-thirds doing so at least every quarter. In 2023, almost 250,000 pieces of feedback were exchanged among colleagues (which is close to 1.4 times the amount of feedback exchanged in 2021, before our refreshed approach was launched across the Group). We know that recognition is also an important enabler of high performance, and we have launched a digital platform in January 2024 to encourage democratised, peer-to-peer recognition for all colleagues.

The wellbeing of our colleagues is critical to sustainable high-performance, and supporting their health, safety, and resilience continues to be a key priority. In 2023, levels of high work-related stress felt by employees continued to drop. Employees felt more supported with their mental, physical, social and financial wellbeing needs, and their satisfaction with work–life balance continued to increase. Globally, colleagues are provided with access to wide-ranging support and tools to manage their wellbeing, including several progressive benefits, a mental health app, an employee assistance programme, wellbeing toolkits, and a network of trained mental health first aiders. We continue to tackle the drivers of work-related stress, which includes inserting wellbeing skills-building into learning interventions.

We have been embedding the flexible working model that we initiated in 2021, combining flexibility in working patterns and locations, to enhance both the productivity and experience of our workforce. Over 52,000 employees in 44 markets are now on agreed flexi-working arrangements, with the majority having signed up to work from the office for two to three days a week. Our model consciously balances client needs and business priorities with individual choice, allowing us to be inclusive of the diverse needs of our workforce. Colleagues continue to adopt ways of working that balance the benefits of remote working with face-to-face interactions. Toolkits and guidance are being provided to people leaders and individuals to help navigate flexible working. These include support on organising team and individual work to enhance productivity and wellbeing; on leading in key moments such as onboarding new team members, returning from parental leave and during performance conversations; and on strengthening connections in flexible work environments. We also continue to re-imagine our physical workspaces with the relevant infrastructure and technology to provide hubs for teamwork, collaboration and learning. As a result of these ongoing interventions, employees who are working flexibly express greater satisfaction with overall employee experience and work–life balance in comparison to employees working fully remotely or fully in the office. Also, over 80 per cent of colleagues expressed in the 2023 My Voice survey that flexible working has had a positive impact on their ability to get work done and to collaborate, as well as their sense of belonging and social connection with others.

+ Read more about our approach to flexible working at **sc.com/flexibleworking**

Building leadership capabilities

Exceptional performance needs exceptional leadership, and it is encouraging to see that manager NPS continues to increase to 37.9 points in 2023 (up 4.8 points year-on-year). Engaging, developing, and measuring our people leaders continues to be a critical enabler of our performance and culture. Our Leadership Agreement sets out clear expectations from our leaders to Aspire, Inspire and Execute. It also forms the foundation of a modernised leadership development curriculum through which one-third of our people leaders are being covered each year to help them build new skills and habits across different leadership stages – including skills on coaching, performance management in business-specific contexts, leading for transformation, and leading through ambiguity. While more than 4,700 leaders learned through face-to-face leadership programmes during the year, leadership skill-building was also made accessible to all colleagues to build the capability deeper into the organisation. Almost 17,000 employees signed up to our 60-day Leadership Health journey of regular micro-learning activities; over 26,000 accessed the monthly Leadership Insights newsletter and over 8,500 tuned into leadership sessions during our annual Global Learning Week.

In 2023, 84 per cent of our people leaders received feedback through our 'always on' feedback tool available to all colleagues, as well as through the structured 360-degree feedback tool that is available to mid-to-senior people leaders. Leaders are also provided a consolidated view of the environment they are creating for their teams, and feedback on their leadership skills, as part of their Leadership Dashboard. The dashboard has been designed to bring transparency to performance and development conversations, and to highlight the value we place on leadership.

+ Read our Leadership Agreement at **sc.com/leadershipagreement**

Developing skills of future strategic value and enabling careers

To keep pace with technological innovation, evolving customer expectations and the changing world of work, we are adopting a 'skills-led' approach – accelerating the development of future skills among our workforce and bringing in greater agility to how skills are deployed to areas of opportunity across the Group. We are helping employees build the skills needed for high performance today, to reskill and upskill for tomorrow, and to be global citizens who understand the changing nature of the world in which we operate. This includes helping them strengthen a combination of human and technical skills, as well as building a culture of continuous learning that empowers them to grow and follow their aspirations. Since 2020, the average hours invested by employees in personal development has increased by 23.9 per cent to 26.8 hours in 2023.

Stakeholders
continued

Employees continued

Learning in classrooms is balanced with learning through our online learning platform diSCover, which is also accessible via a mobile app. Over 70,000 colleagues actively used the platform in 2023 and 30,000 colleagues have used one or more of our Future Skills Academies which include the Data & Analytics, Digital, Cyber, Client Advisory, Sustainable Finance and Leadership Academies. Employees are also building and practicing new skills on the job by signing up for projects (often cross-functional and cross-location) through our AI-enabled internal Talent Marketplace platform. Since its launch in 2020, over 28,000 employees have registered on the platform, with over 2,000 of them being assigned to projects. Deploying their skills at speed across our network has resulted in unlocking over $6.2 million in terms of productivity. By combining such project opportunities with purposeful internal talent moves, we continue to enhance the career experience of colleagues. The Marketplace also acts as a platform to connect employees to mentors across the Group.

The 2023 My Voice scores indicate that our efforts are in the right direction, as employee satisfaction with development and growth opportunities increased compared to previous years, and highlight that this is an area we must continue to focus on.

We continue to expand targeted learning journeys to upskill colleagues towards critical 'future' roles where our strategic workforce planning analysis has predicted an increasing need for talent, including universal banker, data translator, cloud security engineer, product owner/scrum master and cyber security analyst roles. At the same time, we have been strengthening and scaling the proposition to support colleagues in building systemic skills, in areas such as sustainability, innovation, data, digital and leadership, which an increasing population of the workforce is anticipated to need to keep pace with the changes happening in the sector.

Embedding a focus on skills across the employee lifecycle

In our CCIB business, we have been embedding a focus on skills across the employee lifecycle in the way we hire, identify, develop and deploy talent. We have updated part of our skills library to develop 35 skills-based role profiles and job descriptions for the highest impact roles that will help enhance our client proposition and deliver on our business strategy. In 2024, we will further enable a democratised career and development experience for colleagues in CCIB through our internal Talent Marketplace, which will allow them to better understand and develop the skills needed to excel in their existing role as well as to grow and move to their aspired roles. It will also enable leaders and recruiters to rapidly identify, access and deploy skills at scale in a cost-efficient manner.

We are also further embedding a focus on skills across our talent management processes. Our refreshed approach to identifying the future potential of our workforce focuses on their ability against a range of skills, along with their aspiration to put these skills into action by taking on complex responsibilities (in turn moving away from the traditional emphasis on past performance being a primary indicator of future potential). Through this approach we are placing strong emphasis on learning agility to identify the talent that we want to accelerate as well as deploy in areas of highest impact for clients and the business.

Creating an inclusive workplace

We believe that inclusion is what enables our diverse talent to truly deliver impact and drive business success. Through our annual My Voice survey and supplemented by qualitative feedback gathered, we aim to better understand the lived experiences of our colleagues, and then act to make targeted and meaningful changes to further drive inclusion and enhance their experience.

Our progress in this space is reflected in the 83.2 per cent of employees who shared positive sentiments around our culture of inclusion in the 2023 survey, consistent as last year. This has been enabled by continued efforts towards increasing awareness around diversity and inclusion principles, unconscious bias and micro-behaviours as well as by emphasising the importance of creating an inclusive environment – aspects that are covered in the 'When we're all included' learning programme which has been completed by more than 34,000 colleagues by the end of 2023. Further, the 'Respect at Work' e-learning programme that helps understand what constitutes harassment, bullying, discrimination and victimisation, is now mandatory for all employees.

We aim to further strengthen our inclusive culture, where all our people feel that their identity is understood and recognised for its uniqueness and anyone with the capability to excel can do so. Employees are provided, where legally permissible, with the ability to share their identity data through our internal employee portal. We are focused on initiatives that encourage and increase self-declaration (including socio-economic status in the UK), so that we can further improve colleague experience by introducing policies and interventions that are representative of the needs of our diverse workforce.

Our continued partnership with Purple Tuesday is one of the many initiatives through which we are creating a work environment where colleagues are encouraged to bring their whole selves to work. The partnership is helping increase the visibility of role models and careers for those with disabilities across more than 50 markets. It is also helping to drive an ongoing conversation, to build awareness and break down myths and stereotypes when engaging with clients and colleagues with disabilities. The SC-Out Pride Leadership Summit this year saw Employee Resource Group leads, allies and advocates come together from across 14 markets to define our approach for further building a respectful, supportive, and safe work environment for our LGBT+

Female representation

Board

Female

38%

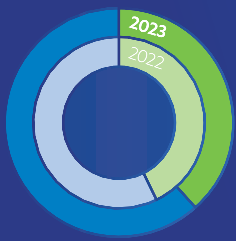
(2022: 43%)

Female

5

Male

8



Management Team and their direct reports

Female

36.1%

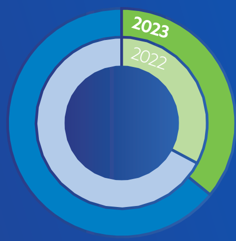
(2022: 32.8%)

Female

48

Male

85



Senior leadership
(Managing directors and band 4)

Female

32.5%

(2022: 32.1%)

Female

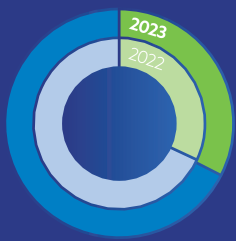
1,474

Male

3,050

Undisclosed

17



All employees

Female

44.8%

(2022: 45.3%)

Female

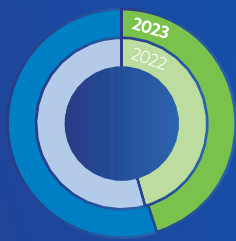
38,051

Male

46,004

Undisclosed

952



colleagues. We also recognise six key dates[1] across the year and use these as focal points to facilitate open dialogue on inclusion internally and externally. Through these global campaigns we engage and strengthen relationships with clients and external stakeholders, collectively raising awareness, promoting best practices and committing to take practical steps to advance the overall Diversity and Inclusion (D&I) agenda in our communities.

Our gender diversity continues to grow, with more women leaders moving up to senior roles. Women currently represent 38 per cent of the Board, 14 of our CEOs are women, and representation of women in senior leadership roles increased to 32.5 per cent at the end of 2023. We are committed to continuous improvement in this area and aspire to have 35 per cent representation of women at a senior level by 2025. We remain focused on building a workforce that is truly representative of our client base and footprint. As of 2023, 31 per cent of our Board identifies as being from a minority ethnic background, above our aspiration of 30 per cent. Further, 26.3 per cent of our Global Management Team and their direct reports identify as Black, Asian or minority ethnic. In the UK, Black representation in senior leadership is 2.5 per cent and Black, Asian and minority ethnic in senior leadership is 27.8 per cent. In the US, Black/African American representation in senior leadership is 4 per cent and Hispanic/Latinx in senior leadership is 10.1 per cent. We continue to develop strategic partnerships and experiment with programmes to widen our talent pools (such as the Spring Insights Programme in 2023 that provided a multi-day immersive experience to Black, African American, Hispanic and Latinx students in New York and London to learn about our CCIB business, and access internship opportunities).

As we work towards achieving our 2025 UK and US ethnicity senior leadership aspirations, we will also be updating these targets to extend to 2027. At the same time, we are focused on nurturing local talent in markets across Asia, Africa and the Middle East.

Leadership commitment is core to our approach on D&I. Our Global D&I Council is chaired by our CEO, CCIB and Europe & Americas and comprises of enterprise-wide leaders representing various business, functions and geographies from across the Group. The Council is responsible for our overall D&I strategy, direction setting, and overseeing the implementation of sustainable and measurable improvements. In 2023, as a result of our listening exercises and data insights, we also established a Black and African Talent Steering Committee and Working Group, and appointed Group Management Team and Global D&I Council sponsors to advocate for leadership action in focus areas identified, such as career progression and the international mobility experience.

+ Read more about our approach towards strengthening diversity and inclusion at **sc.com/diversityfairpayreport**

1 International Day Against Homophobia, Transphobia and Biphobia, International Day of Persons with Disabilities, International Men's Day, International Women's Day, and World Day for Cultural Diversity for Dialogue and Development, World Mental Health Day.

Stakeholders
continued

Employees continued

Enhancing experience and inclusion through progressive, purpose-led benefits

Taking an intersectional approach to diversity, inclusion and wellbeing, we have continued to introduce progressive, purpose-led benefits. Going beyond our minimum standard for maternity leave, all colleagues, irrespective of gender, relationship status, or how a child comes to permanently join their family, are now eligible for a minimum of 20 weeks of paid parental leave. We are also expanding medical benefits to make comprehensive coverage accessible for menopause-related treatments to all colleagues and their partners, including access to specialised medical practitioners and prescription. This is in addition to the existing support for managing menopause symptoms through flexible working options, paid leave for treatment, workspace adjustments and access to menopause counselling. We believe that such benefits continue to be critical levellers for gender equality, encouraging women's participation in the workforce and LGBT+ inclusion, aligning to our Lifting Participation Stand.

Equal pay – gender and ethnicity pay gaps

To better understand the strengths and gaps of the organisation and develop action plans to enable the potential of our truly diverse and inclusive workforce, we have been analysing and publishing our gender pay gap statistics for our five hub locations (UK, US, Hong Kong, Singapore, and UAE) since 2017. The gender pay gap is calculated based on the approach by the UK government and compares the average pay of men and women without accounting for some of the key factors which influence pay, including different roles, skills, seniority and market pay rates.

Compared with last year, our mean hourly and bonus pay gaps have decreased in most markets, particularly in the UK and the US. While this shows continuous improvement since our first disclosure, they remain at a level that signifies there are proportionally more male than female colleagues in senior roles and/or roles with higher market rates of pay.

To complement the legislative approach in the UK, we also calculate an adjusted pay gap, which compares women and men at the same hierarchy level and in the same business area. Mirroring previous years, the narrow margins for the adjusted pay gap analysis indicate that our female and male colleagues in the same business areas and at the same levels of seniority are paid similarly.

In addition to the gender pay gap analysis, we are publishing our ethnicity pay disclosure for the UK and the US for the second year, and this year we have expanded the disclosure to include hourly and bonus pay gaps for each ethnic group. The results indicate that there are proportionally more White and fewer Black, and in the case of the US, also fewer Hispanic, colleagues in senior roles and/or roles with higher market rates of pay. While our adjusted ethnicity pay gaps indicate that colleagues with different ethnicity backgrounds are paid similarly in the same business areas and at the same levels of seniority, there is still more work to be done to promote representation of different ethnic groups within the organisation.

Equal pay is a key commitment in our Fair Pay Charter and we carry out checks during hiring, promotion and year-end review in all markets to challenge potential bias and ensure there is equal pay for equal work.

Read more about our gender and ethnicity pay gap analysis at **sc.com/diversityfairpayreport**

2023 Gender pay gap	UK	Hong Kong	Singapore	UAE	US
Mean hourly pay gap[1]	22%	21%	29%	30%	21%
Mean bonus pay gap[2]	44%	35%	40%	56%	36%

1 The hourly pay gap is calculated by taking the difference between the mean female and male hourly pay, expressed as a percentage of the male amount

2 The Bonus pay gap is calculated by taking the difference between the mean female and male bonus payments received in the 12 months prior to 5 April, expressed as a percentage of the male amount.

	Mean Pay Gap	
2023 UK ethnicity pay gap[1]	Hourly pay[2]	Bonus pay[3]
Asian	13%	26%
Black	25%	48%
Multi-racial	6%	14%
Other	14%	22%

	Mean Pay Gap	
2023 US ethnicity pay gap[1]	Hourly pay[2]	Bonus pay[3]
Asian	14%	28%
Hispanic	27%	51%
Black	28%	51%
Dual or Multi	0%	-36%

1. Analysis based on 77 per cent of our UK workforce that shared with us their ethnicity background, and 100 per cent of our US workforce
2. The hourly pay gap is calculated by taking the difference between the mean minority ethnic group and White hourly pay, expressed as a percentage of the White amount
3. The bonus pay gap is calculated by taking the difference between the mean minority ethnic group and White bonus payments received in the 12 months prior to 5 April, expressed as a percentage of the White amount.

Tackling food insecurity with micro-loans

In 2023, through Futuremakers by Standard Chartered - our flagship community initiative dedicated to helping the next generation learn, earn, and grow – we helped young entrepreneurs by providing micro loans and business acceleration programmes. Funded by the Standard Chartered Foundation, we partnered with Youth Business International and its member Somo in Kenya, to help Ivy (pictured) kickstart her now thriving mushroom farming business, tackling food insecurity in her area.

+ Read more at **sc.com/IvyKenya**

Our commitment to sustainability

We are committed to the sustainable economic and social development of our footprint markets, helping people to thrive long-term.

With a long-standing presence in parts of the world where sustainable finance can have a significant impact, we facilitate the movement of capital to where it is needed most. We apply our knowledge across our market footprint and the innovative mindset of our teams to create financial solutions that help to address challenges and support sustainable growth.

The work we do to accelerate the transition to net zero, lift participation in the economy and reset globalisation is fundamental to our business.

These three areas of focus are known as our **Stands** and inform our overall strategy, including our approach to sustainable finance, our advocacy efforts on behalf of our markets and engagement with our employees and society.

Further details can be found in Our Stands on **page 26**

Embedding sustainability across our business is a strategic priority for the Group. To accelerate our Sustainability agenda, the Group's inaugural Chief Sustainability Officer (CSO) was appointed in 2022. Since then, our dedicated CSO organisation – which houses our Sustainable Finance, Sustainability Strategy, Net Zero Delivery, Strategic Initiatives and Environmental and Social Risk Management teams – acts as a centre of excellence and a catalyst for the execution of the Group-wide sustainability strategy and the achievement of our net zero roadmap.

We focus on delivering both our long-term sustainability goals – our **Sustainability Aspirations** – as well as our short-term targets and immediate priorities – our **Sustainability Strategic Pillars**.

Sustainability continues to be included in the 2024 Group scorecard and 2024–26 Long-Term Incentive Plan (LTIP) with performance measures that align with our Sustainability Aspirations and Sustainability Strategic Pillars.

Further details can be found in the Directors' remuneration report on **pages 182 to 216** of our 2023 Annual Report

Independent Limited Assurance

Ernst & Young LLP (EY) were appointed to provide independent limited assurance over certain data points within our 2023 Annual Report, indicated with a caret symbol (^). The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (UK) 3000 (July 2020)). This independent assurance report is separate from EY's audit report on the financial statements and is available at **sc.com/sustainabilityhub**. This report includes further detail on the scope, respective responsibilities, work performed, limitations and conclusions.

We obtained independent limited assurance on the Group's Scope 1 and 2 greenhouse gas (GHG) emissions (excluding fugitive emissions) by Global Documentation Ltd. We also obtained reasonable assurance on the Group's Scope 3 emissions associated with business travel (air travel) from Eco–Act. These verifications were conducted in accordance with the ISO 14064-3 Greenhouse gases standard.

Disclaimer

We report on Sustainability and Environmental, Social and Governance (ESG) matters throughout our 2023 Annual Report, in particular in the following sections: (i) Strategic report, Sustainability overview on pages 66 to 79 of this report; (ii) Sustainability review on pages 92 to 133; (iii) Risk review on pages 298 to 313; and (iv) in the Supplementary sustainability information section on pages 504 to 516 of our 2023 Annual Report.

In this 'Sustainability overview', we set out our approach and progress relating to sustainability and its content is subject to the statements included in: (i) the 'Forward-looking statements' section; and (ii) the 'Basis of preparation and caution regarding data limitations' section provided under 'Important notices' at pages 519 and 520 of our 2023 Annual Report. Additional information can be accessed through our suite of supporting sustainability reports and disclosures via sc.com/sustainabilityhub.

A word from our Chief Sustainability Officer, Marisa Drew

In 2022, the CSO organisation was established within Standard Chartered to build on the Group's long-standing sustainability agenda. Since its creation, we have made substantial progress, by continuing to embed sustainability across the organisation and strengthening our support for clients on their transition journeys. The longer-term vision and areas of focus expressed by our Stands and our Sustainability Aspirations have helped shape our near-term execution priorities defined by our Sustainability Strategic Pillars.

Our Sustainable Finance franchise has generated over $720 million^, or over six per cent of our total Corporate, Commercial and Institutional Banking (CCIB) income in 2023, a year-on-year growth rate of 42 per cent. Following on from this performance and building on the momentum in our business, our focus turns to our stated ambition to deliver at least $1 billion in sustainable finance income in 2025. To do that, we are hard at work investing in people, systems and infrastructure to build further capability and capacity. This enables our teams across the Group to support our clients' transition and sustainable growth plans by deploying lending, cash, trade, corporate financing and advisory services, and providing capital to advance the next wave of sustainability and technological solutions.

Our footprint – with its access to capital markets and operations in regions most vulnerable to climate change – means that Standard Chartered sits at the intersection between capital providers and those who need it most. For many of our markets and clients, getting to net zero will be a long and complex task. Their transition must be on a just basis to address environmental challenges without sacrificing their economic growth and social development ambitions.

Delivering a just transition brings significant opportunity for innovation and growth. To leverage this, we created a series of thematic innovation hubs in 2023, covering: Adaptation Finance, Blended Finance, Carbon Markets and Nature Positive Solutions. Each hub is helping to advance emerging thematic areas of sustainability that are nascent, but offer the potential for scale, and are where the Group has a core competency. The themes covered by the hubs are particularly relevant to our clients across our footprint markets and serve to support innovation at the forefront of sustainability.

Furthermore in 2023, we expanded our work on social sustainability, with a dedicated investment to bring the breadth of our Sustainable Finance offering together with our commitment to the people and communities we serve.

We have also welcomed new team members including experts in blended finance, sustainable and transition finance, climate risk, nature and carbon accounting, building up our people power to allow us to effectively leverage the CSO organisation across the Group, as we look to deliver on our strategy.

As I reflect on my first full year at the bank, it is clear that our sustainability ambition has the unwavering commitment of the Group's Board of Directors and the Management Team, backed by an extraordinary level of enthusiasm and engagement. Looking ahead to 2024, my priority is on driving our four Sustainability Strategic Pillars: scaling up Sustainable Finance; further embedding sustainability across the Group; delivering on our net zero roadmap; and leveraging our innovation hubs to drive ecosystem development and future income.

Sustainability overview content map

Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at **sc.com/sustainabilityhub**.

Sustainability Aspirations: our long-term goals

Since 2016, the Group's approach to sustainability has been underpinned by a suite of Sustainability Aspirations. During 2023, we refreshed and consolidated our Sustainability Aspirations into four overarching long-term goals, each supported by key performance indicators. Together, these reflect our commitment to sustainable social and economic development.

Sustainability Aspiration		Progress to date
Aspiration 1: Mobilise $300 billion of Sustainable Finance[1,2]	Across our markets, many clients are at the early phase of evaluating the risks and opportunities associated with their transition to a low-carbon economy. We leverage a full suite of Sustainable Finance solutions – including loans, bonds, trade finance and carbon trading – to support their transition. These are underpinned by our Sustainable Finance frameworks that outline how we apply the 'green', 'sustainable' or 'transition' labels across products and transactions. We also work with retail and wealth clients to mobilise diverse sources of capital in support of social and environmental outcomes.	**$87.2bn^** cumulative mobilisation of Sustainable Finance from January 2021 to September 2023 against our commitment to mobilise $300 billion by 2030
Aspiration 2: Operationalise our interim 2030 financed emissions targets to meet our 2050 net zero ambition	We aim to reach net zero in our financed emissions by 2050. To date, the Group has set and disclosed science-based interim 2030 financed emissions targets for 11 high-emitting sectors, in line with guidance from the Net-Zero Banking Alliance (NZBA). We are working across our businesses and functions, and alongside our clients to deliver these targets, notwithstanding the challenges presented by a material portion of our markets not having a commitment to achieve net zero by 2050.	**11 out of 12** of the NZBA high-emitting sectors covered by 2030 science-based financed emissions targets
Aspiration 3: Enhance and deepen the sustainability ecosystem	We are utilising our experience and networks to actively contribute in a leadership position to global partnerships and initiatives that enhance the sustainability ecosystem. These range from those that support the mobilisation and scaling of sustainable finance, to furthering the development of the voluntary carbon markets and fostering innovative solutions in the arena of conservation finance, through to supporting the advancement of social topics underpinning the UN Sustainable Development Goals (SDGs).	**Leadership roles in key global partnerships and initiatives** including GFANZ, GISD, NZBA as further detailed on page 96 of our 2023 Annual Report
Aspiration 4: Drive social impact with our clients and communities	We seek to partner with our clients and communities to mobilise social capital and drive economic inclusion as well as entrepreneurship through our Futuremakers initiative. Our Employee Volunteering programme encourages employees to volunteer and organise activities, such as fundraising, that align to the Group's community strategy or respond to local issues.	**61%** of the Group's employees participated in employee volunteering activities in our communities in 2023

1 Mobilisation of Sustainable Finance is defined as any investment or financial service provided to clients that supports: (i) the preservation and/or improvement of biodiversity, nature or the environment; (ii) the long-term avoidance/decrease of GHG emissions, including the alignment of a client's business and operations with a 1.5 degree Celsius trajectory (known as transition finance); (iii) a social purpose; or (iv) incentivising our clients to meet their own sustainability objectives (known as sustainability-linked finance).

2 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at **sc.com/sustainabilityhub**.

Key initiatives and partnerships

Throughout 2023, senior leaders across Standard Chartered were involved in the leadership of several collaborative initiatives including, but not limited to, those listed in the table below.

Global Investors for Sustainable Development (GISD) Alliance	Our Group Chairman co-chairs the United Nations' GISD Alliance, which has set ambitious objectives to scale up long-term finance and investment in sustainable development.
Glasgow Financial Alliance for Net Zero (GFANZ)	We are active participants of the GFANZ Principals Group, an ambitious programme to generate the commitment, investment and alignment needed to drive forward the transition to net zero. Our Group CEO co-chairs the GFANZ working group on Capital Mobilisation to Emerging Markets and Developing Economies.
Net-Zero Banking Alliance (NZBA)	Our Group Head of Conduct, Financial Crime and Compliance chairs the NZBA – the industry-led, UN-convened and sector-specific alliance for banks under GFANZ.
World Economic Forum's Alliance of CEO Climate Leaders	Our Group CEO and CSO are part of the World Economic Forum's Alliance of CEO Climate Leaders. This is a CEO-led community committed to raising bold climate ambition and accelerating the net zero transition by setting science-based targets, disclosing emissions and catalysing decarbonisation and partnerships across global value chains.
United Nations Principles for Responsible Banking (PRB) Adaptation Finance working group	Our Head of Sustainable Finance Solutions co-chairs the PRB Adaptation Finance working group, which developed a comprehensive framework and practical guidance for banks to set credible adaptation finance targets.
Integrity Council for the Voluntary Carbon Markets (ICVCM)	Our Head of Carbon Markets Development serves on the board of the ICVCM, which is focused on developing high-quality carbon markets. Our Group CEO sits on the Distinguished Advisory Group of the ICVCM, which is involved in the development of carbon markets around the world.
Center for Climate-Aligned Finance (CCAF)	We formally joined CCAF, which was established by Rocky Mountain Institute, in 2023. Standard Chartered participates in CCAF working groups for the Aviation and Aluminium industries. The Group is a signatory to both the Poseidon Principles, a global framework for assessing and disclosing the climate alignment of financial institutions' shipping portfolios and the Sustainable STEEL Principles, which helps banks to measure and disclose the alignment of steel lending portfolios with 1.5 degree Celsius climate targets.
Ocean Risk and Resilience Action Alliance (ORRAA)	In 2023, the Group became a member of ORRAA. Our Head of Nature serves on the Ocean Investment Protocol Steering Committee convened by the UN Global Compact Ocean Stewardship Coalition.

Sustainability Strategic Pillars: our short-term targets and immediate priorities

Our four Sustainability Strategic Pillars represent our near-term strategic focus. Each member of the Group Management Team is responsible for strategically driving climate and sustainability considerations within their region, business segment or function in line with the Group's net zero roadmap. Selected sustainability-related measures are incorporated into Long-Term Incentive Plan (LTIP) awards granted to senior executives and the Group scorecard, which contains financial and strategic measures and is applicable for the majority of our employees.

Pillar 1: Scale Sustainable Finance income[1]

We are building a scalable Sustainable Finance franchise, supporting our clients on their transition journeys by developing customised solutions that speak to their needs and ambitions. Our Sustainable Finance franchise generated over $720 million^ between January and December 2023 against our longer-term target of at least $1 billion annual income by 2025.

Sustainable Finance income[1]

Product ($m)	2023	2022	YoY
Transaction Banking	**188**	**80**	135%
Trade & Working Capital	96	60	60%
Cash Management	92	20	360%
Financial Markets	**393**	**326**	21%
Macro Trading	76	54	41%
Credit Markets	306	268	14%
Financing & Securities Services	11	4	175%
Lending & Portfolio Management	**139**	**102**	36%
	720^	**508**	42%

1 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at **sc.com/sustainabilityhub**.

Our position in the market

As a UK-headquartered international bank, we work to deploy capital across our global markets. As can be seen in our 2023 Sustainable Finance Impact Report, we have raised $8.4 billion^ of sustainable liabilities in developed markets, while 85 per cent of our $17.6 billion^ Sustainable Finance asset base is located in Asia, Africa and the Middle East. We continued to expand and develop our product suite as set out in our Green and Sustainable Finance Product Framework. In total, we had 42 product variants across CCIB and CPBB segments, with selected products included in the table below.

CCIB		CPBB		
Transaction Banking	**Financial Markets / Lending & Portfolio Management**	**Personal & Business Banking**	**Wealth Management**	**Group Treasury**
Sustainable Trade Finance Sustainable Current and Savings Accounts	Green/Social/ Sustainability Bonds Sustainability-linked Bonds ESG Derivatives Carbon Trading Sustainable Repos ESG Structured Investments Green and Social Loans Sustainability-linked Loans ESG Advisory Sustainable Deposits	Sustainable Deposits Sustainable Current and Savings Accounts Green Mortgages Green Retrofit Loans ESG Structured Investments	Sustainable Investments	Standard Chartered PLC Sustainability Bonds

For more information on the Group's progress on its Sustainable Finance commitments see **pages 99 to 101** of our 2023 Annual Report

Our Sustainable Finance Frameworks

- Our Green and Sustainable Product Framework governs all activities we as an organisation view as 'green' or 'social'. It is publicly available and was co-authored by Morningstar Sustainalytics.
- Our Sustainability Bond Framework provides the basis for the issuance of Green, Social and Sustainability bonds, drawing on the activities that we view as green or social.
- Informed by the International Energy Agency (IEA) Net Zero Emissions by 2050 (NZE), we outline the assets and activities that qualify for the 'transition' label under our Transition Finance Framework.

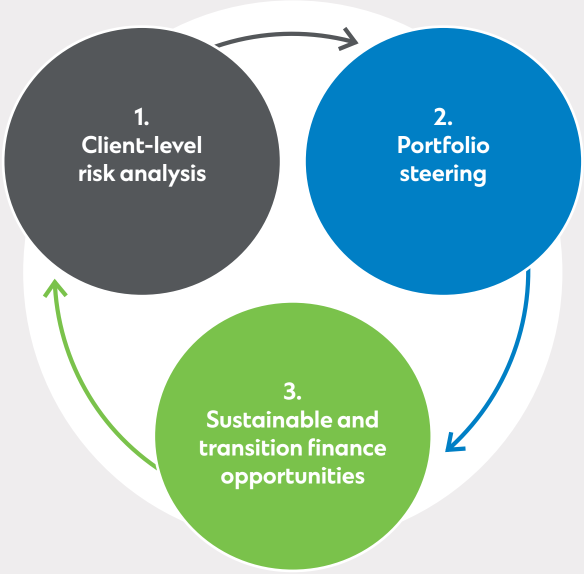
For more, see **page 123** of our 2023 Annual Report or visit **sc.com/sustainabilityhub**

Pillar 2: Further embed sustainability across the organisation

The CSO organisation aims to act as a catalyst for change and centre of excellence. We foster collaboration internally to embed sustainability across our business operations and functions. We collaborate externally with clients and other stakeholders who are aligned with our mission to drive change.

We aim to create a self-reinforcing cycle, which is built on established processes, clear frameworks, engagement with our clients and collaboration across risk and business teams. We support our clients to deliver on their decarbonisation plans, deploying financing and advisory services to provide capital alongside the next wave of sustainability and technological solutions, in which our clients are investing.

Our transition strategy also builds on the Group's financing experience by supporting the early adopters of these services in the US and Europe and leveraging this knowledge in our core markets across Asia, Africa and the Middle East. Our aim is to work with our clients to support their transition and decarbonisation journeys and where clients evidence transition, help to accelerate progress.



1. Client-level risk analysis

Environmental, social and climate risk assessments are integrated into credit decision-making processes for existing and new-to-bank clients[1]

- We maintain a suite of public Position Statements that outline the Group's environmental and social expectations for providing financial services to clients.[2]
- Relationship Managers carry out client and/or transaction level Environmental and Social Risk Assessments before we provide financial services.[3]
- Through client-level Climate Risk Assessments (CRAs), we assess the potential financial risks from climate change using quantitative and qualitative information and assign a Climate Risk grading.[4]
- As part of the CRA process, a Credible Transition Plan (CTP) score is assigned for each client in high-emitting sectors.[4]
- Our Prohibited Activities list details the activities that we will not finance.[5]

2. Portfolio steering

Portfolio-level emissions are calculated to set and monitor financed emissions baselines and sectoral 2030 targets

- Client-level emission intensities are modelled in accordance with internationally accepted carbon accounting principles using the Partnership for Carbon Accounting Financials (PCAF) methodology.
- Science-based sectoral interim 2030 targets are set for high-emitting sectors in line with the Group's roadmap towards net zero financed emissions by 2050.[6]
- Industry or client coverage leads are appointed as responsible owners of sectoral net zero targets.
- Divergence from the portfolio-level emission pathway is monitored and reviewed quarterly along with our exposure to clients associated with high Climate Risk.[7]

3. Sustainable and transition finance opportunities

Products, financing and advisory services are deployed to support clients transitioning their businesses and seeking to achieve their sustainability goals

- The Group's ESG and Transition Finance advisory teams prioritise engagements with clients associated with high Climate Risk with weak or no transition plans and/or insufficient disclosures to recommend enhancements.
- Sustainability considerations are incorporated into account plans and engagement strategies with an aim to identify and prioritise clients that are divergent from portfolio-level emission pathways or associated with high Environmental and Social Risk.
- We endeavour to support and guide our clients to a low-carbon pathway by utilising our full suite of Sustainable Finance solutions.
- We continue to increase our financing of low-carbon technologies and infrastructure, including project financing in the developing world where power grid modernisation is critical.

1 Refers to applicable banking clients, please refer to **sc.com/esriskframework**.
2 Read more about our Position Statements at **sc.com/positionstatements**.
3 For further information, please refer to **sc.com/esriskframework**.
4 Read more about our CRA process in the Risk review section of our 2023 Annual report on pages 298-313.
5 Read more about our list of Prohibited Activities at **sc.com/prohibitedactivities**.
6 Read more about our sectoral 2030 net zero targets on page 74.
7 In 2023, this commenced for Oil & Gas, Power, Steel, Aluminium and Automotive Manufacturers sectors with the rest of the sectoral reviews to be added from 2024.

Our net zero roadmap

We aim to reach net zero carbon emissions in our financing activity by 2050 and in our own operations by 2025. We made progress in setting interim 2030 targets for the most carbon-intensive and highest-emitting sectors in the Group's portfolio.

To help us remain on track, we have set short- and medium-term objectives and quantifiable targets to manage and report on our progress on an annual basis.

2021

- Launched our roadmap to net zero by 2050, including interim targets and a supporting methodology
- Announced plans to mobilise $300 billion in Sustainable Finance by 2030
- Published our inaugural Transition Finance Framework

2022

- Developed financed emissions baselines and interim 2030 targets for the Aviation, Shipping and Automotive Manufacturers sectors
- Joined Partnership for Carbon Accounting Financials (PCAF)

2023

- Announced our enhanced Oil and Gas absolute financed emissions target
- Updated our Power and Steel sector baselines and targets moving from a revenue-based intensity metric to a production-based intensity metric
- Developed financed emissions baselines and set interim 2030 targets for four additional sectors: Cement, Aluminium, Residential Mortgages, Commercial Real Estate, bringing the total number of science-based targets set for high-emitting sectors to eleven
- Financed emissions baselines and sectoral progress against targets, where indicated, assured for the first time by Ernst & Young
- Calculated the Group's facilitated emissions baseline from debt capital markets following the final PCAF guidance (published in December 2023) under both the 33 per cent and 100 per cent weighting factors
- Updated the Group's net zero methodological white paper, first published in 2021

2024

- We will develop an interim 2030 financed emissions target for the Agriculture sector, planned to be communicated in our 2024 Annual Report, which will be published in Q1 2025
- Aim to set targets for facilitated emissions

2025

- Aim to be net zero in our own operations

2030

- We will have substantially reduced our exposure to the Thermal Coal Mining sector in line with our Position Statements
- Aim to meet the Group's financed emissions interim targets set for high-emitting sectors

2032

- Targeted end date for legacy direct Thermal Coal Mining financing globally

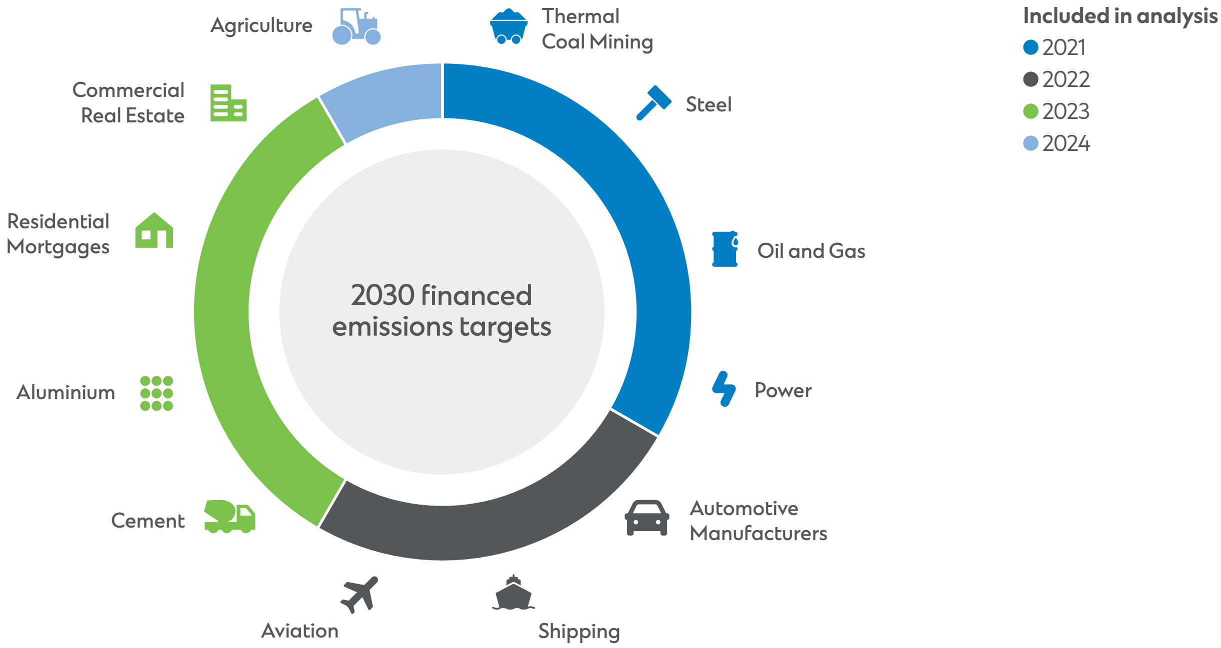
2050

Aim to become net zero in our financed emissions

Pillar 3: Deliver on the annual milestones set forth in our net zero roadmap

We aim to reach net zero emissions in our financed emissions by 2050 and in our own operations by 2025. Since 2018 we have been working on aligning our direct and indirect emissions to the Paris Agreement's goal of well below two degrees Celsius of global warming by the end of the century. We focus on three areas to reduce emissions: our operations, our supply chain and financed emissions associated with our clients. The majority of our GHG emissions are linked to our lending activities, known as financed emissions. Therefore, we have prioritised our measurement and decarbonisation efforts in the highest-emitting and most carbon-intensive sectors of our portfolio, and where working with our clients can have the greatest impact. Due to our footprint – with many emerging markets reliant on carbon-intensive industries – our financed emissions may increase before they decrease but our approach is to remain aligned to a science-based 1.5 degrees Celsius pathway by 2050.

High-emitting and carbon-intensive sectors with interim 2030 targets



Financed emissions

A brief summary of the movements in the 11 high-emitting sectors is as follows:

Aluminium sector emissions have trended down as the power supply into the smelters has become less carbon-intensive and the Group has funded clients with less emission intensive operations.

The physical intensity of the **Automotive manufacturers'** sector (CO_2 per km distance travelled) decreased slightly due to the Group having a larger exposure to zero tailpipe Electric Vehicle manufacturing within the Group's Automotive Manufacturers portfolio.

The physical intensity of the **Cement** sector has remained relatively consistent year-on-year. This will be a hard-to-abate sector in the medium-term until lower carbon energy sources are utilised, especially in emerging markets where we are actively engaging with our clients on their decarbonisation plans and strategies.

In the **Commercial Real Estate** portfolio, building intensities have fallen due to investment in regions with lower emissions power supplies and certain markets' power suppliers decarbonising. We continue to work with technology providers on solutions for individual building emissions measurement and management.

Absolute **Oil and Gas** emissions remained relatively stable year-on-year and are significantly lower versus the baseline year. We continued to pursue overall portfolio decarbonisation, pivoting exposure to counterparties and technologies that are less carbon-intensive.

The **Power** sector's intensity decreased as some of our contractual obligations to coal-fired power plants ended. We also actively pursued lower emissions technologies, including new gas power plants, and expanded our renewables financing.

The emissions intensity of the **Residential Mortgage** portfolio has remained consistent year-on-year and will decrease over time in line with electricity grid decarbonisation.

The **Shipping** sector's alignment delta has worsened due to the impact from the container sector, which enjoyed very strong profits in 2022, encouraging owners to sail faster, leading to higher emissions. Looking ahead, tightening environmental regulations and mechanisms from both the International Maritime Organization (IMO) and European Union (EU) are expected to lead to better alignment between shipowners' behaviours and the Group's 2030 targets.

The **Steel** sector is hard-to-abate and requires significant capital to decarbonise. Decarbonisation is reliant on the shift from blast to electric arc furnaces and many of our emerging markets are at early stages of their transition journeys. While the emissions intensity of our steel portfolio remained relatively unchanged year-on-year, we are actively working with our clients in this sector to support their transition.

Our **Thermal Coal Mining** exposure is decreasing in line with our coal revenue thresholds as detailed in our Position Statements and related contractual commitments. No new Thermal Coal Mining use of proceeds loans have been provided in line with our Position Statements.

The Group completed the sale of its global **Aviation** finance leasing business and the majority of its aviation lending book in August 2023. Noting the distortive effects that the sale of this business would create in our emissions profile, the progress against this target has been paused for year-end 2023. This will be re-assessed based on the size and materiality of the remaining portfolio in 2024.

Setting science-based targets

The Group set interim 2030 financed emissions targets for 11 of the 12 high-emitting sectors with Agriculture being the 12th planned for 2024.

We follow the Net-Zero Banking Alliance (NZBA) guidance on sectors for target-setting, further expanding the Transport sector into Automotive Manufacturers, Aviation and Shipping.

We set four sectoral targets and updated three targets in 2023. All targets have been informed by what the Group considers pre-eminent scientific forward-looking scenario providers. This includes the International Energy Agency (IEA) for energy sectors, the Mission Possible Partnership (MPP) for metals, International Maritime Organization (IMO) for shipping and Carbon Risk Real Estate Monitor (CRREM) for the residential real estate sector.

For our Scope 3 financed emissions, we set science-based targets accounting for differing states of transition readiness across our markets. Due to our footprint – with many emerging markets reliant on carbon-intensive industries – our financed emissions may increase before they decrease. The upper end of our 2030 target may represent low-overshoot scenarios. However, our approach is to remain aligned to a science-based 1.5 degrees Celsius scientific pathway by 2050. Given our science-based approach, we will strive to update our targets both as the scientific community updates their reference scenarios and as data availability improves.

In 2023, the Group:

- Strengthened our Oil and Gas emissions metric from a revenue-based intensity to an absolute financed emissions target and trajectory. This places an emissions budget on the sector and requires a reduction of 29 per cent by 2030 when calculated from a 2020 baseline, aligned with the IEA's NZE trajectory. Our approach ensures we maintain a direct link to absolute GHG emissions in the Oil and Gas sector and allows us to directly assess our progress with the IEA NZE scenario that we have set our target against. By moving away from a revenue-based intensity metric, we remove an element of financial volatility and complexity from our calculations that could restrict transparency and accountability in measuring and disclosing our financed GHG emissions. Oil and Gas is the second sector for which the Group set an absolute financed emission target, in addition to our target for Thermal Coal Mining.
- Updated our Power and Steel sector targets from a revenue-based intensity metric to a production-based intensity metric (i.e., emissions intensity per unit of production). The progression from an economic-based intensity to a production/physical-based intensity reduces the financial volatility in the calculation and improves the connection to clients' actual GHG emissions by linking directly to units of production, or a physical activity.

We published the second edition of the Group's 'Net zero methodological white paper – The journey continues', which sets out the methodology, assumptions and scientific pathways for each high-emitting sector and is available via **sc.com/sustainabilityhub**.

			2030		2022[3]		2021[3]		
Sector[1]	Emissions approach[2]	Scientific reference scenario	2030 Target	2030 Target reduction % from baseline	Absolute emissions ($MtCO_2e$)	Production/ Physical intensity	Absolute emissions ($MtCO_2e$)	Production/ Physical intensity	Cumulative % change from baseline
CCIB									
Aluminium	Production intensity	MPP	6.1 tCO_2e/t Aluminium	Maintain	–	4.59^ tCO_2e/t Aluminium	–	5.62^ tCO_2e/t Aluminium	-18%
Automotive Manufacturers	Physical intensity	IEA APS/ NZE	66–100 $gCO_2/V.km$	44–63%	–	165^ $gCO_2/V.km$	–	178^ $gCO_2/V.km$	-7%
Cement	Production intensity	IEA NZE	0.52 tCO_2/t Cement	22%	–	0.66^ tCO_2/t Cement	–	0.67^ tCO_2/t Cement	-1%
Commercial Real Estate	Physical intensity	IEA APS/ NZE	19–39 $kgCO_2e/sq.m$	47–74%	–	62^ $kgCO_2e/sq.m$	–	73^ $kgCO_2e/sq.m$	-15%
Oil and Gas	Absolute emissions	IEA NZE	9.3 $MtCO_2e$	29%	10.3^	–	10.2^	–	-21%
Power	Production intensity	IEA APS/ NZE	0.17–0.28 tCO_2/MWh	46–67%	–	0.47^ tCO_2/MWh	–	0.52^ tCO_2/MWh	-10%
Shipping	Physical intensity	IMO 2023	0% delta	0% delta	–	+6.4%^ delta	–	+2.6%^ delta	
			0% delta			+11.8%^ delta		+7.3%^ delta	+4.5%
			0% delta			+16%^ delta		+10%^ delta	
Steel	Production intensity	MPP	1.4–1.6 tCO_2/t Steel	22–32%	–	1.97^ tCO_2/t Steel	–	2.06^ tCO_2/t Steel	-4%
Thermal Coal Mining	Absolute emissions	IEA NZE	0.5 $MtCO_2e$	85%	1.6^	–	2.3^	–	-52%
CPBB									
Residential Mortgages	Physical intensity	CRREM	29–32 $kgCO_2e/Sq.m$	15–32%	–	37.7^ $kgCO_2e/Sq.m$	–	37.6^ $kgCO_2e/Sq.m$	0%

1 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at **sc.com/sustainabilityhub**.
2 For further detailed information on sectoral financed emissions and progress against targets, refer to pages 110-111 of our 2023 Annual Report.
3 Due to third-party data sets that feed into our calculations, the Group's reported financed emissions figures have a one-year lag. The Group reports on 2022 and 2021 data in our 2023 Annual Report.

Pillar 4: Leverage our innovation hubs

Announced in 2023, the four thematic innovation hubs – Adaptation Finance, Blended Finance, Carbon Markets and Nature Positive Solutions – focus on emerging sustainability themes that are nascent but ripe for scale, aligned to areas where the Group has a core competency, and are particularly suited to clients in our footprint markets.

Each hub is transversal, run by senior leaders in the CSO organisation, and aims to identify opportunities for future returns outside of our core range of traditional products and services. By being deliberate in demonstrating leadership to advance the ecosystem in these emerging thematic areas, the Group will be well-positioned to take advantage of the significant and differentiated revenue potential that will result from maturation of these themes in the future.

1. Adaptation Finance

There is an urgent global need to unlock and scale public and private climate adaptation finance to build shared societal resilience, especially across our footprint markets, where adaptation represents both a risk and an opportunity for clients and communities.

Acknowledging our geographical footprint and the multiplier effect of investment in adaptation – where every dollar spent on adaptation this decade could generate up to $12 of economic benefit – it is our ambition to act decisively and mobilise others on adaptation.

In 2023, we closed the Group's first Adaptation Finance transaction – an adaptation letter of credit with a parametric insurance provider for the renewable energy sector.

We also collaborated with KPMG and the United Nations Office for Disaster Risk Reduction (UNDRR) to develop the market's first Guide to Adaptation and Resilience Finance (GARF), which was announced at COP28 and is due to be published in early 2024.

For more see our Adaptation Economy report via **sc.com/adaptation-economy** or **page 118** of our 2023 Annual Report

2. Blended Finance

The Independent High-Level Expert Group on Climate Finance estimate that by 2030 there will be a $2.5–3 trillion per year financing gap between current baselines and what is required to deliver the UN Sustainable Development Goals (SDGs) in emerging markets and developing countries other than China. Blended finance – using concessional public funds to mobilise much larger volumes of private capital – can help to close this gap. We work to bring together public and private expertise across the Group to help commercialise blended finance.

In 2023, we worked through international fora and industry groups (e.g., GFANZ) to leverage the Group's expertise and support – alongside other international banks – blended finance projects and programmes, including the development of frameworks for early coal retirement, and hosted both the Vietnamese and Indonesian governments as they launched their Just Energy Transition Partnership (JETP) events at COP28.

For more on Blended Finance see **page 118** of our 2023 Annual Report

3. Carbon Markets

A high-integrity carbon market, combined with corporate commitments to cut emissions and high standards of reporting can accelerate the global progress towards net zero by 2050.

The use of high-quality carbon credits can play a part in a multi-faceted and urgent approach to decarbonisation, as it enables climate action in sectors and geographies that remain severely underfunded today.

Carbon credits can be complementary to a credible corporate net zero transition plan and help bridge the gap between the emissions reductions that can be implemented now, and the longer lead time for technological solutions that are yet to scale.

Standard Chartered has been at the forefront of several initiatives that are working to ensure that high-integrity, scalable carbon markets develop. We offer trading, advisory, financing and risk management services to our clients around the world.

In 2023, we were involved in some of the largest carbon market transactions, including the Regional Voluntary Carbon Market Company (RVCMC) and Climate Impact X (CIX) auctions, and established primary supply partnerships with clients in Kenya, Brazil, China and Vietnam.

For more on Carbon Markets see **page 119** of our 2023 Annual Report

4. Nature Positive Solutions

It is estimated that over half of global GDP is moderately or highly dependent upon nature. Despite its importance, biodiversity is rapidly declining. Having applied international environmental and social standards in our financing for more than 20 years, our presence in markets with some of the richest biodiversity in the world positions us to engage with a range of stakeholders. We are guided by our commercial ambition to increasingly shift financial flows toward nature-positive outcomes and thereby contribute to the halting and reversing of biodiversity loss.

Nature is also a critical lever for climate change mitigation and adaptation and the hub collaborates with the Carbon Markets and Adaptation Finance hubs to explore natural climate solutions and ecosystem-based adaptation opportunities.

In 2023, we conducted an initial impact and dependency assessment to identify our exposure to potentially material sectors in our CCIB segment. In January 2024, we joined a cohort of early adopters of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, preparing to publish our first TNFD-aligned disclosures in early 2026.

For more on Nature Positive Solutions see **page 119** of our 2023 Annual Report

Managing Climate Risk

The Group is exposed to Climate Risk through our clients, our own operations, our suppliers and from the industries and markets we operate in.

Climate Risk taxonomy		Description
Climate Risk		The potential for financial loss and non-financial detriments arising from climate change and society's response to it.
Sub-Risk Types		
Physical Risk		Risks arising from increasing severity and frequency of climate- and weather-related events, which can damage property and other infrastructure, disrupt supply chains, and impact food production. It may also reduce asset valuations, leading to lower profitability for companies. Indirect effects on the macroeconomic environment, such as lower output and productivity, may exacerbate these direct impacts.
	Acute	Specific event-driven weather events, including increased severity of extreme weather events, such as cyclones, hurricanes, floods, or wildfires.
	Chronic	Longer-term shifts in climate patterns, such as changing precipitation patterns, sea-level rise, and longer-term drought.
Transition Risk		Risk arising from the adjustment towards a carbon-neutral economy, which will require significant structural changes to the economy. These changes will prompt a reassessment of a wide range of asset values, a change in energy prices, and a fall in income and creditworthiness of some borrowers. In turn, this entails credit losses for lenders and market losses for investors.

The Group's Board is responsible for the long-term success of the Group and its supporting committees consider climate- and sustainability-related risks and opportunities when reviewing and guiding strategic decisions. Board-level oversight is exercised through the Board Risk Committee (BRC), and regular Climate Risk updates are provided to the Board and BRC. At an executive level, the Group Risk Committee has appointed the Climate Risk Management Committee (CRMC), consisting of senior representatives from business, risk, and other functions such as audit, which oversees the implementation of our Climate Risk workplan and progress made by the Group in meeting regulatory requirements. The CRMC meets at least six times a year to monitor the Group's Climate Risk profile, review, challenge and provide input on climate-related disclosures and stress tests and provide oversight on the development and results of climate models. We have also strengthened country and regional governance oversight for the Climate Risk profile across our key markets in 2023 by cascading relevant Risk Appetite metrics, supported by management information.

For more information on the Group's governance approach for climate-related risks and opportunities see **pages 120 to 123** of our 2023 Annual Report

Our Climate Risk Appetite Statement is approved annually by the Board and supported by Board and Group Management Team (MT) metrics across impacted risk types. The metrics are approved by the Group Risk Committee (for MT-level metrics) and the Board (for Board-level metrics) annually and any breaches are reported to the Group Risk Committee and the Board Risk Committee.

Group Climate Risk Appetite Statement

"The Group aims to measure and manage financial and non-financial risks arising from climate change, and reduce the emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement."

We are continuously expanding the scope and coverage of our risk appetite metrics for enhanced risk identification and management. As such, new metrics such as divergence from the Group's interim 2030 targets across key sectors and a stress loan impairment metric built on short-term scenario outcomes will be monitored in 2024.

Risk type	Metrics reported
Credit Risk – CPBB	Concentration of retail mortgage exposure with loan-to-value exceeding 80 per cent and with high gross physical flood risk across seven of the Group's key markets.
Credit Risk – CCIB	Exposure concentration to clients with high transition risk and low transition readiness.
Traded Risk	Climate scenarios incorporated within Traded Risk stress scenarios inventory.
Country Risk	Concentration of Gross Country Risk exposure to countries exposed to extreme transition and physical risks.
Enterprise-wide	Sectors that are divergent from the Group's interim 2030 targets, starting with Power, Oil and Gas, Automotive Manufacturing and Steel sectors.

Our approach

We manage Climate Risk according to the characteristics of the impacted risk types and are embedding Climate Risk considerations into relevant frameworks and processes. Risk Framework Owners for the relevant Principal Risk Types are responsible for embedding such requirements within their Risk Type Frameworks, policies, standards, as well as risk appetite statements and metrics as appropriate and ensuring compliance to the minimum requirements defined by the Climate Risk Policy. In 2023, we have continued to build on embedding Climate Risk into existing risk-management processes, focusing on a 'Business as Usual' state to identifying, assessing, and monitoring across risk types.

Risk type	Description
Credit Risk – CCIB	We assess Climate Risk vulnerabilities and readiness levels for ~85–90 per cent of the CCIB corporate portfolio for subsequent consideration within our credit decisioning process. Linkages to Credit Underwriting Principles have been finalised for four sectors (Oil and Gas, Shipping, Commercial Real Estate, and Mining including Steel and Aluminium), including improved climate-related analysis, portfolio-level caps and additional data gathering measures. A key focus area in 2024 and beyond remains to further embed Climate Risk and net zero targets into business and credit decisions.
Credit Risk – CPBB	As of September 2023, we assessed physical risk for 79 per cent and transition risk for 54 per cent of our CPBB portfolios. During 2023, the physical risk profile across products and markets has remained stable, with slight variations in exposure to high flood risk due to enhancements in Munich Re's flood risk model. For key markets of the Group's residential mortgage portfolio such as Korea and Taiwan, where homeowners' insurance coverage does not cover damages from acute physical risk, we have established zoning policies and corresponding risk mitigation and trigger monitoring. Our analysis of the impact from transition risk on our residential mortgage portfolio, estimated by quantifying the robustness of borrowers' repayment capability across our key residential mortgage markets, shows that transition risk levels appear to be low.
Operational and Technology Risk	The focus for Operational and Technology Risk has been to assess physical risks for our properties and data centres, as well as third parties.
Country Risk	Our assessment of Physical and Transition Risk Sovereign Rankings serves as an input into the annual sovereign reviews and quarterly early warning indicators. Country limit benchmark computations also consider climate factors.
Traded Risk	We continue to assess the market impacts from Climate Risk, including an assessment of transition effects from climate change policies and two physical risk scenarios as part of the global Traded Risk scenarios inventory. These flow into existing Traded Risk Board-level Risk Appetite (RA) metrics.
Treasury Risk	Concentration of top CCIB corporate liability providers associated with high transition risk and low levels of mitigation are being monitored, leveraging our client-level Climate Risk Assessments.
Reputational and Sustainability Risk	Climate Risk Assessments are considered as part of Reputational and Sustainability reviews for clients and transactions in high-emitting sectors.
Model Risk	Work is also underway to build in-house first generation transition risk models for our Corporates and Sovereigns portfolios which have been used to estimate climate adjusted Expected Credit Loss and stress testing use cases. These models will continue to be evolved over 2024 to further help our risk assessment and portfolio management capabilities.

For more information on how the Group embeds Climate Risk considerations within the business and across Principal Risk Types see **pages 127-129** of our 2023 Annual Report

Scenario analysis

In 2023, significant progress was made to enhance our climate scenario design and analysis capabilities. We assessed the resilience of 95 per cent of CCIB Exposure at Default across three external scenarios based on Version 3 of the Network for Greening the Financial System (NGFS). These were Net Zero 2050, Delayed Transition and Current Policies and three internal scenarios. The internal scenarios include a Base Case linked to current sovereign commitments to meet their net zero targets, and two short term 'tail risk scenarios' to assess Transition Risk from a green trade war and Physical Risk from population migration linked to climate change. The tail scenarios also include second order impacts such as food price inflation and displacement leading to decreased productivity. The severity of the scenarios is aligned to the annual cyclical scenario and driven by GDP shocks in our key markets.

Across the NGFS scenarios, the impact on incremental Expected Credit Loss (ECL) as of 2050 for the overall CCIB portfolio is highest in the Net Zero 2050 scenario, followed by Delayed Transition and Current Policies, primarily driven by impact on our corporate clients. Sectors such as Oil and Gas, Construction, Transportation and Utilities are most impacted, primarily due to the rise in carbon prices in the scenarios and to some extent, by the consequent macroeconomic changes. For internal scenarios, the impacts of GDP and second order risks in the short-term impacts corporate clients across Transportation, Automobiles, Construction, and Commercial Real Estate sectors. The highest impact in the short-term (2030) is seen in the tail transition risk scenario.

Results from the scenario analysis are consistent with the hot spots identified with our net zero strategy across high-emitting sectors. At a client level, outputs from scenario analysis inform our Climate Risk Assessments, while at a portfolio level we have put in place Risk Appetite metrics to measure stressed losses under the Base Case and Net Zero 2050 scenarios.

Key limitations include: (i) benign impact from physical risk due to nascent methodologies for transforming the level of physical risk into business disruption, which is compounded by lack of client-level asset locations; (ii) assuming static balance sheets; and (iii) client business models remaining unchanged.

It's also pertinent to note that while the results do not factor in the potential impact from management actions from our net zero strategy, outputs were reviewed by an expert panel comprising first line and second line representatives, followed by a discussion at the Climate Risk Management Committee and subsequent update to the Board Risk Committee.

For more information on the Group's approach to scenario analysis, please refer to **pages 309 to 313** of our 2023 Annual Report

Qualitative review of climate risks and opportunities in annual business strategy and financial planning

In 2023, Climate Risk was considered as part of our formal annual corporate strategy and financial planning process. In addition, we developed management scenarios with an aim to strengthen business strategy and financial planning to support the Group's net zero roadmap.

We use both qualitative and quantitative aspects focusing on revenue reliance from clients in high-emitting sectors and/or locations in regions most exposed to physical risk, considering adequacy of mitigation plans. The results are then independently reviewed by regional and client-segment Chief Risk Officers (CROs) and the ESG and Reputational Risk team. Climate Risk impact is also included in the Risk review of our Corporate Plan, which is considered by the Board as part of their approval of the overall Corporate Plan. The 2024 Corporate Plan includes an increase in loan impairment due to the impact from Climate Risk.

In most cases, the physical and transition risks identified were assessed to be well controlled in the short term. We are starting to work with our clients in high-emitting sectors by prioritising sustainable finance products to decarbonise their business models and help enable their transition journeys. We also continue to proactively work with clients in sectors with lower carbon intensity and emissions such as clean technology to support the growth of these industries. Our Sustainable and Transition Finance product suite and our dedicated Sustainable Finance, Transition Acceleration and ESG Advisory teams, are a robust response to transition risks in the short term, strengthening our resilience towards a two degrees Celsius or lower transition scenario. However, longer-term transition risks were highlighted, particularly for the Africa and Middle East region, given its dependency on fossil fuels; and longer-term physical risks were deemed to be most relevant for the Asia region.

Regulatory landscape

Key financial regulators across our footprint have proposed or set supervisory expectations on climate and environmental risk management. Those expectations are broadly aligned with the Basel Committee principles for the management of climate-related financial risks, but local implementations vary.

We have been and are actively engaging with industry bodies and regulators to drive consistency in policymaking across our markets. A process has been established for tracking various Climate Risk-related regulatory developments and obligations set by both financial and non-financial service regulators at Group, regional and country level, with roles and responsibilities set out in the Group's Climate Risk Policy. Regulatory requirements or enhancements are recorded through workplans across various country and regional teams.

Non-financial and sustainability information statement

This table sets out where shareholders and stakeholders can find information about key non-financial matters in this report, in compliance with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. Further disclosures are available via **sc.com/sustainabilityhub**.

Reporting requirement	Where to find more information in this report about our policies and impact including risks, due diligence processes and outcomes	Page[1]
Description of business model	Business model	20
	Our strategy	24
Principal Risks and uncertainties	Risk overview	**230**
	Risk review and Capital review	**230**
Environmental matters	Our operations	**106**
	Our suppliers	**107**
	Our clients – Reducing our financed emissions	**108**
Employees	Employees	60
	Employee policies and engagement	**222**
	Health, safety and wellbeing	**224**
Human rights	Suppliers	58
	Respecting human rights	**133**
Social matters	Society	59
	Drive social impact through our clients and communities	**97**
Anti-corruption and bribery	Code of conduct and ethics	**130**
	Fighting financial crime	**131**
	Political donations	**218**
Non-financial KPIs	Supplementary people information	**498**
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	2023 Sustainability Aspirations	**508**

See the Sustainability Review section from **pages 92 to 133** of our 2023 Annual Report for further information and details

Taskforce on Climate-related Financial Disclosures (TCFD)

In line with our 'comply or explain' obligation under the UK's Financial Conduct Authority's Listing Rules, we can confirm that we have made disclosures consistent with the TCFD recommendations and recommended disclosures in our 2023 Annual Report. Our TCFD disclosures also meet the new climate-related financial disclosure requirements contained in section 414CB of the Companies Act 2006. We have also taken into account the implementation guidance included in the TCFD 2021 Annex.

Section		TCFD recommendation	Page[1]
Governance	a)	The Board's oversight of climate-related risks and opportunities	**120**
	b)	Management's role in assessing and managing climate-related risks and opportunities	**120**
Strategy	a)	Climate-related risks and opportunities the Group has identified over the short, medium and long term	**309**
	b)	Impact of climate-related risks and opportunities on the Group's businesses, strategy and financial planning	78
	c)	Resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a two degrees Celsius or lower scenario	**309**
Risk Management	a)	Our processes for identifying and assessing climate-related risks	**298**
	b)	Our processes for managing climate-related risks	**298**
	c)	How the Group's processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management	**127**
Metrics and Targets	a)	The metrics used by the Group to assess climate-related risks and opportunities in line with our strategy and risk management processes	66
	b)	Disclosures on Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and related risks	**105**
	c)	The targets used by the Group to manage climate-related risks and opportunities and our performance against targets	25

For a more detailed TCFD Summary and Alignment Index referencing relevant disclosures see **pages 511 to 516** of our 2023 Annual Report

1 For bold page references please reference our 2023 Annual Report

Underlying versus reported results reconciliations

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

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

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

Net interest income and Non NII

	2023				2022[1]			
	Underlying $million	**Restructuring $million**	**Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets $million**	**Reported $million**	Underlying $million	Restructuring $million	Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets $million	Reported $million
Net interest income[1,2]	**9,557**	**(10)**	**(1,778)**	**7,769**	7,967	9	(383)	7,593
Non NII[1,2]	**7,821**	**651**	**1,778**	**10,250**	7,795	547	383	8,725
Total income	**17,378**	**641**	**–**	**18,019**	15,762	556	–	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. To be consistent with how we the compute Net Interest Margin, we have changed our definition of Underlying Net Interest Income (NII) and Underlying Non NII. The adjustments made to NIM, including Interest expense relating to funding our trading book, will now be shown against Underlying Non NII to be updated as rather than Underlying NII. There is no impact on total income

Profit before taxation (PBT)

	2023					
	Underlying $million	**Restructuring $million**	**Net gain on businesses disposed of[3] $million**	**Goodwill and other Impairment[2] $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[1]					
	Underlying $million	Restructuring $million	Net gain on businesses disposed of $million	Goodwill and other Impairment[2] $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)	–	–	42	5,405
Credit impairment	(836)	–	–	–	–	(836)
Other impairment	(39)	(78)	–	(322)	–	(439)
Profit from associates and joint ventures	167	(11)	–	–	–	156
Profit/(loss) before taxation	4,645	(99)	20	(322)	42	4,286

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 (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
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

Profit before taxation (PBT) 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)
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[2]	–	–	–	(850)	(850)
DVA	17	–	–	–	17
Other items[3]	262	–	–	–	262
Reported profit/(loss) before taxation	5,747	2,427	(412)	(2,669)	5,093

	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)
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[2]	–	–	–	(322)	(322)
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported profit/(loss) before taxation	4,046	1,537	(364)	(933)	4,286

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 (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 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

Profit before taxation (PBT) 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 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[2]	(850)	–	–	–	(850)
DVA	(16)	26	7	–	17
Other items[3]	35	(18)	263	(18)	262
Reported profit/(loss) before taxation	3,812	1,317	(28)	(8)	5,093

	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 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

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 (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 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

Return on tangible equity (RoTE)

	2023 $million	2022[1] $million
Average parent company Shareholders' Equity[2]	**43,549**	44,237
Less Average preference share capital and share premium	**(1,494)**	(1,494)
Less Average intangible assets	**(5,957)**	(5,557)
Average Ordinary Shareholders' Tangible Equity	**36,098**	37,186
Profit for the period attributable to equity holders	**3,462**	2,902
Non-controlling interests	**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 & other impairment[3]	**850**	322
Net gains on sale of businesses[4]	**(262)**	(20)
Ventures FVOCI unrealised gains/(losses) net of tax	**69**	(36)
DVA	**(17)**	(42)
Tax on normalised items	**(21)**	(3)
Underlying profit for the period attributable to ordinary shareholders	**3,650**	2,867
Underlying Return on Tangible Equity	**10.1%**	7.7%
Reported Return on Tangible Equity	**8.4%**	6.8%

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. Excludes other equity instruments including AT1s
3. 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)
4. 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

	2023				
	Corporate, Commercial& Institutional Banking %	Consumer Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE	19.5	25.3	nm[3]	(27.0)	10.1
Provision for regulatory matters	–	–	–	–	–
Restructuring					
Of which: Income	1.4	0.6	–	0.3	1.0
Of which: Expenses	(1.3)	(1.4)	nm[3]	(0.6)	(1.1)
Of which: Credit impairment	0.1	–	–	0.1	0.1
Of which: Other impairment	(0.1)	–	–	(0.2)	(0.1)
Of which: Profit from associates and joint ventures	–	–	–	0.6	0.1
Net gain on businesses disposed/held for sale[2]	1.3	–	–	–	0.7
Goodwill and other impairment[1]	–	–	–	(11.1)	(2.3)
Ventures FVOCI Unrealised gains/(losses) net of Taxes	–	–	–	–	(0.2)
DVA	0.1	–	–	–	–
Tax on normalised items	(0.4)	0.2	nm[3]	1.1	0.1
Reported RoTE	20.6	24.7	nm[3]	(36.8)	8.4

1. 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)
2. 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
3. Not meaningful
4. Segmental RoTE is the ratio of the current year's underlying profit to the average tangible equity. Average Tangible Equity has been derived based on average RWA

	2022[1]				
	Corporate, Commercial& Institutional Banking %	Consumer Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE	13.4	15.8	nm[3]	(14.2)	7.7
Provision for regulatory matters	–	–	–	–	–
Restructuring					
Of which: Income	1.9	0.6	–	0.1	1.3
Of which: Expenses	(1.6)	(1.4)	nm[3]	(0.5)	(1.4)
Of which: Credit impairment	–	–	–	–	–
Of which: Other impairment	(0.2)	–	–	(0.3)	(0.2)
Of which: Profit from associates and joint ventures	–	–	–	(0.1)	–
Net loss on businesses disposed/held for sale	–	–	nm[3]	0.3	0.1
Goodwill and other impairment[2]	–	–	–	(4.5)	(0.9)
Ventures FVOCI Unrealised gains/(losses) net of Taxes	–	–	–	–	0.1
DVA	0.2	–	–	–	0.1
Tax on normalised items	(0.1)	0.2	nm[3]	–	–
Reported RoTE	13.6	15.2	nm[3]	(19.2)	6.8

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 (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3. Not meaningful
4. Segmental RoTE is the ratio of the current year's underlying profit to the average tangible equity. Average Tangible Equity has been derived based on average RWA

Net charge-off ratio

	2023			2022		
	Credit impairment (charge)/ release for the year/ period $million	**Net average exposure $million**	**Net Charge-off Ratio %**	Credit impairment (charge)/ release for the year/ period $million	Net average exposure[1] $million	Net Charge-off Ratio[1] %
Stage 1	**42**	**320,649**	**(0.01)%**	5	321,099	(0.00)%
Stage 2	**(262)**	**11,674**	**2.24%**	(325)	13,162	2.47%
Stage 3	**(386)**	**3,117**	**12.38%**	(423)	3,074	13.76%
Total exposure	**(606)**	**335,440**	**0.18%**	(743)	337,335	0.22%

1. Prior year has been restated

Earnings per ordinary share (EPS)

	2023						
	Underlying $ million	**Restructuring $ million**	**DVA $ million**	**Net gain on sale of businesses[1] $ million**	**Goodwill and other impairment[2] $ million**	**Tax on normalised items $ million**	**Reported $ million**
Profit for the year attributable to ordinary shareholders	**3,581**	**(14)**	**17**	**262**	**(850)**	**21**	**3,017**
Basic – Weighted average number of shares (millions)	**2,778**						**2,778**
Basic earnings per ordinary share (cents)	**128.9**						**108.6**

	2022[3]						
	Underlying $ million	Restructuring $ million	DVA $ million	Net loss on sale of businesses $ million	Goodwill impairment[2] $ million	Tax on normalised items $ million	Reported $ million
Profit for the year attributable to ordinary shareholders	2,903	(99)	42	20	(322)	3	2,547
Basic – Weighted average number of shares (millions)	2,966						2,966
Basic earnings per ordinary share (cents)	97.9						85.9

1. 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. 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)
3. 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

Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The following are key alternative performance measures used by the Group to assess financial performance and financial position.

Measure	Definition
Advances-to-deposits/ customer advances-to-deposits (ADR) ratio	The ratio of total loans and advances to customers relative to total customer accounts, excluding approved balances held with central banks, confirmed as repayable at the point of stress. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers.
Average interest earning balance	Daily average of the interest earning assets and interest bearing liablities balances excluding the daily average cash collateral balances in other assets and other liabilities that are related to the Financial Markets trading book
Constant currency basis	A performance measure on a constant currency basis is presented such that comparative periods are adjusted for the current year's functional currency rate. The following balances are presented on a constant currency basis when described as such: • Operating income • Operating expenses • Profit before tax • RWAs or risk-weighted assets
Cost-to-income ratio	The proportion of total operating expenses to total operating income.
Cover ratio	The ratio of impairment provisions for each stage to the gross loan exposure for each stage.
Cover ratio after collateral/cover ratio including collateral	The ratio of impairment provisions for stage 3 loans and realisable value of collateral held against these non-performing loan exposures to the gross loan exposure of stage 3 loans.
Gross yield	Reported interest income divided by average interest earning assets.
Income return on risk weighted assets (IRoRWA)	Annualised Income excluding Debit Valuation Adjustment as a percentage of Average RWA
Jaws	The difference between the rates of change in revenue and operating expenses. Positive jaws occurs when the percentage change in revenue is higher than, or less negative than, the corresponding rate for operating expenses.
Loan loss rate	Total credit impairment for loans and advances to customers over average loans and advances to customers.
Net charge-off ratio	The ratio of net credit impairment charge or release to average outstanding net loans and advances.
Net tangible asset value per share	Ratio of net tangible assets (total tangible assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.
Net yield	Gross yield on average assets less rate paid on average liabilities
NIM or Net interest margin	Reported net interest income adjusted for interest expense incurred on amortised cost liabilities used to fund the Financial Markets business and financial guarantee fees on interest earning assets, divided by average interest-earning assets excluding financial assets measured at fair value through profit or loss.
RAR per FTE or Risk adjusted revenue per full-time equivalent	Risk adjusted revenue (RAR) is defined as underlying operating income less underlying impairment over the past 12 months. RAR is then divided by the 12 month rolling average full-time equivalent (FTE) to determine RAR per FTE.
Rate paid	Reported interest expense adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest bearing liabilities.
RoE or Return on equity	The ratio of the current year's profit available for distribution to ordinary shareholders plus fair value movements through other comprehensive income relating to the Ventures segment to the weighted average ordinary shareholders' equity for the reporting period.
RoTE or Return on ordinary shareholders' tangible equity	The ratio of the current year's profit available for distribution to ordinary shareholders to the average tangible equity, being ordinary shareholders' equity less the average intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods.
TSR or Total shareholder return	The total return of the Group's equity (share price growth and dividends) to investors.

Measure	Definition
Underlying net interest income	Reported net interest income normalised to an underlying basis adjusted for interest expense incurred on amortised cost liabilities used to fund the Financial Markets business and financial guarantee fees on interest earning assets.
Underlying/Normalised	A performance measure is described as underlying/normalised if the reported result has been adjusted for restructuring and other items representing profits or losses of a capital nature; DVA; amounts consequent to investment transactions driven by strategic intent, excluding amounts consequent to Ventures transactions, as these are considered part of the Group's ordinary course of business; and 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 performance period-by-period. Restructuring includes impacts to profit or loss from businesses that have been disclosed as no longer part of the Group's ongoing business, redundancy costs, costs of closure or relocation of business locations, impairments of assets and other costs which are not related to the Group's ongoing business. Restructuring in this context is not the same as a restructuring provision as defined in IAS 37. A reconciliation between underlying/normalised and reported performance is contained in Note 2 to the financial statements. The following balances and measures are presented on an underlying basis when described as such: • Operating income • Operating expense • Profit before tax • Earnings per share (basic and diluted) • Cost-to-income ratio • Jaws • RoTE or return on tangible equity
Non NII	Reported Non NII is a sum of net fees and commission, net trading income and other operating income
Underlying Non NII	Reported Non NII normalised to an underlying basis adjusted for interest expense incurred on amortised cost liabilities used to fund the Financial Markets business and financial guarantee fees on interest earning assets. In prior periods Underlying Non NII was described as underlying other income.
Underlying RoTE	The ratio of the current year's profit available for distribution to ordinary shareholders plus fair value on OCI equity movement relating to Ventures segment to the weighted average ordinary shareholders' equity for the reporting period.

Viability statement

The directors are required to issue a viability statement regarding the Group, explaining their assessment of the prospects of the Group over an appropriate period of time and state whether they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due.

The directors are to also disclose the period of time for which they have made the assessment and the reason they consider that period to be appropriate.

In considering the viability of the Group, the directors have assessed the key factors including, but not limited to; inflationary pressures, spikes in oil prices, market volatility, economic recession, and geopolitical events likely to affect the Group's business model and strategic plan, future performance, capital adequacy, solvency and liquidity taking into account the emerging risks as well as the principal risks.

The viability assessment has been made over a period of three years, which the directors consider appropriate as it is within both the Group's strategic planning horizon and, the basis upon which its regulatory capital stress tests are undertaken and is representative of the continuous level of regulatory change affecting the financial services industry. The directors will continue to monitor and consider the appropriateness of this period.

The directors have reviewed the corporate plan, the output of the Group's formalised process of budgeting and strategic planning. For the 2024 Corporate Plan, the forward-looking cash flows and balances includes the anticipated impact of global interest rates on revenues and inflationary pressure on costs . The Corporate Plan is evaluated and approved each year by the Board with confirmation from the Group Chief Risk Officer that the Plan is aligned with the Enterprise Risk Management Framework and within Group Risk Appetite Statement and considers the Group's future projections of profitability, cash flows, capital requirements and resources, liquidity ratios and other key financial and regulatory ratios over the period. The Corporate Plan details the Group's key performance measures, of forecast profit, CET 1 capital ratio forecast, return on tangible equity forecasts, cost to income ratio forecasts and cash investment projections. The Board has reviewed the ongoing performance management process of the Group by comparing the reported results to the budgets and corporate plan.

The Group performs enterprise-wide stress tests using a range of bespoke hypothetical scenarios that explore the resilience of the Group to shocks to its balance sheet and business model.

To assess the Group's balance sheet vulnerabilities and capital and liquidity adequacy, severe but plausible macro-financial scenarios explore shocks that trigger one or more of:

- Global slowdowns including recessions in China, Asian and Western economies that can be acute or more protracted, resulting in severe declines in property prices
- Sharp falls in world trade volumes and disruption to global supply chains, including the severe worsening of trade tensions and rise of protectionism.
- Inflationary pressures in the global economy including volatility in commodity prices
- Significant rises in interest rates and depreciation in emerging market currencies, resulting in heightened sovereign risk
- Financial market volatility, including significant moves in asset prices driven by a combination of macroeconomic and geopolitical events

This year, the primary focus has been on:

- The effect of high interest rates and persistent inflation, including spikes in the oil price, combined with severe market volatility and severe economic downturns in China and other economies.
- The impact of intensifying geopolitical tensions on economic and financial activity in our footprint markets including an assessment of both financial and operational risks.
- Testing liquidity resilience of the Group in case it experiences a very severe stress informed by different, actual stress events observed for e.g. Silicon Valley Bank or by Credit Suisse

In 2023, the Group undertook a number of Climate Risk stress tests, including those mandated by the Hong Kong Monetary Authority, Central Bank UAE and internal management scenario analysis. We expanded our portfolio coverage to assess the resilience of 95 per cent of CCIB Exposure at Default across three external scenarios based on Version 3 of the Network for Greening the Financial System (NGFS) and three internal management scenarios. The three internal scenarios refer to one bespoke base case and a physical and a transition tail risk scenario.

The loan impairment (LI) intensity which measures the level of gross expected credit losses (ECL) against the exposure at default (EAD) enables us to assess the relative size of our exposure subject to potential losses from climate risks. LI intensity is not currently material.

Overall, we believe that the level of potential credit losses can be mitigated by continuing to take necessary actions which the Group is already doing across sectors, engaging with our clients on this topic and support them in enhancing their climate transition plans. The impact of sea level rises under various Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) scenarios was used to explore the Physical Risk impact on the Consumer, Private and Business Banking (CPBB) residential mortgage portfolio. In 2023, Climate Risk was also considered as part of our formal annual corporate strategy and financial planning process.

Under this range of scenarios, the results of these stress tests demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet regulatory minimum capital and liquidity requirements.

To assess the Group's business model vulnerabilities, extreme and unlikely scenarios are explored that, by design, result in the Group's business model no longer being viable these scenarios have included for the Group escalation of geopolitical tensions which results in reciprocal target sanctions and the bifurcation of financial system between the West and East , impacting key industries including technology, telecommunications and financial institutions. Insights from these reverse stress tests can inform strategy, risk management and capital and liquidity planning.

Further information on stress testing is provided in the **Risk management approach** section (page 314 of our 2023 Annual Report).

The directors further considered 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. Funding and liquidity was considered in the context of the risk appetite metrics, including the ADR and LCR ratios.

The Board Risk Committee (BRC) exercises oversight on behalf of the Board of the key risks of the Group and reviews the Group's Risk Appetite Statement and Enterprise Risk Management Framework, including reviewing the appropriateness and effectiveness of the Group's risk management systems, key controls and considering the implications of material regulatory change proposals, and reviewing reports on principal risks, including Climate Risk, to the Group's business.

The BRC receives regular reports reports on the Group's key risks, as well as updates on the macroeconomic environment, geo-political outlook, market developments, and relevant regulatory updates. In 2023, the BRC had deeper discussion covering: CCIB Risk deep dives with particular focus on change management and regulatory programmes; the CPBB portfolio, particularly credit cards, personal loans, partnerships, Financial Crime and ICS risks; the Group's approach to Liquidity and Funding Risk management; Country risk including Sovereign risk; credit portfolio management activities risk and progress made in balance sheet optimisation; Reputational and Sustainability Risk including the Group's approach to Environmental, Social and Governance Risk;, Climate Risk particularly climate risk integration and scenario analysis;, Safety and Security Risk;, Credit Risk review particularly large exposures, resources and scope of climate risk assessment and stress testing; and Chief Risk Officer treasury report, including risk observations and recommendations around the current balance sheet; SC Ventures Risk and governance. The BRC also held a joint horizon scanning session with the Audit Committee on the forward looking geo-political agenda and emerging risks.

Based on the information received, the directors' considered the principal uncertainties as well as the principal risks in their assessment of the Group' viability, how these impact the risk profile, performance and viability of the Group and any specific mitigating or remedial actions necessary.

For further details of information relevant to the directors, assessment can be found in the following sections of the annual report and accounts:

- The Group's Business model (pages 20 to 23) and Strategy (pages 24 and 25)
- The Group's current position and prospects including factors likely to affect future results and development, together with a description of financial and funding positions are described in the client segment reviews and regional reviews (pages 28 to 33)
- An update on the key risk themes of the Group is discussed in the Group Chief Risk Officer's review, found in the Strategic Report (pages 44 to 51)
- The BRC section of the Director's report (pages 168 to 173)
- The Group's Topical and Emerging Risks, sets out the key external factors that could impact the Group in the coming year (pages 48 to 51).
- The Group's Enterprise Risk Management Framework details how the Group identifies, manages and governs risk (pages 314 to 319 of our 2023 Annual Report)
- The Group's Risk profile provides an analysis of our risk exposures across all major risk types (page 320 to 337 of our 2023 Annual Report)
- The capital position of the Group, regulatory development and the approach to management and allocation of capital are set out in the Capital review (pages 338 to 343 of our 2023 Annual Report)

Having considered all the factors outlined above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment up to 31 December 2026.

Our Strategic report from pages 01 to 89 has been reviewed and approved by the Board.

Our Strategic report from pages 01 to 89 has been reviewed and approved by the Board.

Bill Winters

Group Chief Executive

23 February 2024

Governance

Our weather photographers of the year

We are showcasing three of the most striking weather and climate photographs captured by our colleagues, as voted for by over 4,000 employees.

These pictures were originally submitted as part of the annual Standard Chartered Weather Photographer of the Year competition, organised by the UK's Royal Meteorological Society.

Climate change will hit hardest in many of the communities and markets where we operate. Its impact on the environment and human health significantly affects sustainable economic growth and the future of society. These pictures aim to draw attention to the beauty of the planet and the importance of its conservation. We're committed to net zero carbon emissions in our own operations by 2025, and financing by 2050.

Read more on **sc.com/scwpy**

Zhangjiajie National Forest Park, China
Photographer: **Irene Yuan**

Amboseli, Kenya
Photographer: **Arvind Karthik**

Kolukkumalai Peak, Tamil Nadu, India
Photographer: **Akshat Tholia**

Group Chairman's governance overview

Dr José Viñals
Group Chairman

"In times of uncertainty, a robust corporate governance framework is especially important."

In my opening letter, I referred to the uncertainties in our markets caused by the multiple geopolitical and macroeconomic events affecting the year. These require our close attention given their ability to impact our various businesses in quite different ways. The Board has monitored these developments carefully and proactively, devoting agenda time at the Board and across our committees and also considering them at the Group's International Advisory Council (IAC), which includes representatives from our Management Team.

The Board also received a series of briefings from internal and external experts who provided valuable insights from their diplomatic, central banking, economic, regional and political vantage points to help us prepare for events which may occur in the future. In the same vein, the Board Risk Committee (BRC) and Audit Committee (AC) jointly held a Blue Sky Thinking session on forward-looking geopolitics and their impact on the work of those committees. The session was facilitated by Robert Zoellick, the Chair of our IAC.

In times of uncertainty, a robust corporate governance framework is especially important, and this report sets out how the Board and our committees work to ensure that risks are addressed, opportunities are taken, and the Group continues to deliver sustainable value.

The Board was disappointed with the market reaction to the Group's third-quarter results. We considered carefully the reasons for that with our advisers and also at our December Board meeting, from which we drew a number of lessons.

The Board's priorities for 2023 were guided by our business objectives, the environment in which we operate and suggestions from last year's externally facilitated Board evaluation. These were woven into agendas at the beginning of the year and reviewed regularly.

In February 2023, the banking sector faced volatility caused by the collapse of the Silicon Valley Bank which was followed by that of Credit Suisse. The BRC monitored the situation carefully, receiving regular updates from management on our own financial position and actions to address issues arising in the markets. These were also shared with the Board which also received updates at meetings.

Information and cybersecurity (ICS) risk was also a key area of focus for both the Board and the BRC in 2023. The BRC devoted significant time to reviewing and discussing ICS matters, including a new ICS Risk Appetite Statement that was also brought to the Board. The AC had a very busy year, reviewing internal controls and assurance around the Group's activities. It paid close attention to the carrying value of loans and investments in certain industries, locations and subsidiaries, especially China.

The Remuneration Committee continues to work hard to implement the remuneration strategy approved in 2022. Our Directors' Remuneration Report, which details the key activities of the Remuneration Committee in 2023, can be found on page 104.

In January, we appointed Linda Yueh as an independent Non-Executive Director (INED). Linda then succeeded Jasmine Whitbread as chair of the Sustainability and Culture Committee (CSC) following Jasmine's retirement from the Board in May. Jasmine has been an excellent contributor to the Board across her eight years and has led the CSC with distinction. We are also very sorry to see the departure of Andy Halford, who stepped down from his Group Chief Financial Officer (GCFO) role in January 2024, after a tenure of over nine years, marked by his very significant contributions to the Group.

We welcomed Diego De Giorgi to the Group in September 2023 as GCFO Designate, following a thorough external talent mapping and selection process overseen by the Governance and Nomination Committee (GNC). Following regulatory approval, Diego began his role in January 2024 following a thorough induction programme and handover from Andy. Further detail regarding the changes made to our Board appears in the GNC report starting on page 177 of our 2023 Annual Report.

We have been following the proposals for UK Audit and Corporate Governance (ACG) reforms, both at Board level and across our committees. Following the Financial Reporting Council (FRC) publication of the UK Corporate Governance Code 2024, we are considering the changes in readiness for the application of the new UK Code in 2025, and additional internal control reporting provisions coming into force in the following year.

We travelled to a number of markets as a Board during 2023, with visits to Hong Kong, Jakarta and Seoul; in addition, onward market visits were made by a number of directors to obtain an on-the-ground perspective of the business, opportunities and challenges faced. In each market we visited as a Board, employee engagement sessions were held where directors met and listened to colleagues from across our footprint, either face-to-face or through hybrid mechanisms. We welcomed the opportunity to engage with so many of our valued colleagues, both long-standing employees and newer recruits. These market visits provided an opportunity to test enhancements made to the Board's workforce engagement model, which facilitate more face-to-face contact following our emergence from the COVID pandemic. Details of the changes to our workforce engagement model are set out in the CSC report on page 174 of our 2023 Annual Report. Apart from allowing us to connect with colleagues from across our footprint, overseas board visits also provide opportunities for the Board to strengthen the links with subsidiary boards. The Board is planning to visit several countries across our footprint in 2024. Further detail regarding Board engagement with stakeholders appears on page 157 of our 2023 Annual Report.

Engagement with all stakeholders, including, of course, our investors is key to our decision-making. I hosted a stewardship event in November alongside the chairs of the Audit and Remuneration Committees to provide an update regarding the Group's strategy, including with respect to sustainability, and on the work of our Board committees. Close engagement has continued between the Board and our subsidiary boards, through regular exchanges among the chairs, committee chairs and other INEDs.

The Corporate Plan is an important part of the Board's agenda each year. In June, we held a deep and productive two-day strategy discussion, which considered any impact from the economic and political headwinds emerging in 2023. The session concluded with the Board's firm belief that it remains the right strategy for the Group. Throughout the year, the Board considered a number of strategic opportunities for growth in the context of our Corporate Plan and Risk Appetite.

Finally, the Board remains confident for the Group's future and is committed to our strategy and our purpose, and is laser focused on developing sustained and sustainable returns within our Risk Appetite.

Dr José Viñals
Group Chairman

Board of Directors

Committee key

- Committee Chair shown in green
- (A) Audit Committee
- (Ri) Board Risk Committee
- (S) Culture and Sustainability Committee
- (N) Governance and Nomination Committee
- (R) Remuneration Committee

Dr José Viñals (69)
Group Chairman

Appointed October 2016 and Group Chairman in December 2016. José was appointed to the Court of Standard Chartered Bank in April 2019.

Experience José has substantial experience in the international regulatory arena and has exceptional understanding of the economic, financial and political dynamics of our markets and of global trade. He has a broad network of decision-makers in the jurisdictions in our footprint.

Career Until 2016, José was the Financial Counsellor and the Director of the Monetary and Capital Markets Department at the International Monetary Fund (IMF) and was responsible for the oversight and direction of the IMF's monetary and financial sector work. He was the IMF's chief spokesperson on financial matters, including global financial stability. During his tenure, José was a member of the Plenary and Steering Committee of the Financial Stability Board, playing a key role in the reform of international financial regulation. Prior to the IMF, José began his career as an economist and as a member of the faculty at Stanford University, before going to the Central Bank of Spain, where he was the Deputy Governor. He is a past President of the International Monetary Conference.

José has held many other board and advisory positions, including chair of Spain's Deposit Guarantee Fund, chair of the International Relations Committee at the European Central Bank, member of the Economic and Financial Committee of the European Union, and chair of the Working Group on Institutional Investors at the Bank for International Settlements.

External appointments José is Co-Chair of the United Nations' Alliance of Global Investors for Sustainable Development (GISD). He is a board member of the Institute of International Finance (IIF), a member of the board of directors of the Bretton Woods Committee, member of the Leadership Council of CityUK, and member of the Business Advisory Group to the Director General of the World Trade Organisation (WTO).

Committees N

Bill Winters (62)
Group Chief Executive

Appointed June 2015. Bill was also appointed to the Court of Standard Chartered Bank in June 2015.

Experience Bill is a career banker with significant frontline global banking experience and a proven track record of leadership and financial success. He has extensive experience of working in emerging markets and a proven record in spotting and nurturing talent.

Career Bill began his career with JP Morgan, where he went on to become one of its top five executives and later Co-Chief Executive Officer at the investment bank from 2004 until he stepped down in 2009. Bill was invited to be a committee member of the Independent Commission on Banking to recommend ways to improve competition and financial stability in banking. Subsequently, he served as an adviser to the Parliamentary Commission on Banking Standards and was asked by the Court of the Bank of England to complete an independent review of the bank's liquidity operations.

In 2011, Bill founded Renshaw Bay, an alternative asset management firm, where he was chairman and CEO. He stepped down on appointment to the Standard Chartered PLC Board. Bill was previously a non-executive director of Pension Insurance Corporation plc and RIT Capital Partners plc. He received a CBE in 2013. Bill is a director of Standard Chartered Holdings Limited.

External appointments Bill is an independent non-executive director of Novartis International AG, listed on SIX Swiss Exchange. He is also an Advisory Group Member of the Integrity Council for Voluntary Carbon Markets and a member of the Steering Committee of the UK Voluntary Carbon Markets Forum.

+ Bill leads the Management Team

As announced on 1 August 2022, Christine Hodgson retired from the Board on 31 January 2023. Jasmine Whitbread retired from the Board on 3 May 2023.

As announced on 21 December 2023, Andy Halford stepped down as Group Chief Financial Officer and from the Board on 2 January 2024, and therefore will not seek re-election at the 2024 Annual General Meeting (AGM).

As announced on 16 February 2024, Gay Huey Evans will step down from the Board with effect from 29 February 2024. Carlson Tong's departure from the Board will take place on 9 May 2024, ahead of the AGM. Diane Jurgens will join the Board as an INED, with effect on 1 March 2024.

Diego De Giorgi (53)
Group Chief Financial Officer

Appointed January 2024. Diego was also appointed to the Court of Standard Chartered Bank in January 2024.

Experience Diego has more than three decades of experience in the global financial services sector, working with clients across the UK, Europe, the US, Asia, the Middle East and Africa. This has helped him build a strong understanding of the complexity of delivering across diverse markets.

Career Diego spent 18 years at Goldman Sachs, with leadership roles in the Equity Capital Markets Group and the Financial Institutions Group before becoming the Chief Operating Officer for the Global Investment Banking division. Following this, he moved to Bank of America Merrill Lynch, where he spent six years, rising to Head of Global Investment Banking. He served as a non-executive director at UniCredit and a member of their Compensation Committee in 2020 and 2021.

From 2021, Diego was the Co-Chief Executive of Pegasus Europe, Europe's largest-ever Special Purpose Acquisition Company (SPAC), which was focused on the financial services sector and was listed on Euronext Amsterdam.

External appointments Diego also sits on the Board of the MIB Trieste School of Management.

Maria Ramos (65)
Senior Independent Director

Appointed January 2021. Maria was also appointed to the Court of Standard Chartered Bank in January 2021. She was appointed as Senior Independent Director in September 2022.

Experience Maria has extensive CEO, banking, commercial, financial, policy and international experience.

Career Based in South Africa, Maria served as chief executive officer of ABSA Group Limited (previously Barclays Africa Group), a diversified financial services group serving 12 African markets, from 2009 to 2019. Before joining ABSA, Maria was the group chief executive of Transnet Ltd, the state-owned freight transport and logistics service provider, for five years. Prior to her CEO career, Maria served for seven years as director-general of South Africa's National Treasury (formerly the Department of Finance), where she played a key role in transforming the National Treasury into one of the most effective and efficient state departments in the post-apartheid administration. Maria has served on a number of international boards, including Sanlam Ltd, Remgro Ltd, and SABMiller plc and more recently was a non-executive director of The Saudi British Bank and Public Investment Corporation Limited before stepping down in December 2020.

External appointments Maria is Chair of AngloGold Ashanti PLC and a non-executive director of Compagnie Financière Richemont SA. She is also a member of the Group of Thirty, sits on the International Advisory Board of the Blavatnik School of Government at Oxford University and on the Wits Foundation Board of Governors.

Committees Ri A R N

Shirish Apte (71)
Independent Non-Executive Director

Appointed May 2022. Shirish was appointed to the Court of Standard Chartered Bank in January 2023.

Experience Shirish has extensive corporate, investment banking, risk management, commercial and retail banking experience. He has a deep understanding of financial services, notably across the Asia Pacific, Middle East, Africa and Central and Eastern European regions.

Career Shirish spent over 30 years with Citigroup, where he focused on corporate and investment banking, and managed commercial and retail banking businesses at country and regional level. He has strong risk experience at country and regional level and was a Senior Credit Officer and a Senior Securities Officer at Citigroup. Shirish was Co-CEO for Citi's Europe, Middle East and Africa business from 2008 to 2009, and Regional CEO Asia Pacific from 2009 to 2011.

He was Chairman of Asia Pacific Banking from 2012 until his retirement in 2014.

He was on the Executive and Operating Committees of Citigroup from 2008 to 2014. From June 2014, he was an independent non-executive director at the Commonwealth Bank of Australia until stepping down in October 2022.

External appointments Shirish is an independent non-executive director at Singapore Life Pte Ltd, and an independent non-executive director of Keppel Corporation Limited, where he is a member of its Audit and Board Risk Committees.

Committees R A Ri N

Phil Rivett (68)
Independent Non-Executive Director

Appointed May 2020. Phil was also appointed to the Court of Standard Chartered.

Experience Phil has significant professional accountancy and audit experience, specifically focused in the financial services sector. He has a strong technical accounting knowledge and understanding of disclosure requirements. He has broad financial and business experience especially of the financial services sector.

Career Phil joined PricewaterhouseCoopers (PwC) as a graduate in 1976, becoming a Partner in 1986. He spent more than 30 years at PwC and was lead relationship Partner for several FTSE 100 companies, including a number of international banks and financial services institutions. He also has substantial international experience, having worked with banks across the Middle East and Asia, in particular China. He became Leader of PwC's Financial Services Assurance practice in 2007 and was appointed Chairman of its Global Financial Services Group in 2011. Phil has sat on a number of global financial services industry groups, producing guidelines for best practice in governance, financial reporting and risk management.

External appointments Phil is an independent non-executive director and Chair of the Audit Committee at Nationwide Building Society.

Committees A Ri N

Dr Linda Yueh, CBE (52)
Independent Non-Executive Director

Appointed January 2023. Linda was also appointed to the Court of Standard Chartered Bank in January 2023.

Experience Linda is a renowned economist and financial broadcaster with a diverse range of skills and experience across financial services, technology, not-for-profit and business-to-business service sectors.

Career Linda has held various academic roles and acted in various advisory roles after starting her career as a corporate lawyer at Paul, Weiss, Rifkind, Wharton & Garrison.

Linda was Economics Editor at Bloomberg News from 2010 to 2012 and Chief Business Correspondent for the BBC between 2013 and 2015. She was a Visiting Professor at LSE IDEAS at the London School of Economics and Political Science from 2019 to 2022 and served on the Independent Review Panel on Ring-Fencing and Proprietary Trading for HM Treasury. Linda held non-executive directorships with Scottish Mortgage Investment Trust Plc, London & Partners Ltd and JPMorgan Asia Growth & Income Plc. She was Senior Independent Director of Fidelity China Special Situations Plc. Linda was awarded a CBE for Services to Economics in the New Year Honours List of 2023. Linda was a Trustee of the Coutts Foundation and Adviser to the UK Board of Trade.

External appointments Linda is a Fellow at St Edmund Hall, Oxford University and Adjunct Professor of Economics at London Business School. She currently serves as an independent non-executive director of Rentokil Initial Plc and Segro Plc. She is Chair of the Baillie Gifford The Schiehallion Fund Ltd, an investment company listed on the Specialist Fund Segment of the London Stock Exchange Main Market. Linda is Executive Chair of the Royal Commonwealth Society, and an Associate Fellow at Chatham House.

Committees S R N

David Conner (75)
Independent Non-Executive Director

Appointed January 2016.

Experience David has significant global and corporate, investment and retail banking experience, strong risk management credentials and an in-depth knowledge of Asian markets.

Career David spent his career in the financial services industry, living and working across Asia for 37 years, for both Citibank and OCBC Bank. He joined Citibank in 1976 as a management trainee and went on to hold a number of Asia-based senior management roles, including Chief Executive Officer of Citibank India and managing director and marketing manager at Citibank Japan, before leaving Citibank in 2002. David joined OCBC Bank in Singapore as Chief Executive Officer and director in 2002. He implemented a strategy of growth and led the bank through a period of significant turbulence. David stepped down as Chief Executive Officer in 2012 but remained as a non-executive director on the board of OCBC Bank, before leaving the group in 2014. He was previously a non-executive director of GasLog Ltd.

External appointments David is Chair of the Barnard Cancer Institute and an emeritus trustee of Washington University in St Louis.

Committees A Ri R

David is also a member of the Combined US Operations Risk Committee of Standard Chartered Bank.

Gay Huey Evans, CBE (69)
Independent Non-Executive Director

Appointed April 2015. Gay was appointed to the Court of Standard Chartered Bank in April 2019.

Experience Gay has extensive banking and financial services experience with significant commercial and UK regulatory and governance experience.

Career Gay spent over 40 years working within the financial services industry, the international capital markets and with the UK financial regulator. Gay spent seven years with the Financial Services Authority from 1998 to 2005, where she was director of markets division, capital markets sector leader, with responsibility for establishing a market-facing division for the supervision of market infrastructure, oversight of market conduct and developing markets policy. From 2005 to 2008, Gay held a number of roles at Citibank, including head of governance, Citi Alternative Investments, EMEA, before joining Barclays Capital where she was vice chair of investment banking and investment management. She was previously a non-executive director at Aviva plc, the London Stock Exchange Group plc and Itau BBA International Plc. In 2016, she received an OBE for services to financial services and diversity and a CBE for services to the economy and philanthropy in the Queen's Birthday Honours 2021. Gay is a former Chair of the London Metal Exchange.

External appointments Gay is a non-executive director of ConocoPhillips and S&P Global, and a non-executive member of the HM Treasury board. Gay also sits on the panel of senior advisers at Chatham House and the board of the Benjamin Franklin House.

Committees Ri

Jackie Hunt (55)
Independent Non-Executive Director

Appointed October 2022. Jackie was also appointed to the Court of Standard Chartered Bank in October 2022.

Experience Jackie is a Chartered Accountant and has spent most of her career within financial services. She brings significant UK and international financial services experience, including asset management, insurance, regulatory and accounting knowledge.

Career Jackie has held a number of senior management positions in companies including Aviva, Hibernian Group, Norwich Union Insurance, PwC and RSA Insurance. From 2016, Jackie was a member of the Allianz SE management Board with executive responsibility for the asset management and US life insurance divisions, a position she held until 2021. Prior to that, Jackie was an executive director of Prudential plc and CEO of Prudential UK, Europe and Africa. She was Group Chief Financial Officer of Standard Life plc from 2010 to 2013, where she helped transform the life insurer into a diverse savings, pensions and asset management business. Jackie was previously the Senior Independent Director of National Express Group PLC, a non-executive director of TheCityUK and the Deputy Chair of the FCA Practitioner Panel. She was also an independent non-executive director of Man Group PLC, Rothesay Life PLC and OneWeb Holdings Limited.

External appointments Jackie is an independent non-executive director of Willis Towers Watson plc.

Committees A S

Robin Lawther, CBE (62)
Independent Non-Executive Director

Appointed July 2022. Robin was appointed to the Court of Standard Chartered Bank in December 2022.

Experience Robin brings extensive international banking experience in global markets and financial institutions. In addition to a broad understanding of commercial banking, she has specialist knowledge in investment banking, mergers and acquisitions and capital raising.

Career Robin spent over 25 years at JP Morgan Chase in a number of senior executive positions. She has valuable executive and non-executive experience across global markets and has considerable understanding of regulatory and governance issues. From 2019 to 2021, she served as a non-executive director on the board of M&G plc. In January 2014, Robin joined Shareholder Executive, which later became UK Government Investments (UKGI), as a non-executive board member until completing her term in May 2022. She received a CBE for services to finance and diversity in the Queen's Birthday Honours 2020. From 2018 to 2023, she served as an independent non-executive director of Nordea Bank Abp.

External appointments Robin is an independent board member of Ashurst LLP and a member of the advisory board at Aon PLC.

Committees Ri S R

David Tang (69)
Independent Non-Executive Director

Appointed June 2019. David was also appointed to the Court of Standard Chartered Bank in June 2019.

Experience David has a deep understanding and experience of emerging technologies in the context of some of our key markets, most notably mainland China.

Career David has more than 30 years of international and Chinese operational experience in the technology and venture capital industries, covering venture investments, sales, marketing, business development, research and development and manufacturing. From 1989 to 2004, David held a number of senior positions in Apple, Digital Equipment Corp and 3Com based in China and across the Asia Pacific region. From 2004 to 2010, David held various positions in Nokia, including corporate vice president, chairman of Nokia Telecommunications Ltd and vice chairman of Nokia (China) Investment Co. Ltd. He went on to become corporate senior vice president and regional president of Advanced Micro Devices (AMD), Greater China, before joining NGP Capital (Nokia Growth Partners) in Beijing as managing director and partner in 2013, a position he held until retiring in June 2021. David was a non-executive director of Kingsoft Corporation, a leading Chinese software and internet services company listed on the Hong Kong Stock Exchange.

External appointments David joined Kaiyun Motors, an electric vehicle start-up based in China, in June 2021 as Chief Value Officer. David is also a non-executive director of JOYY Inc., the Chinese live streaming social media platform listed on the Nasdaq Stock Market. He is also an adviser to NGP Capital.

Committees Ri S

Carlson Tong (69)
Independent Non-Executive Director

Appointed February 2019.

Experience Carlson has a deep understanding and knowledge of operating in the financial services and regulatory sectors in mainland China and Hong Kong.

Career Carlson joined KPMG UK in 1979, becoming an Audit Partner of the Hong Kong firm in 1989. He was elected Chairman of KPMG China and Hong Kong in 2007, before becoming Asia Pacific chairman and a member of the global board and global executive team in 2009. He spent over 30 years at KPMG and was actively involved in the work of the securities and futures markets, serving as a member of the Main Board and Growth Enterprise Market Listing Committee of the Stock Exchange of Hong Kong from 2002 to 2008 (Chair from 2006 to 2008). After retiring from KPMG in 2011, he was appointed a non-executive director of the Securities and Futures Commission, becoming its Chair in 2012 until he stepped down in October 2018. He oversaw a number of major policy initiatives during his term as the Chair, including the introduction of the Hong Kong and Shanghai/Shenzhen Stock connect schemes and the mutual recognition of funds between the mainland and Hong Kong. From 2017 until July 2020, Carlson was a non-executive director of the Hong Kong International Airport Authority. He was a member of the Hong Kong Human Resource Planning Commission from April 2020 until December 2022 and Chair of the Hong Kong University Grants Committee from January 2016 until he stepped down in December 2022.

External appointments Carlson is an independent non-executive director of MTR Corporation Limited, Chairman of its Audit & Risk Committee and a member of its Finance and Investment Committee. He sits on various Hong Kong SAR government bodies and is also an observer on behalf of the Hong Kong Government for Cathay Pacific Airways Limited. He is a board member of Hong Kong Investment Corporation Limited and the Hong Kong Stock Exchange.

Committees A Ri

Adrian de Souza (53)
Group Company Secretary

Appointed Adrian was appointed Group Company Secretary in May 2022.

Career Adrian qualified as a lawyer in 1997. Prior to joining Standard Chartered, he was General Counsel for Vivo Energy PLC, a FTSE-250 pan-African fuel retailer, where he was responsible for the Company Secretarial, Governance, Ethics, Compliance and Forensic Investigations functions, and was a member of the group's Executive Committee.

After working in private practice at international law firms Hogan Lovells and Clifford Chance, Adrian served as General Counsel and Company Secretary at IQSA Group (a Goldman Sachs private equity business); Company Secretary at Barclays Bank UK PLC, General Counsel and Company Secretary of the FTSE 100 company, Land Securities Group PLC, where he was a member of the Group's Executive Committee and Head of Legal at SABMiller PLC, Europe.

Reasons why the contribution of each director standing for re-election is, and continues to be, important to Standard Chartered PLC's long-term sustainable success will be included in the Notice of AGM 2024.

Corporate governance

This section provides an insight into key Board items and activities covered during the year, as well as the structure of the Board, its committees, and its meetings.

Code compliance

The directors are pleased to confirm that the Company continued to comply with the UK Corporate Governance Code 2018 (UK Code) and the Hong Kong Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules (HK Code) for the whole of the year under review.

We share insights into how governance operates within the Group and how we have applied the principles set out in the UK Code and HK Code in the pages that follow and in particular on page 217 of our 2023 Annual Report. Copies of the UK Code and the HK Code can be found at frc.org.uk and hkex.com.hk respectively.

The Group confirms that it has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than required by Appendix C3 of the Hong Kong Listing Rules.

Having made specific enquiry of all directors, the Group confirms that all directors have complied with the required standards of the adopted code of conduct.

To the extent applicable, information required by paragraphs 13(2) (c), (d), (f), (h) and (i) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is available in Other disclosures on **pages 217 to 228** of our 2023 Annual Report

Our stakeholders, their interests: driving commerce and prosperity through our unique diversity

The Board is conscious of the need to create and maintain positive stakeholder relationships and spends significant time interacting with them to better understand their views, as well as the opportunities, challenges and the Group's impact across our diverse markets.

These relationships were considered extensively during Board and Committee meetings and in decision-making, and also in the individual and collective engagements that took place throughout the year. Examples of this can be found in the stakeholder engagement section on pages 157 to 161 of our 2023 Annual Report, within the feature sections on the following pages and on pages 54 to 64.

Clients
Read more on **page 55**

Regulators and governments
Read more on **page 57**

Investors
Read more on **page 57**

Suppliers
Read more on **page 58**

Society
Read more on **page 59**

Employees
Read more on **page 60**

Key areas of Board discussion and activities during 2023

Strategy

- Reviewed the Group's strategy over two days at a Board and senior management offsite, discussing progress, possible enhancements and confirming that it remains appropriate
- Reviewed and approved the 2024–2028 Corporate Plan as a basis for preparation of the 2024 budget, receiving confirmation from the Group Chief Risk Officer that the plan is aligned to the Enterprise Risk Management Framework and the Group Risk Appetite Statement
- Reviewed and scrutinised the strategic and operational performance of the business across client segments, product groups and regions, which included details of their priorities, progress, opportunities and response to current events. This included deep dives into the following areas:
  - Information and Cybersecurity
  - Private Banking
  - SC Ventures
  - Hong Kong, South Korea, and the ASEAN region
- Received and discussed regular corporate development updates
- Discussed and reviewed the Group's sustainability strategy
- Discussed and reviewed the Group's Transformation, Technology & Operations strategy
- Received updates on the Group's investment in its associate China Bohai Bank and on real estate investments in China
- Approved the sale of its global aviation finance leasing business
- Monitored the sales of its subsidiaries in Angola, Cameroon, The Gambia, and Sierra Leone, and its Consumer, Private & Business Banking (CPBB) business in Tanzania

Spotlight

Driving transformation with SC Ventures

SC Ventures, the Group's innovation, fintech investment and ventures arm, was set up in 2018 and now encompasses a portfolio of 36 ventures across four themes: Digital Assets, Sustainability & Inclusion, Online Economy & Lifestyle and SME & World Trade. In 2023, the Group completed the restructuring and ringfencing of SC Ventures' activities. Within the Group, SC Ventures is driving a culture of innovation by scaling up intrapreneurship, fintech engagement, and collaborating with the bank's clients. SC Ventures is continuing to build a sustainable ecosystem of ventures and partners for the bank and accelerating transformation in banking.

Given the size of the SC Ventures portfolio, the Board considered how best to articulate its value both to the organisation and externally to investors. The Board scrutinised management's plans in respect to SC Ventures' current and future business model. The Group will focus on putting Ventures in a position where it would help transform the core bank.

Stakeholders

- Clients
- Employees
- Investors

Risk management

- Received and discussed briefings from management on ICS matters, approved a revised ICS Risk Appetite and completed training on the topic
- Approved the Operational Resilience Self-assessment
- Reviewed work on projects to replace and upgrade data centres in Asia
- Discussed macroeconomic headwinds and tailwinds as both risks and opportunities for the Group
- Reviewed and discussed risk reports from the Group Chief Risk Officer
- Reviewed and approved the draft Group's Resolvability Assessment, delegating the final approval to the Board Risk Committee
- Engaged with the Prudential Regulation Authority (PRA) on the findings of their 2023 Periodic Summary Meeting Letter
- Reviewed the FCA's periodic Firm Evaluation Letter
- Assessed progress in continuing to strengthen the Group's risk culture
- Approved the Risk Appetite for 2024 which included a consideration of principal risks
- Approved the renewal of the Group's insurance policies for 2023/2024
- Approved material changes to the Enterprise Risk Management Framework

Spotlight

Blue Sky Thinking session facilitated by Robert Zoellick, a former President of the World Bank and Chair of our International Advisory Council

The Board Risk and Audit Committees jointly attended a Blue Sky Thinking session entitled the "Forward-Looking Geopolitical Agenda". Robert Zoellick led the session by introducing three key meta-trends (technology innovation, demographics and the environment) and three key constituents (consumers, workers and investors). Drawing upon analyses prepared by our Group Regulatory and Public Affairs team, committee members considered the interaction of meta-trends, key constituents and policy levers. Committee members then analysed how key policy and regulatory levers can be used in response to pressures created by the meta-trends and constituents.

Stakeholders

- Clients
- Suppliers
- Regulators and governments
- Society
- Employees
- Investors

Key areas of Board discussion and activities during 2023 continued

Financials and performance

- Monitored the Group's financial performance
- Approved the 2022 full year and 2023 half year results
- Monitored and assessed the strength of the Group's capital and liquidity positions
- Considered the carrying value of the Group's investments
- Considered the Group's approach to capital management and returns
- Approved a 2022 final dividend and 2023 interim dividend
- Approved two share buy-back programmes
- Received half yearly updates on, and discussed, the Group's major investment programmes in 2023
- Received half yearly updates on, and discussed, investor relations matters
- Approved the Group's 2022 Country-by-Country Reporting disclosures

Spotlight

Dividend payments and share buy-backs

In 2023, the Board approved two dividend payments and two ordinary share buy-back programmes. As part of its decision-making process, the Board noted the importance of approving distributions and other capital management activities within an appropriately prudent framework. Assurance was also sought from management regarding the protection of the Group's capital position and its ability to execute planned investment activities for future growth. By November 2023, the two share buy-back programmes initiated during the year successfully completed approximately $2 billion in shareholder returns for 2023, complemented by a total dividend payment of $569 million. This progress brings us closer to our goal of achieving at least $5 billion in shareholder returns by 2024.

Stakeholders

Clients | Regulators and governments | Investors

People, culture and values

- Approved the Group's 2022 Modern Slavery Statement
- Approved the Group's refreshed Code of Conduct and Ethics
- Discussed progress made against the Group's people strategy and culture aspirations
- Discussed aspects of the Group's global employee engagement survey, My Voice
- Received updates on the progression and evolution of the Management Team's and senior management's succession plans following a number of recent appointments
- Discussed the Group's diversity and inclusion initiatives
- Reviewed the Board Diversity Policy
- Approved changes to the Group's operational resilience strategy
- Reviewed an annual report update on the operation and effectiveness of the Group's Speaking Up programme

Spotlight

Culture of Excellence

The Board considered the Group's People Strategy and discussed the extent to which objectives could be introduced to better measure the transformation of the organisation. They discussed with management the Group's culture aspiration, which is to encourage a culture of ambition, action and accountability, improve operational efficiency and drive client centricity through a culture of high performance and execution. The Board noted the importance of the People Strategy to the success of the transformation of the business, and ultimately the delivery of the Group's strategic objectives.

Stakeholders

Clients | Employees | Society

External environment

- Received updates on the macroeconomic headwinds and tailwinds in the global economy, including an assessment of the impact on the key drivers of the Group's financial performance
- Received internal and external briefings and input across a range of subjects, including:
  - global market trends
  - the global macro impact of geopolitical uncertainties in the Middle East
  - China's emergence from the COVID pandemic
  - Russia-Ukraine war
  - China/ US tensions
  - societal and business implications of global demographic trends
  - strategic insights into global markets, geopolitics and policy
  - regulatory developments and updates

Spotlight

Global market trends

The Board invited a number of internal experts and guest speakers to attend Board dinners providing important and specialist insight and context to the Board discussion on a variety of matters. Geopolitical uncertainties and global market trends were among the topics which were covered this year.

Stakeholders

Clients | Suppliers | Regulators and governments | Society | Investors | Employees

Governance

- Monitored developments and trends in corporate governance, focusing on changes proposed by the UK Government, FRC and Hong Kong Stock Exchange
- Noted and/or approved changes to the membership of the Board's committees, including the appointment of Linda Yueh as the new Committee Chair of the CSC
- Received reports at each scheduled meeting from the Board committee chairs on key areas of focus for the committees and quarterly updates from Standard Chartered Bank (Hong Kong) Limited (SCBHK) and its Audit and Board Risk committees
- Undertook training on directors' duties and the governance landscape
- Discussed and reviewed the independence, performance and annual re-election of the non-executive directors
- Approved the re-appointment of the independent adviser to the Board on cyber security and cyber threats
- Approved the replacement of the independent adviser to the Board on financial crime with an annual externally-facilitated session on financial crime risk
- Authorised potential conflicts of interest relating to directors' external appointments
- Discussed the observations and themes arising from the 2023 internal Board and committees' effectiveness review ahead of approving the 2024 Action Plan
- Reviewed, and where appropriate, approved updates to the Terms of Reference for each Board committee
- Further developed meaningful linkages between the Board and its subsidiaries at chair, board and committee level

Spotlight

Appointment of the Group Chief Financial Officer

In 2023, the GNC led the search process for a successor to Andy Halford as GCFO. The GNC oversaw a robust search and assessment process, conducted in conjunction with executive search firm Russell Reynolds, which resulted in some exceptionally talented internal and external candidates being interviewed and considered. Diego De Giorgi emerged as the preferred choice, and joined the Group as GCFO Designate in September 2023. He received a thorough induction and training programme, meeting colleagues and other stakeholders from around the Group's footprint. Following regulatory approval, Diego's appointment as GCFO took effect on 3 January 2024.

Stakeholders

- Clients
- Suppliers
- Regulators and governments
- Society
- Investors
- Employees

Shareholder and stakeholder engagement

- Engaged with investors, held meetings with brokers, discussed the views of institutional shareholders
- Discussed and reviewed the approach to engaging investors and other relevant stakeholders ahead of the 2023 AGM
- Engaged with clients, shareholders and regulators
- Engaged with colleagues around the business throughout the year
- Hosting a stewardship event, with a focus on strategy, including sustainability
- Received bi-annual updates from Investor Relations, including share price and valuation analysis, market engagement and ownership analysis and sell-side sentiment

Spotlight

Stewardship Event

The Group Chairman welcomed external investors to our annual stewardship event in November 2023, alongside the chairs of the Board Audit and Remuneration Committees. The event took a hybrid format and was attended by investors representing 43 per cent of the Group's shareholders by value. The Group Chairman provided an update regarding the Group's strategy, including with respect to sustainability, and was supplemented by opening remarks from the Remuneration Committee Chair. The Audit Committee Chair also discussed key updates on the activities of the Audit and Board Risk Committees during the year. This was followed by a Q&A session.

Stakeholders

- Investors

For a detailed overview of our strategy see **pages 24 and 25**

Board effectiveness

The 2023 Board and committees' effectiveness review was conducted internally, facilitated by the Group Company Secretary, and in accordance with the UK Code.

Progress against the 2023 Action Plan

The 2023 Action Plan set out a number of actions to be achieved following the externally facilitated Board evaluation conducted in 2022. The 2023 Action Plan was regularly reviewed during the year and good progress had been made against many of the actions as evidenced by this year's internally facilitated Board effectiveness review.

Key observations from the 2023 internal effectiveness review

- The Board remains effective at testing and shaping the Group's strategy.
- Board meetings had focused well on business opportunities with a good level of discussion and challenge, which helped to set strategic priorities.
- The Board has a comprehensive understanding of the Group's principal risks and explores them extensively.
- The Board engaged well with a range of key stakeholders at different levels.
- The Board agenda had accommodated the impact of emerging geopolitical vulnerabilities and the evolving macroeconomic landscape.
- The management of the transition of new INEDs on the Board had been handled well.

2024 Action Plan

- Review the length and focus of Board papers, ensuring a focus on key points for the Board to understand, discuss, challenge and agree on actions.
- Evaluate the balance of topics on the Board agenda to maximise time allocation and focus on key strategic items, challenges and commercial opportunities.
- Enhance measurement of progress on the Group's engagement with its key stakeholders.
- Continue to enhance the sustainability aspect of the Board's education programme.

Internal evaluation process

2023 Board effectiveness review

This year's review took the form of a questionnaire-based evaluation for the Board and its committees which was completed by every Board member. These questionnaires explored some of the themes for the previous year's review as well as probing the Board's and committees' performance through the year.

The results were compiled into a detailed report and conclusions were discussed with the Group Chairman and by the Governance and Nomination Committee ahead of a Board discussion. At the Board meeting, the key findings and recommendations were presented along with an Action Plan for 2024, which was then approved. Details of the key observations from this year's review and the agreed Action Plan are set out on page 102.

The Board's five committees were also included as part of the effectiveness review. The observations and key themes arising from the review were shared with the relevant committee Chairs before being circulated to each of the committees and action plans for 2024 agreed. Details of the key observations and action plans for each of the committees can be found within each of the committees' reports.

Director independence

The GNC reviews the independence of each of the non-executive directors, taking into account any circumstances likely to impair, or which could impair, their independence. Recommendations are then made to the Board for further consideration.

In determining the independence of a non-executive director, the Board considers each individual against the criteria set out in the UK Code and the Hong Kong Listing Rules and also considers their contribution and conduct at Board meetings, including how they demonstrate objective judgement and independent thinking.

The Board considers all of the non-executive directors to be independent of Standard Chartered, concluding that there are no relationships or circumstances likely to impair any INED's judgement.

External directorships and other business interests

Board members hold external directorships and other outside business interests. We recognise the significant benefits that broader boardroom exposure provides for our directors. However, we closely monitor the nature and quantity of external directorships our directors hold, in order to satisfy ourselves that any additional appointments will not adversely impact their time commitment to their role at Standard Chartered, and to ensure that all of our Board members remain compliant with the PRA directorship requirements, as well as the shareholder advisory groups' individual guidance on 'overboarding'. These requirements impose a limit on the number of directorships both executive and INEDs are permitted to hold.

Details of the directors' external directorships can be found in their biographies on pages 93 to 97. Before committing to an additional appointment, directors confirm the existence of any potential or actual conflicts, that the role will not breach their limit as set out by the PRA, and provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfil their role as a director of the Company. All directors continue to hold no more than four non-executive directorships (or one executive directorship alongside two non-executive directorships) permitted under the General Organisational Requirements Part of the PRA Rulebook.

Our established internal processes ensure that directors do not undertake any new external appointments without first receiving formal approval of the Board. The Board has delegated authority to make such approvals to the Group Chairman, with the exception of his own appointments. Of those INEDs who took on new external directorships during the year, two were regarded as significant directorships (appointed to the board of a listed company) and as such were announced to the market in line with our listing obligations. Further detail on the specific appointments are provided below:

- Carlson Tong was appointed to the board of Hong Kong Stock Exchange as a Board member on 23 April 2023.
- Jackie Hunt was appointed to the Board of Willis Towers Watson plc as an independent non-executive director on 1 April 2023.

The two directors discussed their respective appointments with the Group Chairman in advance of accepting the positions. Each director confirmed the existence of any potential or actual conflicts; provided assurance that the respective roles would not breach their limits as set out by the PRA; and confirmed that their appointments would not impact their abilities to devote sufficient time and focus to both their Board and committee responsibilities.

Directors' remuneration overview

"Rewarding strong performance and delivering on our targets."

Key sections

1 Please reference our 2023 Annual Report

Summary of 2023 remuneration decisions

- Group performance in 2023 was strong across both financial and non-financial metrics. Remuneration decisions have been made to reflect this performance and the delivery of our targets.
- Discretionary incentives are USD1,574m, down 1 per cent on 2022, reflecting Group performance and affordability.
- Annual incentive awards for executive directors, Bill Winters, Group Chief Executive (CEO) and Andy Halford, Group Chief Financial Officer (GCFO), were assessed at 66 per cent and 65 per cent of the maximum, and are 2.5 per cent and 2.6 per cent lower than 2022 awards respectively.
- Global average salary increases of 2.2 per cent for 2024, focused on junior employees and those in high inflation markets. No salary increases for executive directors in line with this approach.
- Projected performance outcome of 66 per cent for the 2021-23 long-term incentive plan (LTIP) awards.
- Reward for all Group employees, including the executive directors, continues to be aligned to the Group's strategic priorities, through the annual and long-term incentive scorecards.

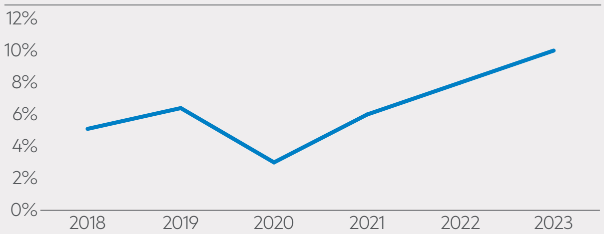
I am pleased to present our directors' remuneration report for the year ended 31 December 2023. This report provides an overview of the Remuneration Committee's work on remuneration for the executive directors and the wider workforce. The directors' remuneration policy has operated as intended, incentivising performance linked to the Group's strategy and aligning with shareholder interests.

The Group continues to make significant progress and has delivered strong performance in 2023, achieving our ambition of a double-digit return on tangible equity (RoTE) for the full year. The decisions taken by the Committee were based on careful consideration of a broad range of factors including the economic environment in our markets, performance across the Group, and the need for appropriate and fair reward for our workforce.

Our performance in 2023

Underlying profit before tax is up 27 per cent at ccy on 2022, reflecting significant progress in our high-growth markets despite an uncertain picture for the global economy. RoTE has continued to grow above pre-pandemic levels and is up 240 basis points to 10.1 per cent.

RoTE performance



The Group remains well capitalised with Common Equity Tier 1 (CET1) ratio at 14.1 per cent.

The formulaic outcome for Group performance, based on the balanced scorecard, was 80 per cent. Of this, 38 per cent (out of a possible 50 per cent) related to financial performance including income up 13 per cent and the increase in RoTE. The remaining 42 per cent related to the achievement of non-financial goals, including strong client satisfaction performance, improved growth across target markets and achievements against our sustainability targets.

See **pages 196 and 197** of our 2023 Annual Report for more information

Financial KPIs

Profit before taxation	Common Equity Tier 1 ratio
$5,678m	14.1%
↑ 27%	↑ 10bps

Return on tangible equity	Total shareholder return
10.1%	9.4%
↑ 240bps (underlying basis)	2022: 41.4%

Group-wide remuneration

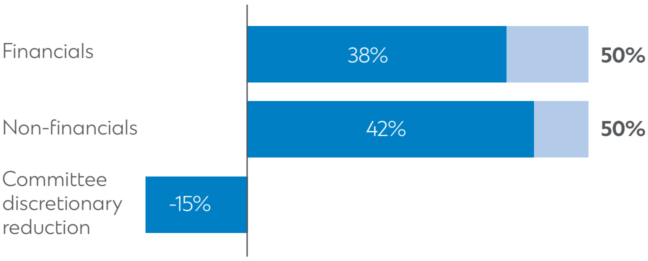
2023 discretionary annual incentives

The Group scorecard formulaic assessment of 80 per cent is the starting point for determining discretionary incentives.

To arrive at a distributable pool, the Committee considers additional factors not captured by the scorecard, such as the external environment, market competitiveness and overall affordability. The Committee also considers risk, control and conduct matters, including ongoing investigations and matters raised by regulators.

Following its review of these factors, the Committee determined that a reduction of 15 percentage points from the initial scorecard outcome was appropriate. In making this decision, while noting that 2023 performance was very positive, the Committee was conscious to maintain an appropriate balance between rewarding our employees and delivering appropriate value to shareholders.

Calculating the Group scorecard outcome for discretionary incentives



65% Group scorecard outcome

See **pages 196 and 197** of our 2023 Annual Report for further details

Discretionary incentive pool

Incentive pool ($m)	% change (reported)	% change (same store basis)
1,574	(1%)	(2%)

2024 salaries

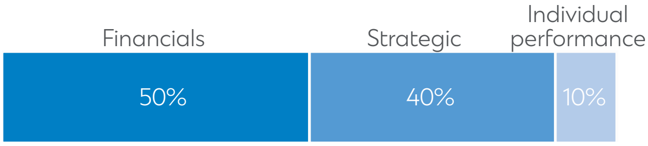
We have increased salaries in 2024 by 2.2 per cent on average globally. This is lower than last year, reflecting falling inflation in a number of our locations. We have focused the increases on junior employees, and on markets that continue to experience high rates of inflation.

Additionally, we have provided targeted support through off-cycle salary increases to colleagues facing economic hardships in countries such as Angola, Argentina, Egypt, Ghana, Nigeria, Pakistan, Sierra Leone, Turkey and Zimbabwe.

Executive director remuneration in 2023

Annual incentives for executive directors

Annual incentives for Bill and Andy are based predominantly on the Group scorecard with an additional element for personal performance, as below.



For 2023, the Committee approved the following annual incentive outcomes, including individual performance assessments, for Bill and Andy. The Committee is satisfied that these are appropriate given 2023 Group performance and the significant personal contributions from Bill and Andy.

	2023 annual incentive (£)	% of maximum	Year-on-year change (%)
Bill Winters	**1,461,874**	66%	(2.5%)
Andy Halford	**920,348**	65%	(2.6%)

See **pages 196 to 199** of our 2023 Annual Report for further details

2021-23 LTIP awards vesting in March 2024

The 2021-23 LTIP awards are due to start vesting in March 2024 with a projected performance outcome of 66 per cent, based on RoTE performance of 10.1 per cent (maximum outcome), relative total shareholder return (TSR) ranking between median and upper quartile and above target performance against sustainability and other strategic measures. As usual, the final relative TSR outcome will be assessed three years from the date of award, in March 2024. The values delivered by this projected outcome are based on the three-month average share price to 31 December 2023 and are included in the single total figures of remuneration for Bill and Andy.

	Award share price (£)	Valuation share price (£)	2021-23 LTIP projected outcome (£)
Bill Winters	4.90	6.72	**3,340,237**
Andy Halford	4.90	6.72	**2,135,206**

The Committee considered the grant price against that of the previous year's award, and against the average share price in the period leading up to the grant date. Based on the review, the Committee determined that the price difference was not significant and, therefore, there was no windfall gain and no adjustment to the award was required.

See **pages 200 and 201** of our 2023 Annual Report for further details

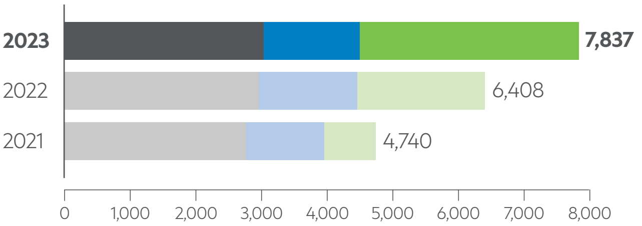
Single total figure of remuneration for 2023

The 2023 annual incentive and projected 2021-23 LTIP performance outcome results in a 2023 single figure for Bill of GBP7,836,987 and for Andy of GBP4,921,095. This represents year-on-year increases of 22 and 23 per cent respectively, largely due to the projected performance outcome of the 2021-23 LTIP award.

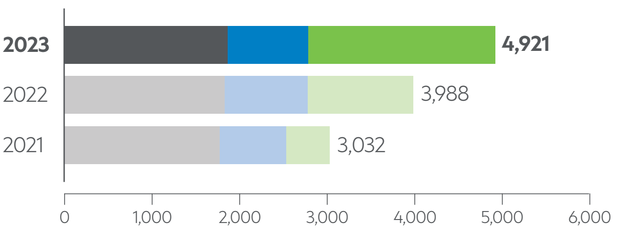
2023 single total figure of remuneration (£000)

Salary, pension, benefits
Annual incentive
LTIP

Bill Winters



Andy Halford



A significant portion of both Bill's and Andy's total remuneration is share-based with delivery and release over an eight-year period. The deferral, retention and recovery provisions of their pay continue to reinforce alignment with shareholder interests and the Group's long-term performance. Both Bill and Andy continue to exceed their shareholding requirements.

See **page 213** of our 2023 Annual Report for further details

Directors' remuneration overview
continued

Executive directors' remuneration in 2024

Change in GCFO

On 31 August 2023 we announced that Andy Halford had decided to retire as GCFO and as an executive director. He has been succeeded by Diego De Giorgi who joined on 1 September 2023. Diego was appointed as GCFO and joined the Board as an executive director on 3 January 2024, after receiving regulatory approval.

Andy

Andy remained as GCFO and an executive director until 2 January 2024, helping to ensure a smooth transition. After stepping down as GCFO, he is continuing as a Senior Adviser, working on strategic projects for the Group. He will continue to receive his salary and benefits until he retires on 31 August 2024.

Andy will be considered an eligible leaver and, in accordance with the directors' remuneration policy, was eligible for a 2023 annual incentive award, determined by the Committee based on Group and individual performance during 2023.

As an eligible leaver, Andy will retain all existing LTIP awards subject to the achievement of performance measures. He will receive the full value of his 2021-23 LTIP award given the performance period will complete during his employment. His other awards will be pro-rated for the period until he retires. All outstanding awards will vest and release as scheduled and remain subject to malus and clawback arrangements. Andy is not eligible for any further LTIP awards and will not receive an award in March 2024.

Andy will be eligible to be considered for a pro-rated 2024 annual incentive award for time served as a Senior Advisor, based on contribution.

Diego

Diego's remuneration arrangements have been set in accordance with the directors' remuneration policy.

	Value (£)	Delivery method
Salary	1,650,000	67% cash 33% delivered in shares – released in equal amounts over five years
Pension	110,000	10% of the cash element of salary

Diego also receives core benefits in line with the approach for all UK employees with additional role-specific benefits appropriate to his responsibilities.

Diego was eligible for a 2023 annual incentive which has been pro-rated to reflect the period for which he was employed during the year. He is also eligible to receive an LTIP award that will be granted in 2024.

Diego did not receive a buyout award.

In line with the approved directors' remuneration policy, the Committee considers annual salary increases for executive directors taking account of any increase in scope or responsibility, market competitiveness, and any salary increases across the Group. Taking these factors into account, and in line with the approach of focusing increases on junior employees, fixed pay for Bill and Diego will not be increased in 2024 with their salaries being GBP2,517,000 and GBP1,650,000 respectively.

2024-26 LTIP awards to be granted in March 2024

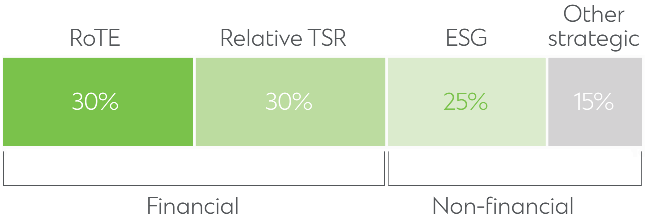
Having considered 2023 performance, the Committee has approved the following LTIP awards for the period of 2024-26.

	2024-26 LTIP award (£)	% of salary
Bill Winters	3,322,440	132%
Diego De Giorgi	2,178,000	132%

The LTIP awards are performance-linked and outcomes will depend upon achieving specified targets by the end of the three-year performance period.

Following the assessment of performance, resulting shares will vest pro-rata from years three to seven, with an additional retention period of 12 months after vesting.

Performance will be assessed on:



See **pages 202 and 203** of our 2023 Annual Report for further details

Working closely with the Culture and Sustainability Committee we have considered the categorisation of performance measures and reorganised the non-financial strategic measures that relate to environmental, social and governance (ESG) issues. These are now combined with the existing sustainability measures, with a weighting of 25 per cent for this category. The overall scorecard continues to be split 60 per cent financial and 40 per cent non-financial.

Discussions with shareholders were held in December 2023 and January 2024 on the development of these performance measures and targets and the input received was incorporated into the final decisions by the Committee.

Removal of the bonus cap

On 24 October 2023, the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) confirmed the removal of the bonus cap in the UK, effective immediately.

We aim to pay our colleagues competitively for performance aligned to the strategic aims of the Group, through structures that are consistent with and promote sound and effective risk management. This should support the Group in generating sustained and sustainable returns in the interests of shareholders and other stakeholders. The removal of the cap does not change this.

We are considering our pay structures and how they might evolve now that the cap has been removed. For our executive directors, remuneration will continue to be set in line with relevant regulations and guidance and our approved directors' remuneration policy which includes maximums in respect of variable pay. These maximums do not change as a result of the cap being removed and the current structure will continue until a new policy is proposed and approved by shareholders, scheduled to be at the 2025 Annual General Meeting (AGM).

In January 2024 the Financial Reporting Council (FRC) published a revised UK Corporate Governance Code which will apply from 1 January 2025. Following a consultation on potential changes during 2023, many of the proposed changes were not included in the revised Code. We will reflect the updates that have been made in our 2025 report.

In the rest of this report we present the disclosures required by regulations, as well as additional information to explain how remuneration for our executives aligns with our strategy, shareholder interests and wider workforce pay. In making remuneration decisions for 2023 and beyond, we have also been mindful of the experience of our wider stakeholder group.

I would like to thank my fellow Committee members for the work they have put into the Committee, and our shareholders for their ongoing support and engagement.

Shirish Apte
Chair of the Remuneration Committee

(All disclosures in the directors' remuneration report are unaudited unless otherwise stated. Disclosures marked as audited should be considered audited in the context of the financial statements as a whole.)

How to use this report

Within the directors' remuneration report we have used colour coding to denote different elements of remuneration, as follows:

- Salary, pension, benefits (fixed remuneration)
- Annual incentive
- LTIP

We have also used the following icons for ease of navigation through this section and to show alignment between remuneration and the strategic objectives of the Group.

See **pages 20 to 26** for further details

- Investors
- Clients
- Sustainability
- Accelerating Zero
- Risk management
- Employees
- Lifting Participation
- People and culture
- Ways of Working
- Innovation
- Resetting Globalisation

Remuneration at a glance

How does remuneration link to Group strategy?

		As measured by	2023 Annual incentive	2021-23 LTIP
Financial KPIs Further details can be found on **pages 196 and 200** of our 2023 Annual Report	Income	Financial results	✓	
	Costs		✓	
	Return on tangible equity		✓	✓
	Common Equity Tier 1 ratio		✓	✓
	Relative total shareholder return			✓
Strategic priorities Further details can be found on **page 25**	Network business	Achievement against objectives	✓	✓
	Affluent client business		✓	✓
	Mass Retail business		✓	✓
	Sustainability		✓	✓
Critical enablers Further details can be found on **page 24**	People and culture		✓	✓
	Ways of Working		✓	✓
	Innovation			✓

How did we determine variable remuneration outcomes in 2023?

2023 Group scorecard

Measure	Outcome	Maximum
Financials	38%	50%
Clients	13%	15%
Sustainability	10%	10%
Enablers	6%	10%
Risk and control	13%	15%

15ppt Committee discretionary reduction to the formulaic outcome. See page 105 for further details

2023 Group scorecard outcome **65%**

2021-23 LTIP

Measure	Outcome	Maximum
RoTE with CET1 underpin	30%	30%
Relative TSR	9%	30%
Sustainability	13%	15%
Strategic	14%	25%

Following the detailed performance assessment of measures and proof points, the Committee considered the projected performance outcome to be consistent with Group performance and no adjustment has been made.

66% 2021-23 LTIP projected outcome

How do executive directors' remuneration outcomes compare with the maximum opportunity?

2023 annual incentive (£000)

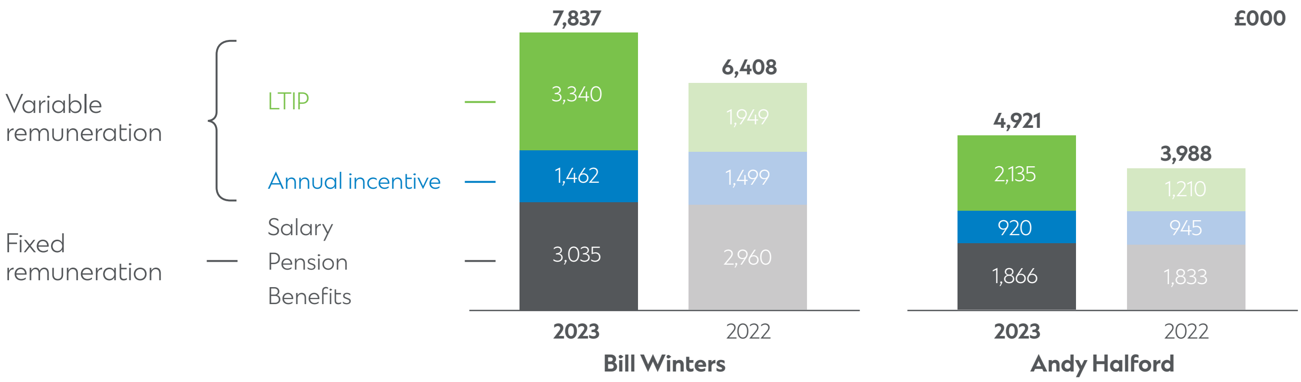
	Actual	Max
Bill Winters	1,462	2,215
Andy Halford	920	1,416

2021-23 LTIP projected outcome (£000)[1]

	Actual	Max
Bill Winters	3,340	5,061
Andy Halford	2,135	3,235

1 The values of the projected outcome and maximum opportunity are calculated using a three-month average share price to 31 December 2023

How did we pay our executive directors in 2023 (single total figure of remuneration)?



How is executive director remuneration delivered over time?[1]

	Awarded for 2023 £000	Delivery method	Structure and timing of payment
Salary	CEO: £2,496	CEO: 50% cash	**Cash** (2023)
		CEO: 50% shares	**Shares** Released in equal amounts between 2024 and 2028
Pension	CEO: £251	100% cash	**Cash** (2023)
Annual incentive[2]	CEO: £1,462	50% cash	**Cash** (2024)
		50% shares	**Shares** (2025)
LTIP[2]	CEO: £3,322	100% shares	Performance measured over 3 years; **Shares** Delivered in equal amounts between 2027 and 2031 (subject to 12 month retention post release)

2023 2024 2025 2026 2027 2028 2029 2030 2031

1 Information is provided for the CEO only due to the change in GCFO at the end of the year

2 Annual incentive and LTIP shares are subject to clawback for up to 10 years from grant

68% of Bill's maximum remuneration opportunity is delivered in shares creating strong alignment of interests between executives and shareholders to generate long-term value.

Summary of the directors' remuneration policy

The forward-looking remuneration policy for executive directors and independent non-executive directors (INEDs) was approved at the AGM held on 4 May 2022 and applies for three years from that date. A summary of the executive director policy, including the key remuneration elements, is set out below for information.

The full policy, including recruitment and leaver provisions, can be found on **pages 159 to 164** of the 2021 Annual Report and on our website at **sc.com**

Our approach to remuneration is consistent for all employees and is designed to create alignment with our Fair Pay Charter, which applies globally. However, our pay structures may vary according to location (to comply with local requirements) and, therefore, the table below explains the alignment between the executive directors and our UK workforce, being the most relevant market.

Fixed remuneration	Policy	Alignment with UK employees
Salary Set to reflect the role, and the skills and experience of the individual.	• Delivered part in cash and part in shares. • To maintain alignment with shareholders, the share element is subject to a holding period of five years, with 20 per cent being released annually.	• The process of setting and annually reviewing salaries against market information is the same for all employees. • For all other UK employees, salary is paid 100 per cent in cash in line with market practice.
Pension To facilitate long-term retirement savings.	• For directors who joined before 4 May 2022, an annual pension allowance or contribution of 10 per cent of salary is payable. • For directors who joined after 4 May 2022, 10 per cent of the cash element of salary only will be payable.	• Pension is set at 10 per cent of salary for both the executive directors and other UK employees, aligned with the provisions of the UK Corporate Governance Code.
Benefits A competitive benefits package to support executives to carry out their duties effectively.	• A range of benefits is provided including holiday and sick pay, a benefits cash allowance, private medical insurance, life insurance, financial advice and tax return preparation. A car and driver or other car-related service is available to the CEO, which is a role-based provision due to security requirements. • Executive directors receive a lower cash benefits allowance than other UK employees as a percentage of their salary.	• Core benefits are aligned with all employees. Some additional, role-specific benefits are received by the current executive directors. • Employees are eligible for tax return preparation in the year of an international relocation.

Variable remuneration	Policy	Alignment with UK employees
Annual incentive Remuneration based on measurable performance criteria linked to the Group's strategy and assessed over a period of one year.	• Annual incentive awards are delivered as a combination of cash and shares subject to holding requirements, and deferred shares. • The maximum value of an annual incentive award cannot exceed 88 per cent of salary and can be any amount from zero to the maximum. • Awards are determined by the Committee, based on the assessment of the Group scorecard which contains financial (at least 50 per cent of the scorecard) and strategic measures, as well as the personal performance of the individual.	• The annual incentive plan is operated for all employees, paid in cash up to certain limits with the balance deferred over at least three years in shares and/or cash. • The same Group scorecard is used in assessing incentives for executive directors and other UK employees.
LTIP LTIP awards are granted to senior executives who have the ability to influence the long-term performance of the Group. Awards are performance dependent based on measurable, long-term criteria.	• LTIP awards are granted annually, based on performance in the relevant year. • The maximum value of an LTIP award cannot exceed 132 per cent of salary and can be any amount from zero to the maximum. • Following the grant of awards, performance is measured over three years with no vesting before the third anniversary of the grant. • LTIP awards are delivered in shares and subject to holding requirements.	• Members of the Management Team are also eligible for LTIP awards, granted annually and assessed on the same performance measures and targets, with awards typically at a lower level. • LTIP awards may also be granted to other employees in the Group which may be subject to the same or different performance conditions.

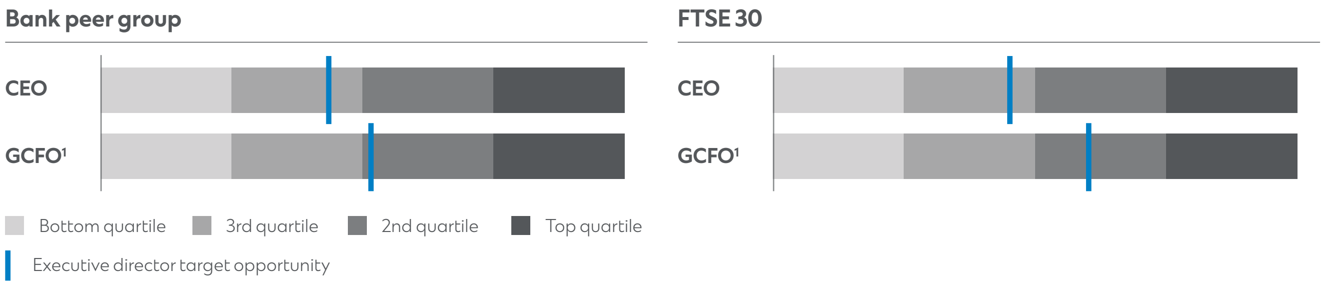
Other remuneration	Policy	Alignment with UK employees
Sharesave Provides an opportunity for all employees to invest voluntarily in the Group.	• Participants are able to open a savings contract to fund the exercise of an option over shares. • The option price is set at a discount of up to 20 per cent of the share price at the date of the invitation to participate. • Savings per month of between £5 and the maximum set by the Group, which is currently £250.	• All employees are eligible to participate in Sharesave, which enables employees to share in the success of the Group at a discounted share price.
Shareholding requirements Provides alignment with the interests of shareholders during employment.	• The CEO and the GCFO are required to hold 250 per cent and 200 per cent of salary in shares, respectively. • Post-employment shareholding requirement in place for two years following cessation of employment. The amount to be held is as described above or, if lower, the actual shareholding on departure.	• Formal shareholding and post-employment shareholding requirements are operated for the executive directors only. • However, material risk takers are also required to hold shares in-line with regulatory deferral and retention requirements.

Appropriateness of executive directors' remuneration

We maintain a consistent remuneration approach for all employees, in line with our Fair Pay Charter. Remuneration for executive directors is reviewed annually against internal and external measures to ensure appropriate levels, aligned with the approach for other employees.

Executive director policy at target opportunity compared with industry peers

We compete for talent in a global marketplace, with many of our key competitors based outside the UK. We review executive director fixed and variable remuneration opportunity against a peer group of international banks to ensure that it remains appropriately competitive. This peer group reflects both our global footprint and where we compete for talent. Market data used in benchmarking is based on the latest published report and accounts. In addition, we consider executive director remuneration against FTSE30 companies, with data sourced from an external provider.

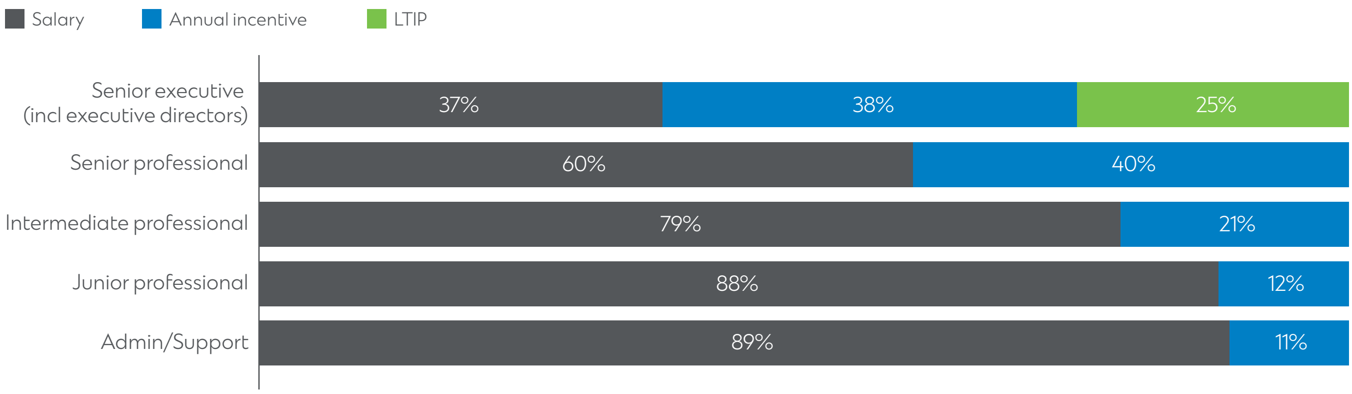


The current bank peer group comprises: ANZ, Bank of America, Bank of Nova Scotia, Barclays, BBVA, BNP Paribas, CIBC, Citigroup, DBS, Deutsche Bank, FirstRand, HSBC, ICICI, JPMorgan Chase & Co, Lloyds Banking Group, National Australia Bank, NatWest, OCBC, Santander, Société Générale, UBS, United Overseas Bank

1 GCFO total compensation is based on Diego De Giorgi's target opportunity

Executive director remuneration compared with wider workforce

The balance between fixed and variable remuneration is geared to provide a greater proportion of fixed remuneration for more junior employees to give more financial security. In comparison, for more senior employees, including the executive directors, the variable remuneration opportunity is larger reflecting their ability to influence the Group's performance and in turn, their remuneration outcome.



See **pages 196 to 203** of our 2023 Annual Report for how Bill's remuneration links to Group performance, individual performance, and risk, control and conduct-related matters

Remuneration alignment

Alignment with...

Our culture

Our performance and reward framework supports us in embedding a high performance culture and aligns with our principle that colleagues should share in the success of the Group. For example:

- All remuneration decisions are grounded in our Fair Pay Charter.

See **page 114** for further details on our Fair Pay Charter

- The wider workforce and our executive directors participate in continuous performance management and feedback, to ensure that performance is discussed and assessed throughout the year.
- Employee performance is assessed based on what is achieved and how it is achieved in line with our valued behaviours. Our remuneration structure and policies ensure that behaviours consistent with these values are appropriately recognised and rewarded.
- Our LTIP further supports this with an assessment to ensure appropriate levels of conduct have been demonstrated to meet our conduct gateway requirement.

Our strategy

Remuneration decisions made across the Group, including for our executive directors, align with our strategic priorities and our Stands, including our commitment to sustainable social and economic development:

- Performance measures in our Group and LTIP scorecards are designed to drive achievement of the financial and strategic goals that will deliver long-term sustainable value for our stakeholders.
- Sustainability and our Stands are key considerations for setting and measuring financial and strategic targets.
- If scorecard outcomes are not consistent with progress against our strategic commitments the Committee has the discretion to make adjustments.

See **page 186** of our 2023 Annual Report for further details on how our incentive plans are aligned to our strategy

Our approach to risk and control

The determination of our remuneration policy and outcomes align with the Group's risk and control framework. In particular:

- Our scorecards include risk and control measures, and the Committee has the discretion to adjust incentive outcomes for risk and control matters that are not reflected in the scorecards.
- The Committee can apply a discretionary risk adjustment in respect of the Group scorecard outcome and has a track record of applying discretion appropriately.
- Long-term sustainable performance is supported through the ability to make adjustments to variable remuneration for risk, control and conduct behaviours, the deferral of variable remuneration, and the ability to apply malus and clawback where appropriate.

See **page 215** of our 2023 Annual Report for further details

- Incentives for employees engaged in Audit, Risk and Compliance functions are set independent of the businesses they oversee.

Managing risk and control

The Group has a robust formal process for reviewing risk and control matters and reflecting these in remuneration outcomes at both an individual and Group level. All material risk events (MREs) are reviewed by a dedicated group of senior colleagues in Control Functions to ensure lessons are learned and appropriate actions are taken for accountable individuals. If necessary, a deep dive will be commissioned to understand risk, control and conduct issues in a particular location or business area. The most severe MREs are escalated for oversight by the Remuneration Committee. At year end, a summary of risk and control matters will be reviewed and discussed to determine any impact to Group incentives. The outcomes of the 2023 reviews are one component in the adjustment to the 2023 scorecard outcome as detailed on pages 196 and 197 of our 2023 Annual Report. Details of our approach to risk adjustment, including our malus and clawback provisions, are provided on page 215 of our 2023 Annual Report.

How does our directors' remuneration policy address other key features set out in the UK Corporate Governance Code?

Proportionality

- In line with our commitment to pay for performance, a significant proportion of executive director pay is delivered through incentives based on performance metrics aligned with our strategy. The Committee sets robust and stretching targets to ensure there is a clear link between Group performance and executive director awards.
- Executive directors' interests are further aligned with shareholders' long-term interests through the deferred release of salary, annual incentive and LTIP awards over a period ranging from one to eight years. Incentive awards are also subject to clawback provisions for up to 10 years from grant.
- Shareholding requirements are in place for executive directors, requiring them to build and maintain a significant shareholding in Company shares while in employment and for a period of two years post-employment. Bill and Andy currently exceed their respective shareholding requirements.

Predictability

- The range of possible rewards to individual executive directors is set out in the scenario charts on page 205 of our 2023 Annual Report where we also demonstrate the impact of a 50 per cent share price appreciation over the three-year performance period of the LTIP.
- In addition to maximum award levels specified in our remuneration policy, the value of incentive awards will vary depending on achievement against specified performance targets and the share price at the time of delivery for the significant part of reward which is delivered in shares.

Simplicity and clarity

- Simplicity is a key driver for the structure of our executive pay, subject to adherence to regulatory requirements arising from operating as a UK regulated bank.
- Our remuneration structure comprises straightforward and well-understood components. The purpose, structure, alignment with strategy and consistency with arrangements for the wider workforce are clearly set out in the remuneration policy.

See **pages 110 and 111** for further details

- We set and report our performance-related measures, targets and outcomes in a clear, transparent and balanced way.

How is our executive director remuneration aligned to stakeholder experience?

Investors

- Remuneration outcomes reflect key financial and non-financial performance delivered in the year.
- Variable remuneration awards are based on stretching targets.
- A significant portion of executive remuneration is paid in shares and shareholding requirements apply.
- Post-employment shareholding requirements further reinforce the importance of sustainable long-term performance.
- The Remuneration Committee Chair regularly engages with shareholders on remuneration matters to seek feedback which helps guide decision-making.

Employees

- The same remuneration principles apply to executives and employees, including consistent benefit and pension provision by location.

See **pages 110 and 111** for further details

- Annual incentives for executive directors are based on the same scorecard used to determine discretionary incentives across the Group.
- In line with our approach to 2024 salary increases, focusing on junior employees and those in high inflation markets, fixed pay for Bill and Diego will remain unchanged.

Regulators and governments

- Remuneration outcomes take into account risk, control and conduct considerations.
- Pay structures are aligned to relevant best practice, including the application of deferrals and malus/clawback.

Society and sustainability

- Remuneration outcomes from both annual incentive and LTIP awards consider performance against sustainability objectives.
- The Committee tracks gender and ethnicity pay gaps, and actively monitors the actions being taken to close them.

Clients

- Remuneration outcomes reflect performance delivered including client-related performance objectives (e.g. improved client satisfaction).

Group-wide remuneration

Our Fair Pay Charter

The Fair Pay Charter is the compass for our performance and reward strategy and outlines how we aim to ensure fairness in our approach to reward. It supports our focus on being a great place to work and the achievement of our strategic goals.

Together with broader human resources initiatives supporting diversity and inclusion, organisational and individual development, and the recognition of high performance, we are building a culture of excellence where, through innovation and continuous improvement, every one of our colleagues can fulfil their potential.

Full details of the Charter can be found in our Diversity, Equality and Inclusion Impact Report here: **sc.com/diversityfairpayreport**

Revising our Fair Pay Charter

Since the introduction of the Charter in 2017, our Group priorities and the external environment have shifted.

We have made significant progress in areas such as living wage and have laid a foundation for a more consistent and transparent approach to remuneration, supporting equal pay and greater flexibility.

Building on this progress, our focus has now shifted to better aligning our proposition to our values and evolving employee needs, while supporting the culture of excellence needed to drive long-term success and maintaining the progress made to date.

The revised Charter serves to reiterate our commitment to fair and equitable reward and hold ourselves accountable. It reflects our latest priorities, focusing on four priority areas, each critical to driving the Bank forward:

- **Equal pay** – we commit to offering equal pay for equal work by market and do not tolerate unlawful discrimination.
- **Purpose-led** – we provide a holistic set of reward and benefits that align with our valued behaviours and Stands.
- **Competitive opportunities** – we aim to pay colleagues competitively.
- **Performance driven** – we are committed to motivating, recognising and rewarding sustainable high performance.

Other key 2023 highlights

myPerformance

We have continued to embed our new approach to performance management which is designed to motivate outperformance and deliver a culture of excellence. With this new approach, we are creating a more transparent, real-time feedback culture underpinned by continuous feedback, coaching, and open two-way performance and development conversations with people leaders. Data gathered through sentiment surveys and metrics on goal setting, as well as feedback and year-end review decisions have shown positive signs on achieving our aim to embed the behaviours of a high performance culture across the Bank. For example, more than 70 per cent of employees feel that myPerformance has had a positive impact on their ability to perform at their best.

We will continue to work on areas such as further encouraging upward feedback, upskilling people leaders and ensuring the new approach is well understood Bank wide.

Group-wide variable remuneration

To support our objective of embedding a high performance culture in the organisation, during 2023 the Committee reviewed the effectiveness of our existing Target Total Variable Compensation plan which c. 75 per cent of our colleagues participate in.

For the 2023 performance year, to strengthen the link between performance and pay, we allocated a greater proportion of our incentive pool for individual differentiation. Further changes will be communicated and implemented for the 2024 performance year.

New recognition platform

Appreciate

As part of our drive to reinforce a high performance culture, in 2024 we have launched a new recognition platform, Appreciate, enabling colleagues to recognise one another's outstanding achievements, further promoting the habit of recognising and celebrating excellence.

Shareholder information

Dividend and interest payment dates

Ordinary shares	Final dividend
Results and dividend announced	23 February 2024
Ex-dividend date	7 (UK) 6 (HK) March 2024
Record date for dividend	8 March 2024
Last date to amend currency election instructions for cash dividend*	23 April 2024
Dividend payment date	17 May 2024

* In either United States dollars, sterling or Hong Kong dollars

Preference shares		
7³⁄₈ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2024	1 October 2024
8¼ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2024	1 October 2024
6.409 per cent non-cumulative redeemable preference shares of $5 each	30 January and 30 April 2024	30 July and 30 October 2024
7.014 per cent non-cumulative redeemable preference shares of $5 each	30 January 2024	30 July 2024

Annual General Meeting

The Annual General Meeting (AGM) will be held on Friday 10 May 2024 at 11:00 UK time (18:00 Hong Kong time). Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2024 Notice of AGM.

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

Interim results

The interim results will be announced to the London Stock Exchange and the Stock Exchange of Hong Kong Limited and put on the Company's website.

Country-by-Country Reporting

In accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, the Group will publish additional country-by-country information in respect of the year ended 31 December 2023, on or before 31 December 2024. We have also published our approach to tax and tax policy.

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

Pillar 3 Reporting

In accordance with the Pillar 3 disclosure requirements, the Group will publish the Pillar 3 Disclosures in respect of the year ended 31 December 2023, on or before 23 February 2024.

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

ShareCare

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

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

Donating shares to ShareGift

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

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

Bankers' Automated Clearing System (BACS)

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

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

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar at investorcentre.co.uk and click on the 'ASK A QUESTION' link at the bottom of the page. Alternatively, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

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

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

Translation

If you would like a Chinese language version of this Strategic Report, or the 2023 Annual Report, please see page 518 of our 2023 Annual Report for details.

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

Important notices

Forward-looking statements

The information included in this document may contain 'forward-looking statements' based upon current expectations or beliefs as well as statements formulated with assumptions about future events. Forward-looking statements include, without limitation, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, ESG commitments, ambitions and targets). Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'aim', 'continue' or other words of similar meaning to any of the foregoing. Forward-looking statements may also (or additionally) be identified by the fact that they do not relate only to historical or current facts.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause the Group's actual results and its plans and objectives to differ materially from those expressed or implied in forward-looking statements. The factors include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legal, regulatory and policy developments, including regulatory measures addressing climate change and broader sustainability-related issues; the development of standards and interpretations, including evolving requirements and practices in ESG reporting; the ability of the Group, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively; risks arising out of health crises and pandemics; risks of cyber-attacks, data, information or security breaches or technology failures involving the Group; changes in tax rates or policy; future business combinations or dispositions; and other factors specific to the Group, including those identified in our 2023 Annual Report and financial statements of the Group. To the extent that any forward-looking statements contained in this document are based on past or current trends and/or activities of the Group, they should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be, nor should be interpreted as, a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date that it is made. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Please refer to our 2023 Annual Report and the financial statements of the Group for a discussion of certain of the risks and factors that could adversely impact the Group's actual results, and cause its plans and objectives, to differ materially from those expressed or implied in any forward-looking statements.

Financial instruments

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

Basis of Preparation and Caution Regarding Data Limitations

This section is specifically relevant to, amongst others, the sustainability and climate models, calculations and disclosures throughout this report.

The information contained in this document has been prepared on the following basis:

i. disclosures in the Strategic report, Sustainability review, Directors' report, Risk review and Capital review and Supplementary information are unaudited unless otherwise stated;

ii. all information, positions and statements set out in this document are subject to change without notice;

iii. the information included in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction;

iv. the information included in this document may have been prepared using models, methodologies and data which are subject to certain limitations. These limitations include: the limited availability of reliable data, data gaps, and the nascent nature of the methodologies and technologies underpinning this data; the limited standardisation of data (given, amongst other things, limited international coordination on data and methodology standards); and future uncertainty (due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies, and the current inability to make use of strong historical data);

v. models, external data and methodologies used in information included in this document are or could be subject to adjustment which is beyond our control;

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Registered Office: 1 Basinghall Avenue, London EC2V 5DD. Telephone +44 (0) 20 7885 8888.

Principal place of business in Hong Kong: 32nd Floor, 4-4A Des Voeux Road, Central, Hong Kong.

Registered in England No. 966425.

Global headquarters

Standard Chartered Group
1 Basinghall Avenue
London, EC2V 5DD
United Kingdom

telephone: +44 (0)20 7885 8888
facsimile: +44 (0)20 7885 9999

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sc.com/annualreport

Shareholder enquiries

ShareCare information
website: sc.com/shareholders
helpline: +44 (0)370 702 0138

ShareGift information
website: ShareGift.org
helpline: +44 (0)20 7930 3737

Registrar information

UK

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ
helpline: +44 (0)370 702 0138

Hong Kong

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

website: computershare.com/hk/investors

Chinese translation

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Register for electronic communications
website: investorcentre.co.uk

standard chartered

LSE stock code: STAN.LN
HKSE stock code: 02888