Standard Chartered Bank

Reference Number ZC18

Half Year Report

30 June 2024

Incorporated in England with limited liability by Royal Charter 1853
Principal Office: 1 Basinghall Avenue, London, EC2V 5DD, England

Contents

The following are company designations as described in the document:

Standard Chartered Bank Group (Group) – being Standard Chartered Bank and its subsidiaries

Standard Chartered PLC Group (PLC Group) – being the ultimate parent and its subsidiaries

Standard Chartered Bank (Company) – being the standalone Bank legal entity

Standard Chartered PLC (PLC) – being the standalone legal entity of the ultimate parent

About this report

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.

Unless the context requires, within this 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.

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 Bank is incorporated in England with limited liability by Royal Charter, and is headquartered in London. The Group's head office provides guidance on governance and regulatory standards.

Financial review

Summary of financial performance

	H1'24 $million	H1'23 $million	Change %
Underlying net interest income	**3,020**	2,843	6
Underlying non NII	**3,408**	3,261	5
Underlying operating income	**6,428**	6,104	5
Other underlying expenses	**(3,498)**	(3,429)	(2)
UK bank levy	**–**	(3)	100
Underlying operating expenses	**(3,498)**	(3,432)	(2)
Underlying operating profit before impairment and taxation	**2,930**	2,672	10
Credit impairment	**(32)**	14	nm[1]
Other impairment	**(95)**	(12)	nm[1]
Loss from associates and joint ventures	**3**	(9)	133
Underlying profit before taxation	**2,806**	2,665	5
Restructuring	**(154)**	8	nm[1]
DVA	**(22)**	(30)	27
Other items	**(174)**	–	nm[1]
Reported profit before taxation	**2,456**	2,643	(7)
Taxation	**(848)**	(667)	(27)
Profit for the period	**1,608**	1,976	(19)
Underlying return on tangible equity (%)[2]	**15.2**	15.5	(29)bps
Common Equity Tier 1 (%)[2]	**13.3**	12.6	70bps

1 Not meaningful
2 Change is the basis points (bps) difference between the two periods rather than the percentage change

Summary of Reported financial performance

	H1'24 $million	H1'23 $million	Change %
Net interest income	**2,258**	2,279	(1)
Non NII	**4,032**	3,892	4
Reported operating income	**6,290**	6,171	2
Reported operating expenses	**(3,716)**	(3,527)	(5)
Reported operating profit before impairment and taxation	**2,574**	2,644	(3)
Credit impairment	**(24)**	22	n.m[1]
Goodwill and Other impairment	**(97)**	(14)	n.m[1]
Profit/(Loss) from associates and joint ventures	**3**	(9)	133
Reported profit before taxation	**2,456**	2,643	(7)
Taxation	**(848)**	(667)	(27)
Profit for the period	**1,608**	1,976	(19)
Reported return on tangible equity (%)[2]	**12.4**	15.3	(289)bps

1 Not meaningful
2 Change is the basis points (bps) difference between the two periods rather than the percentage change

The commentaries below are on an underlying basis unless otherwise stated

Underlying Operating income increased 5 per cent and was driven by growth in both net interest income and non net interest income.

Underlying Net interest income increased 6 per cent, driven by benefit from the roll-off of short-term hedge and higher net interest margins. Net interest margins averaged 174 basis points and is 12 basis points higher year-on-year benefiting from rising interest rates.

Underlying Non NII increased 5 per cent, driven by higher Wealth Solutions as well as the inclusion of two notable items under Treasury and Other income, partly offset by non-repeat of gain on disposal of subsidiary (SC Ventures holding limited) in prior year.

Underlying Operating expenses excluding the UK bank levy are up 2 per cent driven by inflation and continued investment into business growth initiatives. The cost-to-income ratio (excluding the UK bank levy) decreased 2 percentage points to 54 per cent, with positive income-to-cost jaws of 3 per cent.

Credit impairment is a net charge of $32 million driven by higher charge-offs and delinquencies in the unsecured lending portfolio, partly offset by Stage 3 releases from a few corporate clients.

Other impairment is a net charge of $95m and primarily relates to impairment of software assets.

Restructuring is a loss of $154 million primarily reflecting the impact of actions to transform the organisation to improve productivity, primarily redundancy related charges and the AME market exits.

Other items is a loss of $174 million related to the sale of Zimbabwe primarily from the recycling of FX translation losses from reserves into the income statement, with no impact on tangible equity or capital.

Taxation is $848 million with an underlying year-to-date effective tax rate of 31.3 per cent, up from the H1'23 rate of 25.1 per cent, driven by one-off gain on disposal from internal restructuring of our businesses in the prior period and increased losses in the UK in the current period where the Group currently does not recognise a tax benefit.

Underlying **Return on tangible equity** decreased by 29 basis points to 15.2 per cent driven by lower profit after tax.

Underlying Profit/(loss) before tax by client segment

	H1'24 $million	H1'23 $million	Change %
Corporate & Investment Banking	2,164	2,142	1
Wealth & Retail Banking	730	718	2
Ventures	(63)	(115)	45
Central & other items	(25)	(80)	69
Underlying profit before taxation	2,806	2,665	5

Corporate & Investment Banking (CIB) profit increased by 1 percent driven by higher income from Transaction Services and Global Banking as well as lower credit impairments, partly offset by higher costs and software impairments.

Wealth & Retail Banking (WRB) profit increased by 2 percent driven by higher income from Wealth Solutions, partly offset by higher costs and impairments.

Ventures loss lower than prior year due to scale up in Trust Bank Singapore, as well as sale of SC Ventures holdings limited in prior year.

Net Interest Margin

	H1'24 $million	H1'23 $million	Change[1] %
Adjusted net interest income[2]	3,032	2,862	6
Average interest-earning assets	344,714	356,954	(2)
Average interest-bearing liabilities	320,654	321,172	–
Gross yield (%)[3]	5.76	4.82	84
Rate paid (%)[3]	4.29	3.56	73
Net interest margin (%)[3,4]	1.77	1.62	15

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 funding costs for the trading book and financial guarantee fees on interest earning assets
3 Change in the basis points (bps) difference between two periods rather than the percentage change
4 Net interest margin is calculated as Adjusted net interest income divided by average interest-earning assets, annualised

Adjusted net interest income was up 6 per cent driven by higher net interest margin which increased 15 basis points year-on-year, reflecting the impact of short-term hedge roll-off.

Average interest-earning assets decreased 2 per cent driven by lower treasury and trade assets, partially offset by growth in secured lending. Gross yields increased 84 basis points compared to the average in the first half of 2023 predominantly reflecting the impact of high interest rates in key markets.

Average interest-bearing liabilities reduced slightly from prior year as drop in current and savings account, and money markets deposits, was offset by higher retail term deposits. The rate paid on liabilities increased by 73 basis points year-on-year reflecting the impact of high interest rates in key markets.

Credit quality

Balance Sheet

	30.06.24 $million	31.12.23 $million	Change[1] %
Gross loans and advances to customers[2]	**155,558**	159,552	(3)
Of which stage 1	**144,123**	146,718	(2)
Of which stage 2	**6,959**	7,657	(9)
Of which stage 3	**4,476**	5,177	(14)
Expected credit loss provisions	**(3,141)**	(3,409)	(8)
Of which stage 1	**(229)**	(198)	16
Of which stage 2	**(183)**	(193)	(5)
Of which stage 3	**(2,729)**	(3,018)	(10)
Net loans and advances to customers	**152,417**	156,143	(2)
Of which stage 1	**143,894**	146,520	(2)
Of which stage 2	**6,776**	7,464	(9)
Of which stage 3	**1,747**	2,159	(19)
Cover ratio of stage 3 before/after collateral (%)[3]	**61/79**	58/73	3/6
Credit grade 12 accounts ($million)	**915**	2,117	(57)
Early alerts ($million)	**3,661**	3,791	(3)
Investment grade corporate exposures (%)[3]	**76**	75	1

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 $7,630 million at 30 June 2024 (31 December 2023: $13,827 million)
3 Change is the percentage points difference between the two points rather than the percentage change

The overall customer loan portfolio credit quality of the Group remains stable with an improvement in a number of underlying credit metrics.

Stages 1 and 2 is a charge of $63 million, driven by normal flows and higher delinquencies in the unsecured lending portfolio, partly offset by sovereign upgrades.

Stage 3 is a net release of $31 million driven by releases from a few corporate clients.

Gross stage 3 loans and advances to clients was down 14 percent driven by repayments and exposure reduction in the corporate book.

Credit grade 12 balances have reduced due to reverse repo position maturity for a sovereign.

Cover ratio of stage 3 loans have increased due to decrease in stage 3 loans.

Restructuring, goodwill impairment and other items

	H1'24 $million			H1'23 $million		
	Restructuring	**DVA**	**Other items**	Restructuring	DVA	Other items
Operating income	**58**	**(22)**	**(174)**	97	(30)	–
Operating expenses	**(218)**	**–**	**–**	(95)	–	–
Credit impairment	**8**	**–**	**–**	8		–
Other impairment	**(2)**	**–**	**–**	(2)		–
Loss before taxation	**(154)**	**(22)**	**(174)**	8	(30)	–

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. A reconciliation of restructuring and other items excluded from underlying results is set out on page 48.

Restructuring charges of $154 million for the period reflect the impact of actions to transform the organisation to improve productivity, primarily redundancy related charges.

DVA was a net charge of $22 million due to tightening of credit spreads.

Other items relate to loss on the sale of Zimbabwe primarily from the recycling of FX translation losses from reserves into the income statement, with no impact on tangible equity or capital.

Balance sheet and liquidity

	30.06.24 $million	31.12.23 $million
Assets		
Loans and advances to banks	**25,066**	22,803
Loans and advances to customers	**152,417**	156,143
Other assets	**366,509**	359,633
Total assets	**543,992**	538,579
Liabilities		
Deposits by banks	**23,985**	23,616
Customer accounts	**240,453**	237,902
Other liabilities	**245,616**	243,117
Total liabilities	**510,054**	504,635
Equity	**33,938**	33,944
Total equity and liabilities	**543,992**	538,579
Advances-to-deposits ratio (%)[1]	**52.6%**	50.5%

SC Bank is not regulated for Liquidity Coverage Ratio (LCR), however, the bank and material subsidiaries in the consolidation have standalone LCR ratios above 100 per cent.

1 The Group now excludes $18,419 million held with central banks (2023: $20,710 million) that have been confirmed as repayable at the point of stress. Advances exclude repurchase agreements and other similar secured lending of $7,630 million and include loans and advances to customers held at fair value through profit or loss of $4,501 million. Deposits include customer accounts held at fair value through profit or loss of $8,581 million

The Group's balance sheet is strong, highly liquid and diversified.

Loans and advances to customers decreased 2 per cent since December 2023 to $152 billion driven mainly by risk-weighted asset optimisation actions.

Customer accounts of $240 billion increased by 2 per cent since December 2023 driven largely by an increase in retail term deposits.

Capital base and ratios

	30.06.24 $million	31.12.23 $million
CET1 capital	22,036	21,794
Additional Tier 1 capital (AT1)	5,713	5,453
Tier 1 capital	27,749	27,247
Tier 2 capital	10,401	11,607
Total capital	38,150	38,854
CET1 capital ratio (%)	13.3%	13.2%
Total capital ratio (%)	23.1%	23.5%
Leverage ratio (%)	4.9%	5.0%

Standard Chartered Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA).

Capital requirements are set by the PRA for the solo-consolidated group. The solo-consolidated group differs from Standard Chartered Bank (Company) in that it includes the full consolidation of three subsidiaries, namely Standard Chartered Holdings (International) B.V., Standard Chartered Grindlays PTY Limited and SCMB Overseas Limited.

Capital disclosures in this document are provided on the basis of Standard Chartered Bank (Group), being Standard Chartered Bank and its subsidiaries.

Standard Chartered Bank continues to operate through its branches and a number of subsidiaries, all of which remain well capitalised in line with their applicable Risk Appetites which takes into account local regulations, Pillar 1 and 2 requirements and regulatory and management buffers as applicable.

The Group's CET1 capital increased by approximately 10 basis points to 13.3 percent of RWA since FY2023. Profits, movements in FVOCI, lower regulatory deductions and RWA optimisations were partly offset by distributions including ordinary dividend and AT1 payments during the year and FX translation reserves.

RWAs decreased by $0.2 billion to $165.4 billion as RWA optimisation initiatives were sustained.

The leverage ratio decreased by approximately 10 basis points to 4.9 per cent. Leverage exposure increased by $25.8 billion during the year. Tier 1 capital increased by $0.5 billion as CET1 capital increased by $0.2 billion and AT1 capital increased by $0.3 billion following the issuance of $0.4 billion of AT1 instrument.

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Underlying versus reported results reconciliations

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

Operating income by client segment

Reconciliation of underlying versus reported operating income by client segment is set out in note 2 Segmental information on page 49

Profit before taxation (PBT)

Reconciliation of underlying versus reported PBT is set out in note 2 Segmental information on page 48

Profit before taxation (PBT) by client segment

Reconciliation of underlying versus reported PBT by client segment is set out in note 2 Segmental information on page 49

Return on tangible equity (RoTE)

	H1'24 $million	H1'23 $million
Average parent company Shareholders' Equity	27,934	28,482
Less Average preference share capital and share premium	(750)	(1,312)
Less Average intangible assets	(4,108)	(3,991)
Average Ordinary Shareholders' Tangible Equity	23,076	23,179
Profit for the period attributable to equity holders	1,608	1,976
Non-controlling interests	(19)	(12)
Dividend payable on preference shares and AT1 classified as equity	(167)	(207)
Profit for the period attributable to ordinary shareholders	1,422	1,757
Items normalised:		
Restructuring	154	(8)
DVA	22	30
Net Loss on sale of Businesses	174	–
Tax on normalised items	(31)	(2)
Underlying profit for the period attributable to ordinary shareholders	1,741	1,777
Underlying Return on Tangible Equity	15.2%	15.5%
Reported Return on Tangible Equity	12.4%	15.3%

Net charge-off ratio

	H1'24			H1'23		
	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 $million	Net Charge-off Ratio %
Stage 1	7	168,991	(0.00)%	40	171,915	(0.02)%
Stage 2	(59)	6,956	0.85%	(86)	7,182	1.20%
Stage 3	87	1,978	(4.40)%	6	2,432	(0.25)%
Total exposure	35	177,925	(0.02)%	(40)	181,529	0.02%

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 liabilities balances excluding the daily average cash collateral balances in other assets and other liabilities that are related to the Global Markets trading book.
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
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
Net charge-off ratio	Net credit impairment charge or release to average outstanding net exposures
NIM or Net interest margin	Reported net interest income adjusted for trading book funding cost 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.
Net yield	Gross yield on average assets less rate paid on average liabilities.
Non NII	Reported Non NII is a sum of net Fees and commission, net trading income and other operating income
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.
RoTE or Return on ordinary shareholders' tangible equity	The ratio of the current year's profit available for distribution to ordinary shareholders, to the weighted average tangible equity, being ordinary shareholders' equity less the average goodwill and intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods.
Underlying net interest income	Reported net interest income normalised to an underlying basis adjusted for trading book funding cost and financial guarantee Fees on interest earning assets.
Underlying Non NII	Reported Non NII normalised to an underlying basis adjusted for trading book funding cost and financial guarantee Fees on interest earning assets. In prior periods Underlying Non NII was described as underlying other income
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; 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 • Income-to-cost Jaws • RoTE or Return on tangible equity
Underlying ROTE	The ratio of the current year's underlying profit attributable to ordinary shareholders plus fair value on OCI equity movement relating to Ventures segment to the weighted average tangible equity, being ordinary shareholders' equity less the intangible assets for the reporting period.

Risk Index

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

- **a) Risk review:** Disclosures marked as 'reviewed' from the start of Credit Risk section (page 10) to the end of Operational and Technology risk in the same section (page 36); and
- **b) Capital review:** Tables marked as 'reviewed' from the start of 'Capital base' to the end of 'Total capital' (page 37).

Risk Overview

Our Risk Management Approach

Standard Chartered Bank's Risk Management Framework (RMF) outlines how we manage risk enterprise wide. RMF applies the principles set in PLC Group's Enterprise Risk Management Framework (ERMF) to SC Bank. It gives us the structure to manage existing risks effectively in line with our Risk Appetite, as well as allowing for holistic risk identification. The RMF also sets out the roles and responsibilities and the minimum governance requirements for the management of principal risks.

The Group follows SC PLC Group in terms of identifying and managing our key Risks and Topical and Emerging Risks (TERs). Details on these sections can be found on pages 30 to 35 of the SC PLC Group's 2024 Half Year Report.

Principal Risk Types

Principal Risk Types (PRTs) are risks inherent in our strategy and business model. These are formally defined in our RMF, 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 Risk Appetite Statements for the PRTs.

Risk Types	Risk Appetite Statements
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 activities to ensure that market and counterparty credit risk losses do not cause material damage to the Group's franchise.
Treasury Risk	Individual regulated entities within 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 do not cause material damage to their franchise. In addition, they should ensure that their 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 (ICS) 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."

Credit Risk

Basis of preparation

Unless otherwise stated the balance sheet and income statement information presented within this section is based on the Group's management view. This is principally the location from which a client relationship is managed, which may differ from where it is financially booked and may be shared between businesses and/or regions. This view reflects how the client segments and regions are managed internally.

Loans and advances to customers and banks held at amortised cost in this 'Risk profile' section include reverse repurchase agreement balances held at amortised cost, per Note 13 Reverse repurchase and repurchase agreements including other similar secured lending and borrowing.

Credit Risk overview

Credit Risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Group. Credit exposures arise from both the banking and trading books.

Summary of Credit Risk Performance

Maximum exposure

The Group's on-balance sheet maximum exposure to Credit Risk remained stable at $515.8 billion (31 December 2023: $516.6 billion). Cash and balances at Central bank decreased by $9.2 billion to $55.0 billion (31 December 2023: $64.2 billion) due to reduced placements with a Central Bank. Loans to banks held at amortised cost increased by $2.3 billion to $25.1 billion (31 December 2023: $22.8 billion). Fair Value through profit and loss increased by $14.8 billion to $110.5 billion (31 December 2023: $95.7 billion) largely due to an increase in Debt Securities and Reverse repurchase agreements. This was partly offset by a $3.7 billion decrease in loans and advances to customers to $152.4 billion (31 December 2023: $156.1 billion) of which $6 billion decrease is from Reverse repurchase agreements in CIB and Central and other items. Debt Securities decreased by $2.5 billion to $99.6 billion (31 December 2023: $102 billion). Off-balance sheet instruments increased by $16.7 billion to $195.3 billion (31 December 2023: $178.6 billion), mainly in financial guarantees and other equivalents driven by new businesses.

+ Further details can be found in the 'Maximum exposure to Credit Risk' section in page 12.

Loans and Advances

Stage 1 loans and advances to customers decreased by $2.6 billion to $144.1 billion (31 December 2023: $146.7 billion) mainly in Central and other items due to a decrease in reverse repurchase agreements. For WRB, stage 1 balances increased by $0.2 billion to $46.6 billion (31 December 2023: $46.4 billion) mainly due to an increase in secured wealth balances which are partly offset by a $0.7 billion decrease in the mortgage book in Singapore driven by a slowdown in sales due to the high interest rate environment. Total stage 1 cover ratio remained stable at 0.2 per cent (31 December 2023: 0.1 per cent).

Stage 2 gross loans and advances to customers decreased by $0.7 billion to $7 billion (31 December 2023: $7.7 billion). For WRB, stage 2 balances decreased by $0.2 billion to $0.8 billion (31 December 2023: $1 billion). This is mainly driven by a decrease in the Singapore mortgage portfolio of $0.1 billion, due to the high interest rate environment. Higher risk exposure net decreased by $0.8 billion to $0.1 billion (31 December 2023: $1.0 billion) for Central and other items was due to the maturity of short-term loan exposures being replaced with debt securities in the Middle East. Total stage 2 cover ratio increased by 0.1 per cent to 2.6 per cent (31 December 2023: 2.5 per cent) due to WRB exposure reductions.

Stage 3 loans and advances to customers decreased by $0.7 billion to $4.5 billion (31 December 2023: $5.2 billion) due to repayments and write-offs in CIB. The CIB stage 3 cover ratio increased by 4 per cent to 65 per cent (31 December 2023: 61 per cent) as a result of repayments and write offs. The WRB stage 3 loans and advances remained stable withan increase in mortgages partly offset by a decrease in personal loans and other unsecured lending. WRB cover ratio decreased by 8 per cent to 52 per cent (31 December 2023: 60 per cent) due to a decrease in personal loan provisions in Malaysia due to unsecured assets reclassified as held for sale. Stage 3 Central and other items, decreased by $0.2 billion to $0.1 billion (31 December 2023: $0.2 billion) as funds were reinvested into debt securities for liquidity purposes. Total stage 3 cover ratio increased by 3 per cent to 61 per cent (31 December 2023: 58 per cent) due to a decrease in exposures. The stage 3 cover ratio after collateral increased by 7.1 per cent to 80 per cent (31 December 2023: 73 per cent).

+ Further details can be found in the 'Analysis of financial instruments by stage' section in pages 13 to 14; 'Credit quality analysis' section in page 15; and 'Loans and advances by client segment' section in pages 16 to 17.

Credit impairment charges

For CIB, stage 1 and 2 impairment charges decreased by $27 million to $17 million (30 June 2023: $44 million) due to release from a sovereign upgrade. This was partly offset by portfolio movements.

CIB stage 3 impairment charge decreased by $27 million to a net release of $70 million (30 June 2023: release of $43 million) driven by significant recoveries from a few clients.

For WRB, stage 1 and 2 impairment charges increased by $85 million to $69 million (30 June 2023: release of $16 million, mainly due to the release of COVID-19 overlays and other one-off releases).

WRB stage 3 impairment charges increased by $17 million to $45 million (30 June 2023: $28 million). This was driven by charge-offs from India, Malaysia and Singapore and higher impairments on Digital partnership portfolio in Indonesia due to portfolio maturation in short term loans.

For Ventures, total impairment charges increased by $6 million to $10 million (30 June 2023: $4 million) driven by portfolio growth.

For Central and other items, stage 1 and 2 impairment charges remained stable at a net release of $28 million (30 June 2023: release of $28 million) due to a sovereign upgrade, driven by improvements in the macroeconomic environment and the maturity of a portfolio of debt securities held by Treasury in FVOCI.

Central and other items stage 3 impairment charge decreased by $8 million to a net release of $11 million (30 June 2023: release of $3 million) due to an upgrade in a sovereign's local currency position to CG12C (Higher Risk).

+ Further details can be found in the 'Credit impairment charge' section in page 20.

Maximum exposure to Credit Risk (reviewed)

The table below presents the Group's maximum exposure to Credit Risk for its on-balance sheet and off-balance sheet financial instruments as at 30 June 2024, before and after taking into account any collateral held or other Credit Risk mitigation.

+ Further details can be found in the 'Summary of Credit Risk Performance' section.

Group

	30.06.24				31.12.23			
	Credit risk management				Credit risk management			
	Maximum exposure $million	Collateral[8] $million	Master netting agreements $million	Net exposure $million	Maximum exposure $million	Collateral[8] $million	Master netting agreements $million	Net exposure $million
On-balance sheet								
Cash and balances at central banks	54,980			54,980	64,198			64,198
Loans and advances to banks[1]	25,066	3,620		21,446	22,803	1,653		21,150
of which – reverse repurchase agreements and other similar secured lending[7]	3,620	3,620		–	1,653	1,653		–
Loans and advances to customers[1]	152,417	52,250		100,167	156,143	51,985		104,158
of which – reverse repurchase agreements and other similar secured lending[7]	7,630	7,630		–	13,827	13,827		–
Investment securities – Debt securities and other eligible bills[2]	99,564			99,564	102,040			102,040
Fair value through profit or loss[3,7]	110,456	75,475	–	34,981	95,658	68,149	–	27,509
Loans and advances to banks	2,007			2,007	2,265			2,265
Loans and advances to customers	4,501			4,501	3,188			3,188
Reverse repurchase agreements and other similar lending[7]	75,475	75,475		–	68,149	68,149		–
Investment securities – Debt securities and other eligible bills[2]	28,473			28,473	22,056			22,056
Derivative financial instruments[4,7]	48,492	10,380	37,304	808	52,554	7,960	43,684	910
Accrued income	1,861			1,861	1,768			1,768
Assets held for sale	517			517	693			693
Other assets[5]	22,485			22,485	20,714			20,714
Total balance sheet	515,838	141,725	37,304	336,809	516,571	129,747	43,684	343,140
Off-balance sheet[6]								
Undrawn Commitments	122,594	2,413		120,181	117,899	2,296		115,603
Financial Guarantees and other equivalents	72,664	2,049		70,615	60,707	2,139		58,568
Total off-balance sheet	195,258	4,462	–	190,796	178,606	4,435	–	174,171
Total	711,096	146,187	37,304	527,605	695,177	134,182	43,684	517,311

1 Net of credit impairment. An analysis of credit quality is set out in the credit quality analysis section (page 15)
2 Excludes equity and other investments of $264 million (31 December 2023: $434 million). Further details are set out in Note 11 Financial instruments
3 Excludes equity and other investments of $2,710 million (31 December 2023: $1,442 million). Further details are set out in Note 11 Financial instruments
4 The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions
5 Other assets include cash collateral, and acceptances, in addition to unsettled trades and other financial assets
6 Excludes ECL allowances which are reported under Provisions for liabilities and charges
7 Collateral capped at maximum exposure (over-collateralised)
8 Adjusted for over-collateralisation, which has been determined with reference to the drawn and undrawn component as this best reflects the effect on the amount arising from expected credit losses. Loans and advances to customers collateral now re-presented between on and off -balance sheet as it also includes guarantees
9 The amount is after ECL. Further details are set out in Note 17 Assets held for sale and associated liabilities

Analysis of financial instruments by stage (reviewed)

This table shows financial instruments and off-balance sheet commitments by stage, along with the total credit impairment loss provision against each class of financial instrument.

+ Further details can be found in the 'Summary of Credit Risk Performance' section.

Group

	30.06.24											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million
Cash and balances at central banks	54,132	–	54,132	339	–	339	522	(13)	509	54,993	(13)	54,980
Loans and advances to banks (amortised cost)	24,665	(2)	24,663	355	(2)	353	54	(4)	50	25,074	(8)	25,066
Loans and advances to customers (amortised cost)	144,123	(229)	143,894	6,959	(183)	6,776	4,476	(2,729)	1,747	155,558	(3,141)	152,417
Debt securities and other eligible bills[5]	97,406	(18)		1,787	(12)		387	(10)		99,580	(40)	
Amortised cost	37,568	(14)	37,554	396	(2)	394	62	–	62	38,026	(16)	38,010
FVOCI[2]	59,838	(4)		1,391	(10)		325	(10)		61,554	(24)	–
Accrued income (amortised cost)[4]	1,861		1,861			–			–	1,861	–	1,861
Assets held for sale	429	–	429	50	(1)	49	114	(75)	39	593	(76)	517
Other assets	22,485	–	22,485	–	–	–	3	(3)	–	22,488	(3)	22,485
Undrawn commitments[3]	118,864	(21)		3,724	(31)		6	–		122,594	(52)	
Financial guarantees, trade credits and irrevocable letter of credits[3]	70,614	(10)		1,336	(6)		714	(142)		72,664	(158)	
Total	534,579	(280)		14,550	(235)		6,276	(2,976)		555,405	(3,491)	

1 Gross carrying amount for off-balance sheet refers to notional values
2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve
3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a financial liability and therefore there is no "net carrying amount". ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component
4 Stage 1 ECL is not material
5 Stage 3 gross includes $23 million (31 December 2023: $80 million) originated credit-impaired debt securities with impairment of Nil (31 December 2023: $14 million)

	31.12.23											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million	Gross balance[1] $million	Total credit impairment $million	Net carrying value $million
Cash and balances at central banks	63,606	–	63,606	207	(7)	200	404	(12)	392	64,217	(19)	64,198
Loans and advances to banks (amortised cost)	22,210	(3)	22,207	537	(9)	528	74	(6)	68	22,821	(18)	22,803
Loans and advances to customers (amortised cost)	146,718	(198)	146,520	7,657	(193)	7,464	5,177	(3,018)	2,159	159,552	(3,409)	156,143
Debt securities and other eligible bills[5]	100,092	(26)		1,861	(34)		165	(61)		102,118	(121)	
Amortised cost	39,774	(19)	39,755	103	(2)	101	121	(57)	64	39,998	(78)	39,920
FVOCI[2]	60,318	(7)		1,758	(32)		44	(4)		62,120	(43)	
Accrued income (amortised cost)[4]	1,768		1,768			–			–	1,768	–	1,768
Assets held for sale[4]	654	(34)	620	76	(4)	72	1	–	1	731	(38)	693
Other assets	20,714	–	20,714	–	–	–	3	(3)	–	20,717	(3)	20,714
Undrawn commitments[3]	113,301	(20)		4,596	(27)		2	–		117,899	(47)	
Financial guarantees, trade credits and irrevocable letter of credits[3]	57,505	(8)		2,530	(13)		672	(112)		60,707	(133)	
Total	526,568	(289)		17,464	(287)		6,498	(3,212)		550,530	(3,788)	

1 Gross carrying amount for off-balance sheet refers to notional values
2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve
3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a financial liability and therefore there is no "net carrying amount". ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component
4 Stage 1 ECL is not material
5 Stage 3 gross includes $80 million originated credit-impaired debt securities and $14 million impairment

Credit quality analysis

Credit quality by client segment (reviewed)

For the CIB portfolios, exposures are analysed by credit grade (CG), which plays a central role in the quality assessment and monitoring of risk. All loans are assigned a CG, which is reviewed periodically and amended in light of changes in the borrower's circumstances or behaviour. CGs 1 to 12 are assigned to stage 1 and stage 2 (performing) clients or accounts, while CGs 13 and 14 are assigned to stage 3 (credit-impaired) clients. The mapping of credit quality is as follows.

Mapping of credit quality

The Group uses the following internal risk mapping to determine the credit quality for loans.

	Corporate & Investment Banking			Private Banking[1]	Wealth & Retail Banking[5]
Credit quality description	Internal Grade mapping	S&P external ratings equivalent	Regulatory PD range (%)	Internal ratings	Internal grade mapping
Strong	1A to 5B	AAA/AA+ to BBB-/BB+[2]	0 to 0.425	Class I and Class IV	Current loans (no past dues nor impaired)
Satisfactory	6A to 11C	BB+/BB to B-/CCC+[3]	0.426 to 15.75	Class II and Class III	Loans past due till 29 days
Higher Risk	Grade 12	CCC+/C[4]	15.751-99.999	Stressed Assets Group (SAG) Managed	Past due loans 30 days and over till 90 days

1 For Private Banking, classes of risk represent the type of collateral held. Class I represents facilities with liquid collateral, such as cash and marketable securities. Class II represents unsecured/partially secured facilities and those with illiquid collateral, such as equity in private enterprises. Class III represents facilities with residential or commercial real estate collateral. Class IV covers margin trading facilities

2 Banks' rating: AAA/AA+ to BB+. Sovereign's rating: AAA to BB+

3 Banks' rating: BB to "CCC+ to C". Sovereigns' rating: BB+/BB to B-/CCC+

4 Banks' rating: CCC+ to C. Sovereigns' rating: CCC+ to "CCC+ to C"

5 Wealth & Retail Banking excludes Private Banking. Medium enterprise clients within Business Banking are managed using the same internal credit grades as CIB

The table below sets out the gross loans and advances held at amortised cost, expected credit loss provisions and expected credit loss coverage by business segment and stage. Expected credit loss coverage represents the expected credit loss reported for each segment and stage as a proportion of the gross loan balance for each segment and stage.

+ Further details can be found in the 'Summary of Credit Risk Performance' section.

Loans and advances by client segment (reviewed)

Group

	30.06.24							
		Customers						
Amortised cost	Banks $million	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & other items $million	Customer Total $million	Undrawn commitments $million	Financial Guarantees $million
Stage 1	24,665	76,840	46,556	352	20,375	144,123	118,864	70,614
– Strong	17,013	53,874	42,180	346	20,024	116,424	108,300	46,670
– Satisfactory	7,652	22,966	4,376	6	351	27,699	10,564	23,944
Stage 2	355	6,021	805	4	129	6,959	3,724	1,336
– Strong	136	920	477	–	–	1,397	1,132	292
– Satisfactory	161	4,373	98	–	–	4,471	2,370	835
– Higher risk	58	728	230	4	129	1,091	222	209
Of which (stage 2):								
– Less than 30 days past due	–	228	98	–	–	326	–	–
– More than 30 days past due	3	7	230	4	–	241	–	–
Stage 3, credit-impaired financial assets	54	3,336	1,074	2	64	4,476	6	714
Gross balance[1]	25,074	86,197	48,435	358	20,568	155,558	122,594	72,664
Stage 1	(2)	(60)	(158)	(11)	–	(229)	(21)	(10)
– Strong	(1)	(29)	(121)	(11)	–	(161)	(11)	(3)
– Satisfactory	(1)	(31)	(37)	–	–	(68)	(10)	(7)
Stage 2	(2)	(130)	(53)	–	–	(183)	(31)	(6)
– Strong	(1)	(14)	(15)	–	–	(29)	(4)	(1)
– Satisfactory	(1)	(74)	(9)	–	–	(83)	(17)	(2)
– Higher risk	–	(42)	(29)	–	–	(71)	(10)	(3)
Of which (stage 2):								
– Less than 30 days past due	–	(15)	(9)	–	–	(24)	–	–
– More than 30 days past due	–	–	(29)	–	–	(29)	–	–
Stage 3, credit-impaired financial assets	(4)	(2,164)	(563)	(2)	–	(2,729)	–	(142)
Total credit impairment	(8)	(2,354)	(774)	(13)	–	(3,141)	(52)	(158)
Net carrying value	25,066	83,843	47,661	345	20,568	152,417		
Stage 1	0.0%	0.1%	0.3%	3.1%	0.0%	0.2%	0.0%	0.0%
– Strong	0.0%	0.1%	0.3%	3.2%	0.0%	0.1%	0.0%	0.0%
– Satisfactory	0.0%	0.1%	0.8%	0.0%	0.0%	0.2%	0.1%	0.0%
Stage 2	0.6%	2.2%	6.6%	0.0%	0.0%	2.6%	0.8%	0.5%
– Strong	0.7%	1.5%	3.1%	0.0%	0.0%	2.1%	0.3%	0.4%
– Satisfactory	0.6%	1.7%	9.2%	0.0%	0.0%	1.9%	0.7%	0.2%
– Higher risk	0.0%	5.8%	12.6%	0.0%	0.0%	6.5%	4.4%	1.5%
Of which (stage 2):								
– Less than 30 days past due	0.0%	6.6%	9.2%	0.0%	0.0%	7.4%	0.0%	0.0%
– More than 30 days past due	0.0%	0.0%	12.6%	0.0%	0.0%	12.0%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	7.4%	64.9%	52.4%	100.0%	0.0%	61.0%	0.0%	19.9%
– Stage 3 Collateral	2	375	464	–	–	839	–	47
– Stage 3 Cover ratio (after collateral)	11.1%	76.1%	95.6%	100.0%	0.0%	79.7%	0.0%	26.5%
Cover ratio	0.0%	2.7%	1.6%	3.6%	0.0%	2.0%	0.0%	0.2%
Fair value through profit or loss								
Performing	35,009	46,956	–	–	–	46,956	–	–
– Strong	29,713	31,143	–	–	–	31,143	–	–
– Satisfactory	5,296	15,762	–	–	–	15,762	–	–
– Higher risk	–	51	–	–	–	51	–	–
Defaulted (CG13-14)	–	18	–	–	–	18	–	–
Gross balance (FVTPL)[2]	35,009	46,974	–	–	–	46,974	–	–
Net carrying value (incl FVTPL)	60,075	130,817	47,661	345	20,568	199,391	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of $7,630 million under Customers and of $3,620 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $42,473 million under Customers and of $33,002 million under Banks, held at fair value through profit or loss

Group

Amortised cost	31.12.23 Banks $million	Customers: Corporate & Investment Banking $million	Customers: Wealth & Retail Banking $million	Customers: Ventures $million	Customers: Central & other items $million	Customers: Customer Total $million	Undrawn commitments $million	Financial Guarantees $million
Stage 1	22,210	77,513	46,378	235	22,592	146,718	113,301	57,505
– Strong	14,756	55,407	42,362	232	22,254	120,255	104,198	37,642
– Satisfactory	7,454	22,106	4,016	3	338	26,463	9,103	19,863
Stage 2	537	5,696	994	2	965	7,657	4,596	2,530
– Strong	53	862	659	–	–	1,521	947	801
– Satisfactory	211	3,955	100	–	–	4,055	3,168	1,472
– Higher risk	273	879	235	2	965	2,081	481	257
Of which (stage 2):								
– Less than 30 days past due	–	78	100	–	–	178	–	–
– More than 30 days past due	–	10	235	2	–	247	–	–
Stage 3, credit-impaired financial assets	74	3,887	1,064	2	224	5,177	2	672
Gross balance[1]	22,821	87,096	48,436	239	23,781	159,552	117,899	60,707
Stage 1	(3)	(68)	(123)	(7)	–	(198)	(20)	(8)
– Strong	(2)	(26)	(80)	(7)	–	(113)	(8)	(1)
– Satisfactory	(1)	(42)	(43)	–	–	(85)	(12)	(7)
Stage 2	(9)	(133)	(59)	–	(1)	(193)	(27)	(13)
– Strong	–	(11)	(22)	–	–	(33)	(3)	–
– Satisfactory	(2)	(64)	(7)	–	–	(71)	(15)	(6)
– Higher risk	(7)	(58)	(30)	–	(1)	(89)	(9)	(7)
Of which (stage 2):								
– Less than 30 days past due	–	(1)	(7)	–	–	(8)	–	–
– More than 30 days past due	–	(1)	(30)	–	–	(31)	–	–
Stage 3, credit-impaired financial assets	(6)	(2,362)	(639)	(2)	(15)	(3,018)	–	(112)
Total credit impairment	(18)	(2,563)	(821)	(9)	(16)	(3,409)	(47)	(133)
Net carrying value	22,803	84,533	47,615	230	23,765	156,143	–	–
Stage 1	0.0%	0.1%	0.3%	3.0%	0.0%	0.1%	0.0%	0.0%
– Strong	0.0%	0.0%	0.2%	3.0%	0.0%	0.1%	0.0%	0.0%
– Satisfactory	0.0%	0.2%	1.1%	0.0%	0.0%	0.3%	0.1%	0.0%
Stage 2	1.7%	2.3%	5.9%	0.0%	0.1%	2.5%	0.6%	0.5%
– Strong	0.0%	1.3%	3.3%	0.0%	0.0%	2.2%	0.3%	0.0%
– Satisfactory	0.9%	1.6%	7.0%	0.0%	0.0%	1.8%	0.5%	0.4%
– Higher risk	2.6%	6.6%	12.8%	0.0%	0.1%	4.3%	1.9%	2.7%
Of which (stage 2):								
– Less than 30 days past due	0.0%	1.3%	7.0%	0.0%	0.0%	4.5%	0.0%	0.0%
– More than 30 days past due	0.0%	10.0%	12.8%	0.0%	0.0%	12.6%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	8.1%	60.8%	60.1%	100.0%	6.7%	58.3%	0.0%	16.7%
– Stage 3 Collateral	2	350	393	–	–	743	–	34
– Stage 3 Cover ratio (after collateral)	10.8%	69.8%	97.0%	100.0%	6.7%	72.6%	0.0%	21.7%
Cover ratio	0.1%	2.9%	1.7%	3.8%	0.1%	2.1%	0.0%	0.2%
Fair value through profit or loss								
Performing	28,318	45,266	–	–	–	45,266	–	–
– Strong	23,954	27,667	–	–	–	27,667	–	–
– Satisfactory	4,364	17,536	–	–	–	17,536	–	–
– Higher risk	–	63	–	–	–	63	–	–
Defaulted (CG13-14)	–	18	–	–	–	18	–	–
Gross balance (FVTPL)[2]	28,318	45,284	–	–	–	45,284	–	–
Net carrying value (incl FVTPL)	51,121	129,817	47,615	230	23,765	201,427	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of $13,827 million under Customers and of $1,653 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $42,096 million under Customers and of $ 26,053 million under Banks, held at fair value through profit and loss.

Movement in gross exposures and credit impairment for loans and advances, debt securities, undrawn commitments and financial guarantees (reviewed)

The table overleaf set out the movement in gross exposures and credit impairment by stage in respect of amortised cost loans to banks and customers, undrawn commitments, financial guarantees and debt securities classified at amortised cost and FVOCI.

Methodology

The movement lines within the tables are an aggregation of monthly movements over the year and will therefore reflect the accumulation of multiple trades during the year. The credit impairment charge in the income statement comprises the amounts within the boxes in the table below less recoveries of amounts previously written off. Discount unwind is reported in net interest income and related to stage 3 financial instruments only.

The approach for determining the key line items in the tables is set out below.

- Transfers – transfers between stages are deemed to occur at the beginning of a month based on prior month closing balances
- Net remeasurement from stage changes – the remeasurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to. For example, assets transferred into stage 2 are remeasured from a 12 month to a lifetime expected credit loss, with the effect of remeasurement reported in stage 2. For stage 3, this represents the initial remeasurement from specific provisions recognised on individual assets transferred into stage 3 in the year
- Net changes in exposures – new business written less repayments in the year. Within stage 1, new business written will attract up to 12 months of expected credit loss charges. Repayments of non-amortising loans (primarily within CIB) will have low amounts of expected credit loss provisions attributed to them, due to the release of provisions over the term to maturity. In stages 2 and 3, the net change in exposures reflect repayments although stage 2 may include new facilities where clients are on non-purely precautionary early alert, are a credit grade 12, or when non-investment grade debt securities are acquired
- Changes in risk parameters – for stages 1 and 2, this reflects changes in the probability of default (PD), loss given default (LGD) and exposure at default (EAD) of assets during the year, which includes the impact of releasing provisions over the term to maturity. It also includes the effect of changes in forecasts of macroeconomic variables during the year and movements in management overlays. In stage 3, this line represents additional specific provisions recognised on exposures held within stage 3
- Interest due but not paid – change in contractual amount of interest due in stage 3 financial instruments but not paid, being the net of accruals, repayments and write-offs, together with the corresponding change in credit impairment

Changes to ECL models, which incorporates changes to model approaches and methodologies, is not reported as a separate line item as it has an impact over a number of lines and stages.

Movements during the year

Stage 1 gross exposures increased by $16 billion to $456 billion (31 December 2023: $440 billion). CIB exposure increased by $19 billion to $257 billion (31 December 2023: $238 billion) largely due to higher amounts of financial guarantees. WRB increased by $1.5 billion to $79 billion (31 December 2023: $78 billion) which was largely driven by off balance sheet commitments. Across CIB and Central and other items, stage 1 debt securities decreased by $3 billion to $97 billion (31 December 2023: $100 billion) largely due to maturities.

Total stage 1 provisions increased by $25 million to $280 million (31 December 2023: $255 million) from WRB which increased by $32 million to $160 million (31 December 2023: $128 billion), due to increased level of delinquencies in Personal Loans and Unsecured lending portfolio and $4 million charge for an overlay on in Singapore credit cards as industry bankruptcy trends increased.

Stage 2 gross exposures decreased by $3 billion to $14 billion (31 December 2023: $17 billion), primarily driven by a net reduction in exposures in Central and other items due to the maturity of a portfolio of debt securities held by Treasury in FVOCI. WRB exposures decreased by $0.2 billion to $0.9 billion (31 December 2023: $1.1 billion) from Secured Portfolio. CIB reduced by $2 billion to $11 billion (31 December 2023: $13 billion) from off balance sheet instruments. Debt securities remained broadly stable at $1.8 billion.

Stage 2 provisions decreased by $42 million to $234 million (31 December 2023: $276 million). CIB provisions decreased by $14 million to $0.2 billion (31 December 2023: $0.2 billion) from release due to upgrade of one Sovereign partly offset by portfolio movements. Stage 2 Debt Security Provisions decreased by $22 million to $12 million (31 December 2023: $34 million) largely in Central and other items due to a sovereign upgrade, driven by improvements in the macroeconomic environment and the maturity of a portfolio of debt securities held by Treasury in FVOCI.

The impact of model and methodology updates in 2024 reduced provisions by $8 million in WRB across Stage 1, 2 and 3.

Stage 3 exposures decreased by $0.5 billion to $5.6 billion (31 December 2023: $6.1 billion), which was primarily driven by repayments and write-offs in CIB. WRB stage 3 loans is stable at $1.1 billion. Stage 3 provisions decreased by $0.3 billion to $2.9 billion (31 December 2023: $3.2 billion), mainly due to repayments and write-offs in CIB. WRB provisions decreased by $78 million to $0.6 billion (31 December 2023: $0.6 billion) mainly due to held for sale portfolio in Malaysia from unsecured portfolio.

All segments – Group (reviewed)

Amortised cost and FVOCI	Stage 1 Gross balance[6] $million	Stage 1 Total credit impairment $million	Stage 1 Net $million	Stage 2 Gross balance[6] $million	Stage 2 Total credit impairment $million	Stage 2 Net $million	Stage 3[5] Gross balance[5,6] $million	Stage 3[5] Total credit impairment $million	Stage 3[5] Net $million	Total Gross balance[6] $million	Total Total credit impairment $million	Total Net $million
As at 1 January 2023	430,079	(330)	429,749	20,469	(349)	20,120	7,173	(3,831)	3,342	457,721	(4,510)	453,211
Transfers to stage 1	11,184	(515)	10,669	(11,174)	515	(10,659)	(10)	–	(10)	–	–	–
Transfers to stage 2	(26,645)	130	(26,515)	26,784	(138)	26,646	(139)	8	(131)	–	–	–
Transfers to stage 3	(19)	1	(18)	(1,523)	132	(1,391)	1,542	(133)	1,409	–	–	–
Net change in exposures	20,964	(150)	20,814	(14,050)	19	(14,031)	(1,476)	460	(1,016)	5,438	329	5,767
Net remeasurement from stage changes	–	48	48	–	(153)	(153)	–	(61)	(61)	–	(166)	(166)
Changes in risk parameters	–	160	160	–	53	53	–	(503)	(503)	–	(290)	(290)
Write-offs	–	–	–	–	–	–	(666)	666	–	(666)	666	–
Interest due but unpaid	–	–	–	–	–	–	(19)	19	–	(19)	19	–
Discount unwind	–	–	–	–	–	–	–	139	139	–	139	139
Exchange translation differences and other movements[1]	4,263	401	4,664	(3,325)	(355)	(3,680)	(315)	39	(276)	623	85	708
As at 31 December 2023[2]	439,826	(255)	439,571	17,181	(276)	16,905	6,090	(3,197)	2,893	463,097	(3,728)	459,369
Income statement ECL (charge)/release[3]		58			(81)			(104)			(127)	
Recoveries of amounts previously written off		–			–			185			185	
Total credit impairment (charge)/release		58			(81)			81			58	
As at 1 January 2024	**439,826**	**(255)**	**439,571**	**17,181**	**(276)**	**16,905**	**6,090**	**(3,197)**	**2,893**	**463,097**	**(3,728)**	**459,369**
Transfers to stage 1	**5,909**	**(203)**	**5,706**	**(5,897)**	**203**	**(5,694)**	**(12)**	**–**	**(12)**	**–**	**–**	**–**
Transfers to stage 2	**(11,433)**	**90**	**(11,343)**	**11,502**	**(91)**	**11,411**	**(69)**	**1**	**(68)**	**–**	**–**	**–**
Transfers to stage 3	**(253)**	**13**	**(240)**	**(234)**	**39**	**(195)**	**487**	**(52)**	**435**	**–**	**–**	**–**
Net change in exposures	**30,236**	**(91)**	**30,145**	**(7,320)**	**14**	**(7,306)**	**(364)**	**150**	**(214)**	**22,552**	**73**	**22,625**
Net remeasurement from stage changes	**–**	**21**	**21**	**–**	**(87)**	**(87)**	**–**	**(62)**	**(62)**	**–**	**(128)**	**(128)**
Changes in risk parameters	**–**	**62**	**62**	**–**	**15**	**15**	**–**	**(125)**	**(125)**	**–**	**(48)**	**(48)**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**	**(309)**	**309**	**–**	**(309)**	**309**	**–**
Interest due but unpaid	**–**	**–**	**–**	**–**	**–**	**–**	**(64)**	**64**	**–**	**(64)**	**64**	**–**
Discount unwind	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**53**	**53**	**–**	**53**	**53**
Exchange translation differences and other movements[1]	**(8,613)**	**83**	**(8,530)**	**(1,071)**	**(51)**	**(1,122)**	**(122)**	**(26)**	**(148)**	**(9,806)**	**6**	**(9,800)**
As at 30 June 2024[2]	**455,672**	**(280)**	**455,392**	**14,161**	**(234)**	**13,927**	**5,637**	**(2,885)**	**2,752**	**475,470**	**(3,399)**	**472,071**
Income statement ECL (charge)/release[3]		**(8)**			**(58)**			**(37)**			**(103)**	
Recoveries of amounts previously written off		**–**			**–**			**79**			**79**	
Total credit impairment (charge)/release[4]		**(8)**			**(58)**			**42**			**(24)**	

1 Includes fair value adjustments and amortisation on debt securities
2 Excludes Cash and balances at central banks, Accrued income, Assets held for sale and Other assets gross balance of $79,935 million (31 December 2023: $87,433 million) and total credit impairment of $92 million (31 December 2023: $60 million)
3 Does not include Nil release relating to Other assets (31 December 2023: Nil)
4 Reported basis
5 Stage 3 gross includes $23 million (31 December 2023: $80 million) and ECL Nil (31 December 2023: $14 million) originated credit-impaired debt securities
6 The gross balance includes the notional amount of off balance sheet instruments

Credit impairment charge (reviewed)

The table below analyses credit impairment charges or releases of the ongoing business portfolio and restructuring business portfolio for the period ended 30 June 2024.

+ Further details can be found in the 'Summary of Credit Risk Performance' section.

	30.06.24			30.06.23		
	Stage 1 & 2 $million	Stage 3 $million	Total $million	Stage 1 & 2 $million	Stage 3 $million	Total $million
Ongoing business portfolio						
Corporate & Investment Banking	17	(70)	(53)	44	(43)	1
Wealth & Retail Banking	69	45	114	(16)	28	12
Ventures	5	5	10	3	1	4
Central & other items	(28)	(11)	(39)	(28)	(3)	(31)
Credit impairment charge/(release)	63	(31)	32	3	(17)	(14)
Restructuring business portfolio						
Others	3	(11)	(8)	(2)	(6)	(8)
Credit impairment charge/(release)	3	(11)	(8)	(2)	(6)	(8)
Total credit impairment charge/(release)	66	(42)	24	1	(23)	(22)

Credit quality by industry

Loans and advances

This section provides an analysis of the Group's amortised cost portfolio by industry on a gross, total credit impairment and net basis.

	30.06.24											
	Stage 1			Stage 2			Stage 3			Total		
Amortised cost	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million
Industry:												
Energy	10,127	(14)	10,113	536	(20)	516	882	(564)	318	11,545	(598)	10,947
Manufacturing	9,082	(6)	9,076	459	(10)	449	395	(279)	116	9,936	(295)	9,641
Financing, insurance and non-banking	22,857	(7)	22,850	226	(5)	221	81	(77)	4	23,164	(89)	23,075
Transport, telecom and utilities	9,063	(8)	9,055	1,912	(42)	1,870	431	(152)	279	11,406	(202)	11,204
Food and household products	6,862	(6)	6,856	355	(8)	347	275	(212)	63	7,492	(226)	7,266
Commercial real estate	6,167	(8)	6,159	956	(9)	947	154	(105)	49	7,277	(122)	7,155
Mining and quarrying	3,374	(2)	3,372	200	(9)	191	97	(55)	42	3,671	(66)	3,605
Consumer durables	2,619	(2)	2,617	178	(15)	163	274	(252)	22	3,071	(269)	2,802
Construction	1,522	(2)	1,520	466	(3)	463	368	(325)	43	2,356	(330)	2,026
Trading companies & distributors	308	–	308	13	–	13	81	(49)	32	402	(49)	353
Government	22,894	(2)	22,892	757	(3)	754	187	(19)	168	23,838	(24)	23,814
Other	2,340	(3)	2,337	92	(6)	86	175	(75)	100	2,607	(84)	2,523
Total	97,215	(60)	97,155	6,150	(130)	6,020	3,400	(2,164)	1,236	106,765	(2,354)	104,411
Retail Products:												
Mortgage	23,169	(7)	23,162	428	(2)	426	434	(118)	316	24,031	(127)	23,904
Credit Cards	3,359	(60)	3,299	125	(27)	98	51	(36)	15	3,535	(123)	3,412
Personal loans and other unsecured lending	3,624	(76)	3,548	74	(19)	55	88	(32)	56	3,786	(127)	3,659
Auto	223	–	223	1	–	1	–	–	–	224	–	224
Secured wealth products	15,616	(21)	15,595	160	(5)	155	447	(347)	100	16,223	(373)	15,850
Other	917	(5)	912	21	–	21	56	(32)	24	994	(37)	957
Total	46,908	(169)	46,739	809	(53)	756	1,076	(565)	511	48,793	(787)	48,006
Net carrying value (customers)[1]	144,123	(229)	143,894	6,959	(183)	6,776	4,476	(2,729)	1,747	155,558	(3,141)	152,417
Net carrying value (Banks)[1]	24,665	(2)	24,663	355	(2)	353	54	(4)	50	25,074	(8)	25,066

1 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $3,620 million (Loans to banks) and $7,630 million (Loans to customers)

	31.12.23											
	Stage 1			Stage 2			Stage 3			Total		
Amortised cost	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million	Gross balance $million	Total credit impairment $million	Net carrying amount $million
Industry:												
Energy	8,064	(9)	8,055	648	(22)	626	933	(527)	406	9,645	(558)	9,087
Manufacturing	10,639	(6)	10,633	491	(13)	478	541	(329)	212	11,671	(348)	11,323
Financing, insurance and non-banking	24,376	(10)	24,366	169	(1)	168	79	(76)	3	24,624	(87)	24,537
Transport, telecom and utilities	8,846	(6)	8,840	1,583	(32)	1,551	481	(178)	303	10,910	(216)	10,694
Food and household products	5,853	(15)	5,838	323	(7)	316	354	(261)	93	6,530	(283)	6,247
Commercial real estate	5,917	(9)	5,908	705	(13)	692	282	(170)	112	6,904	(192)	6,712
Mining and quarrying	3,795	(3)	3,792	132	(10)	122	147	(81)	66	4,074	(94)	3,980
Consumer durables	2,363	(2)	2,361	221	(20)	201	290	(271)	19	2,874	(293)	2,581
Construction	1,520	(1)	1,519	480	(8)	472	358	(326)	32	2,358	(335)	2,023
Trading companies & distributors	355	–	355	10	–	10	102	(55)	47	467	(55)	412
Government	26,209	(4)	26,205	1,768	(5)	1,763	357	(33)	324	28,334	(42)	28,292
Other	2,168	(3)	2,165	131	(3)	128	187	(70)	117	2,486	(76)	2,410
Total	100,105	(68)	100,037	6,661	(134)	6,527	4,111	(2,377)	1,734	110,877	(2,579)	108,298
Retail Products:												
Mortgage	24,008	(7)	24,001	509	(3)	506	353	(110)	243	24,870	(120)	24,750
Credit Cards	3,310	(57)	3,253	120	(25)	95	42	(29)	13	3,472	(111)	3,361
Personal loans and other unsecured lending	3,500	(48)	3,452	65	(19)	46	180	(105)	75	3,745	(172)	3,573
Auto	310	–	310	1	–	1	1	–	1	312	–	312
Secured wealth products	14,663	(14)	14,649	258	(8)	250	435	(325)	110	15,356	(347)	15,009
Other	822	(4)	818	43	(4)	39	55	(72)	(17)	920	(80)	840
Total	46,613	(130)	46,483	996	(59)	937	1,066	(641)	425	48,675	(830)	47,845
Net carrying value (customers)[1]	146,718	(198)	146,520	7,657	(193)	7,464	5,177	(3,018)	2,159	159,552	(3,409)	156,143
Net carrying value (Banks)[1]	22,210	(3)	22,207	537	(9)	528	74	(6)	68	22,821	(18)	22,803

1 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $1,653 million (Loans to Banks) and $13,827 million (Loans to customers)

Debt securities and other eligible bills (reviewed)

This section provides further detail on gross debt securities and treasury bills.

The standard credit ratings used by the Group are those used by Standard & Poor's or its equivalent. Debt securities held that have a short-term rating are reported against the long-term rating of the issuer. For securities that are unrated, the Group applies an internal credit rating, as described under the credit rating and measurement section.

Total gross debt securities and other eligible bills decreased by $2.5 billion to $99.6 billion (31 December 2023: $102.1 billion) due to maturities primarily in stage 1.

Stage 1 gross balance decreased by $2.7 billion to $97.4 billion (31 December 2023: $100.1 billion).

Stage 2 gross balance remained stable at $1.8 billion (31 December 2023: $1.9 billion).

Stage 3 gross balance increased by $0.2 billion to $0.4 billion (31 December 2023: $0.2 billion).

Group

	30.06.24			31.12.23		
Amortised cost and FVOCI	**Gross $million**	**ECL $million**	**Net[2] $million**	Gross $million	ECL $million	Net[2] $million
Stage 1	**97,406**	**(18)**	**97,388**	100,092	(26)	100,066
AAA	**57,003**	**(8)**	**56,995**	56,555	(8)	56,547
AA- to AA+	**12,020**	**(1)**	**12,019**	11,386	(1)	11,385
A- to A+	**8,068**	**(1)**	**8,067**	9,155	(1)	9,154
BBB- to BBB+	**10,978**	**(4)**	**10,974**	13,100	(6)	13,094
Lower than BBB-	**2,766**	**(2)**	**2,764**	1,611	(2)	1,609
Unrated	**6,571**	**(2)**	**6,569**	8,285	(8)	8,277
– Strong	**5,631**	**(1)**	**5,630**	7,150	(7)	7,143
– Satisfactory	**940**	**(1)**	**939**	1,135	(1)	1,134
Stage 2	**1,787**	**(12)**	**1,775**	1,861	(34)	1,827
AAA	**11**	**–**	**11**	98	–	98
AA- to AA+	**21**	**–**	**21**	22	–	22
A- to A+	**344**	**–**	**344**	81	–	81
BBB- to BBB+	**541**	**(7)**	**534**	500	(7)	493
Lower than BBB-	**826**	**(4)**	**822**	893	(26)	867
Unrated	**44**	**(1)**	**43**	267	(1)	266
– Strong	**1**	**–**	**1**	217	–	217
– Satisfactory	**43**	**(1)**	**42**	50	(1)	49
– High Risk	**–**	**–**	**–**	–	–	–
Stage 3	**387**	**(10)**	**377**	165	(61)	104
Lower than BBB-	**345**	**(10)**	**335**	73	(5)	68
Defaulted	**42**	**–**	**42**	92	(56)	36
Gross balance[1]	**99,580**	**(40)**	**99,540**	102,118	(121)	101,997

1 Stage 3 gross includes $23 million (31 December 2023: $80 million) originated credit-impaired debt securities with impairment of Nil (31 December 2023: $14 million)
2 FVOCI instrument are not presented net of ECL. While the presentation is on a net basis for the table, the total net on-balance sheet amount is $99,564 million (31 December 2023: $104,845 million). Refer to the Analysis of financial instrument by stage table on page 13

IFRS 9 expected credit loss methodology (reviewed)

Refer to pages 98 in the SC Bank Group's 2023 Annual Report for the 'Approach for determining expected credit losses', 'Application of lifetime' and pages 103 to 106 for SICR, 'Assessment of credit-impaired financial assets' and 'Governance and application of expert credit judgement in respect of expected credit losses'. There have been no changes to the Group's approach in determining SICR compared to 31 December 2023.

Key assumptions and judgements in determining expected credit loss

Incorporation of forward-looking information

The evolving economic environment is a key determinant of the ability of a bank's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future credit risk losses should depend not just on the health of the economy today but should also take into account potential changes to the economic environment. For example, if a bank were to anticipate a sharp slowdown in the world economy over the coming year, it should hold more provisions today to absorb the credit losses likely to occur in the near future.

To capture the effect of changes to the economic environment, the PDs and LGDs used to calculate ECL incorporate forward-looking information in the form of forecasts of the values of economic variables and asset prices that are likely to have an effect on the repayment ability of the Group's clients.

The 'Base Forecast' of the economic variables and asset prices is based on management's view of the five-year outlook, supported by projections from the Group's in-house research team and outputs from a third-party model that project specific economic variables and asset prices. The research team takes consensus views into consideration and senior management reviews projections for some core country variables against consensus when forming their view of the outlook. For the period beyond five years, management utilises the in-house research view and third-party model outputs, which allow for a reversion to long-term growth rates or norms. All projections are updated on a quarterly basis.

Forecast of key macroeconomic variables underlying the expected credit loss calculation and the impact on non-linearity

In the Base Forecast – management's view of the most likely outcome –the world economy is expected grow by 3.1 per cent in 2024 and 3.2 per cent in 2025 with Asia is set to remain the primary engine of global growth. This compares to the average of 3.7 per cent for the 10 years prior to COVID-19 (between 2010 and 2019). Growth was over 3 per cent in both 2022 and 2023 at 3.4 per cent and 3.1 per cent, respectively.

Significant uncertainties remain around the outlook. High geopolitical tensions remain a significant near-term adverse risk, particularly if the evolving conflicts in the Middle East were to intensify and disrupt energy and financial markets. Key elections in multiple countries this year may temporarily weigh on investment activity. The US election in particular could have consequences for global trade in 2025. Major central banks are likely to start their rate-cutting cycles in the coming months, opening doors for Asian countries to ease monetary policy.

While the quarterly Base Forecasts inform the Group's strategic plan, one key requirement of IFRS 9 is that the assessment of provisions should consider multiple future economic environments. For example, the global economy may grow more quickly or more slowly than the Base Forecast, and these variations would have different implications for the provisions that the Group should hold today. As the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn, if the Group sets provisions only on the ECL under the Base Forecast it might maintain a level of provisions that does not appropriately capture the range of potential outcomes. To address the inherent uncertainty in economic forecast, and the property of skewness (or non-linearity), IFRS 9 requires reported ECL to be a probability-weighted ECL calculated over a range of possible outcomes.

To assess the range of possible outcomes the Group simulates a set of 50 scenarios around the Base Forecast, calculates the ECL under each of them and assigns an equal weight of 2 per cent to each scenario outcome. These scenarios are generated by a Monte Carlo simulation, which addresses the challenges of crafting many realistic alternative scenarios in the many countries in which the Group operates by means of a model, which produces these alternative scenarios while considering the degree of historical uncertainty (or volatility) observed from Q1 1990 to Q1 2024 around economic outcomes, the trends in each macroeconomic variable modelled and the correlation in the unexplained movements around these trends. This naturally means that each of the 50 scenarios do not have a specific narrative, although collectively they explore a range of hypothetical alternative outcomes for the global economy, including scenarios that turn out better than expected and scenarios that amplify anticipated stresses.

The tables on page 25 provide a summary of the Group's Base Forecast for key markets. The peak/trough amounts in the tables show the highest and lowest points within the Base Forecast.

China's GDP growth is expected to ease to 4.8 per cent in 2024 and then to 4.5 per cent in 2025. This follows growth of 5.2 per cent in 2023. Weak consumer confidence and a persistent housing-market downturn cloud the economic outlook. Growth in India is expected to slow to 7 per cent in 2024 and 6.5 per cent in 2025 from 7.6 per cent last year as supportive one-off factors fade. Growth was supported by construction activity and electricity demand (amid below-normal rains), higher corporate profitability due to lower commodity prices, and a still-strong global economy.

In contrast, GDP growth for Singapore is expected to accelerate from 1.0 per cent in 2023 to 2.6 per cent in 2024 and to 2.9 per cent in 2025. Favourable base effects to exports and the recovery in the global electronics and semiconductor industry are expected to continue to support the economy. GDP growth for the UAE is also expected to improve and to 4 per cent for 2024 and 2025 from 2.7 per cent last year. Domestic demand will remain supported by non-oil foreign trade, tourism and consumption. The hydrocarbon sector will also make positive contributions to growth, especially in next year, following the OPEC+ decision to raise the UAE's quota for production.

Brent crude oil prices are expected to average around $83 in 2024 and 2025 compared to around $82 in 2023. At least in the near term concerns over the demand from key markets such as China are offset by risks from geopolitical tensions, in particular, in the Middle-East.

2024[7]

	China[5]				UAE				Singapore[6]				India			
	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]
GDP growth (YoY%)	4.1	5.6/2.8	(0.8)	9.3	3.6	4.0/2.6	(2.3)	10.0	2.6	3.2/2.3	(2.6)	8.3	6.6	7.7/6.3	1.7	11.5
Unemployment (%)	3.3	3.6/3.1	2.8	3.8	NA	NA	NA	NA	2.8	3.1/2.8	1.9	4.0	NA	NA	NA	NA
3 month interest rates (%)	2.3	2.7/1.8	0.8	4.5	3.6	5.0/3.1	0.7	6.6	2.9	3.7/2.6	0.9	5.2	6.0	6.5/6.0	1.7	9.8
House prices (YoY%)	2.3	4.4/(3.9)	(6.0)	10.1	2.2	5.7/1.9	(15.8)	20.1	2.8	3.9/0.4	(16.1)	23.9	6.4	7.5/5.9	(0.9)	11.7

2023 year-end forecasts

	China[5]				UAE				Singapore[6]				India			
	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]	5 yr average base forecast	Base forecast quarterly peak/ trough	Low[2]	High[3]
GDP growth (YoY%)	4.3	5.7/3.8	0.6	7.7	3.4	4.3/2.4	(1.3)	8.8	2.9	3.8/1.9	(2.4)	8.5	6.2	9.1/4.4	2.1	10.5
Unemployment (%)	4.0	4.1/3.8	3.3	4.4	NA	NA	NA	NA	2.8	2.9/2.8	1.7	3.8	NA	NA	NA	NA
3 month interest rates (%)	2.1	2.5/1.7	0.8	3.8	3.8	5.3/2.7	0.4	7.8	2.9	4.1/2.3	0.6	5.9	6.2	6.3/5.8	2.7	9.9
House prices (YoY%)	4.6	7.2/1.5	(1.5)	12.0	2.6	8.4/1.9	(15.3)	19.1	2.2	3.9/(0.7)	(16.2)	19.2	6.1	6.5/4.7	(0.5)	13.8

	2024				2023 year-end forecasts			
	5 yr average base forecast	Base forecast peak/trough	Low[2]	High[3]	5 yr average base forecast	Base forecast peak/trough	Low[2]	High[3]
Brent Crude, $ pb	82.4	83.4/80.9	40.1	140.4	88.2	93.8/82.8	46.0	137.8

1 NA – Not available
2 Represents the 10th percentile in the range of economic scenarios used to determine non-linearity
3 Represents the 90th percentile in the range of economic scenarios used to determine non-linearity
4 Base forecasts are evaluated from Q3 2024 to Q2 2029. The forward-looking simulation starts from Q3 2024.
5 A judgemental management adjustment is held in respect of the China commercial real estate sector as discussed below.
6 Singapore unemployment rate covers the resident unemployment rate, which refers to citizens and permanent residents.
7 Data presented are those used in the calculation of ECL. These may differ slightly to forecasts presented elsewhere in the Financial statements as they are finalised before the period end.

Judgemental adjustments

As at 30 June 2024, the Group held $7 million (31 December 2023: $32 million) of judgemental management adjustments. $10 million (31 December 2023: $11 million) is in CIB, $1 million (31 December 2023: $nil million) in Ventures and $nil million (31 December 2023: $17 million) to Central and other items which is partly offset by a net reduction in WRB ECL of $4 million (31 December 2023: $4 million increase in ECL).

China commercial real estate

Given the evolving nature of the risks in the China commercial real estate sector, a management overlay of $10 million (31 December 2023: $11 million) has been taken in CIB by estimating the impact of further deterioration to exposures in this sector.

Other

Overlays of $7 million (31 December 2023: $5 million) have also been applied in WRB to capture risk from increased industry bankruptcy trends in credit cards in Singapore and macroeconomic environment challenges caused by sovereign defaults, the impact of which is not fully captured in the modelled outcomes. An overlay of $17 million held in Central and other items at 31 December 2023, due to a temporary market dislocation in the Middle East, was fully released in the six months to 30 June 2024 as conditions normalised.

In addition judgemental post model adjustments to reduce ECL by a net $11 million (31 December 2023: $1 million reduction in ECL) have been applied to certain WRB and Ventures models. This includes an $8 million (31 December 2023: $nil) reduction in ECL in WRB due to the expected migration of a number of non-material portfolios to a simplified modelling approach. The remaining adjustments primarily relate to temporary factors impacting modelled outputs. These will be released when these factors normalise.

Judgemental management adjustments are re-assessed quarterly, are reviewed and approved by the IFRS 9 Impairment Committee and will be released when the risks are no longer relevant.

Stage 3 assets

Credit-impaired assets managed by Stressed Asset Risk incorporate forward-looking economic assumptions in respect of the recovery outcomes identified, and are assigned individual probability weightings. These assumptions are not based on a Monte Carlo simulation but are informed by the Base Forecast.

Sensitivity of expected credit loss calculation to macroeconomic variables

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, which implies that no single analysis can fully demonstrate the sensitivity of the ECL to changes in the macroeconomic variables. The Group has conducted a series of analyses with the aim of identifying the macroeconomic variables which might have the greatest impact on overall ECL. These encompassed single variable and multi-variable exercises, using simple up/down variation and extracts from actual calculation data, as well as bespoke scenario design and assessments.

The primary conclusion of these exercises is that no individual macroeconomic variable is materially influential. The Group believes this is plausible as the number of variables used in the ECL calculation is large. This does not mean that macroeconomic variables are uninfluential; rather, that the Group believes that consideration of macroeconomics should involve whole scenarios, as this aligns with the multi-variable nature of the calculation.

The Group faces downside risks in the operating environment related to the uncertainties surrounding the macroeconomic outlook. To explore this, a sensitivity analysis of ECL was undertaken to explore the effect of slower economic recoveries across the Group's footprint markets. Two downside scenarios were considered. The first scenario, Renewed Global Trade Tensions (RGTT), explores an escalating trade war between the US and China and other economies and increased geopolitical tensions in Europe. The second more severe scenario is based on the US Federal Reserve's regulatory Dodd-Frank Act Stress Test scenario (Fed DFAST) which explores a deep global downturn with weakness in developing Asia reflecting a significant slowdown in economic growth in China. Interest rates and inflation are much lower than base and there is a prolonged decline in property prices.

	Baseline		RGTT		Fed DFAST	
	Five year average	Peak/Trough	Five year average	Peak/Trough	Five year average	Peak/Trough
China GDP	4.1	5.6/2.8	3.2	4.0/0.0	3.2	6.0/(1.5)
China unemployment	3.3	3.6/3.1	3.9	4.7/3.1	4.5	5.4/3.4
China property prices	2.3	4.4/(3.9)	1.4	4.4/(4.5)	0.5	4.4/(5.7)
UAE GDP	3.6	4.0/2.6	3.4	4.1/2.6	3.2	5.3/1.5
UAE property prices	2.2	5.7/1.9	1.8	3.0/0.1	1.3	2.6/(2.4)
US GDP	1.8	2.6/1.4	0.9	1.6/(1.0)	1.3	6.4/(7.7)
Singapore GDP	2.6	3.2/2.3	1.9	2.7/0.0	1.8	4.7/(1.8)
India GDP	6.6	7.7/6.3	6.3	6.6/5.7	5.8	7.5/3.3
Crude oil	82.4	83.4/80.9	79.5	83.4/73.4	61.6	80.5/30.1

The total reported stage 1 and 2 ECL provisions (including both on and off-balance sheet instruments) would be approximately $42 million higher under the RGTT scenario and $135 million higher under the Fed DFAST scenario than the baseline ECL provisions (which excluded the impact of multiple economic scenarios and management overlays which may already capture some of the risks in these scenarios). The proportion of stage 2 assets would increase from 3.2 per cent in the base case to 3.5 per cent and 4.1 per cent respectively under the RGTT and Fed DFAST scenarios. This includes the impact of exposures transferring to stage 2 from stage 1 but does not consider an increase in stage 3 defaults.

Under both scenarios the majority of the increase in CIB came from the main corporate and project finance portfolios booked in the Singapore. For the WRB portfolios most of the increases came from the unsecured retail portfolios with Singapore credit cards most impacted.

There was no material change in modelled stage 3 provisions as these primarily relate to unsecured retail exposures for which the LGD is not sensitive to changes in the macroeconomic forecasts. There is also no material change for non-modelled stage 3 exposures as these are more sensitive to client specific factors than to alternative macroeconomic scenarios.

The actual outcome of any scenario may be materially different due to, among other factors, the effect of management actions to mitigate potential increases in risk and changes in the underlying portfolio.

Modelled provisions

	Increase in ECL	
	ECL RGTT $million	ECL Fed DFAST $million
Stage 1		
Corporate & Investment Banking	16	58
Wealth & Retail Banking	5	6
Ventures	–	–
Central & Others	1	1
Total increase in stage 1 ECL	22	65
Stage 2		
Corporate & Investment Banking	18	59
Wealth & Retail Banking	2	9
Ventures	–	–
Central & Others	–	2
Total increase in stage 2 ECL	20	70
Total stage 1 & 2		
Corporate & Investment Banking	34	117
Wealth & Retail Banking	7	15
Ventures	–	–
Central & Others	1	3
Total increase in stage 1 & 2 ECL	42	135

Traded Risk

Traded Risk is the potential for loss resulting from activities undertaken by the Group in financial markets. The PLC Group's Traded Risk Type Framework, which is adopted by the Company through an addendum, brings together Market Risk, Counterparty Credit Risk and Algorithmic Trading. Traded Risk Management is the core risk management function supporting market-facing businesses, predominantly Trading and Treasury.

Market Risk (reviewed)

Market Risk is the potential for fair value loss due to adverse moves in financial markets. The Group's exposure to Market Risk arises predominantly from the following sources:

- Trading book:
  - The Group provides clients with access to financial markets, facilitation of which entails the Group taking moderate Market Risk positions. All trading teams support client activity. There are no proprietary trading teams. Hence, income earned from Market Risk-related activities is primarily driven by the volume of client activity
- Non-trading book:
  - The Treasury Markets desk is required to hold a liquid assets buffer, much of which is held in high-quality marketable debt securities.
  - The Group has capital invested and related income streams denominated in currencies other than US dollars. To the extent that these income streams are not hedged, the Group is subject to Structural Foreign Exchange Risk which is reflected in reserves.

A summary of our current policies and practices regarding Market Risk management is provided in the Principal Risks section of the 2023 Annual Report.

The primary categories of Market Risk for the Group are:

- Interest Rate Risk: arising from changes in yield curves and implied volatilities on interest rate options.
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options.
- Commodity Risk: arising from changes in commodity prices and implied volatilities on commodity options.
- Credit Spread Risk: arising from changes in the price of debt instruments and credit-linked derivatives and driven by factors other than the level of risk-free interest rates.
- Equity Risk: arising from changes in the prices of equities and implied volatilities on equity options.

Market Risk changes (reviewed)

Value-at Risk (VaR) allows the Group to manage market risk across the trading book and most of the fair valued non-trading books.

The average level of total trading and non-trading VaR in H1 2024 was $32.3 million, 13.6 per cent lower than H2 2023 ($37.4 million) and 27.9 per cent lower than H1 2023 ($44.8 million). The half year-end level of total trading and non-trading VaR in H1 2024 was $31.6 million, 1.9 per cent lower than H2 2023 ($32.2 million) and 21.2 per cent lower than H1 2023 ($40.1 million). The decrease in trading and non-trading VaR was driven by a reduction in market volatility, however VaR did increase by the period end due to an increase in non-trading fair value positions.

The average trading VaR remained relatively unchanged in H1 2024 at $18.6 million, 2.8 per cent higher than H2 2023 ($18.1 million) and 3.3 per cent higher than H1 2023 ($18 million).

Daily value at risk (VaR at 97.5%, one day) (reviewed)

	6 months ended 30.06.24				6 months ended 31.12.23				6 months ended 30.06.23			
Trading[1] and non-trading[2]	**Average $million**	**High $million**	**Low $million**	**Half Year $million**	Average $million	High $million	Low $million	Half Year $million	Average $million	High $million	Low $million	Half Year $million
Interest Rate Risk	**23.3**	**31.1**	**16.5**	**21.6**	28.1	38.8	16.8	17.2	24.6	32.7	17.9	30.1
Credit Spread Risk	**17.1**	**25.6**	**9.9**	**12.5**	24.5	29.8	20.9	26.0	31.2	43.9	24.5	29.0
Foreign Exchange Risk	**8.9**	**14.3**	**5.7**	**9.4**	7.2	10.0	4.9	6.3	5.9	8.8	3.6	5.6
Commodity Risk	**4.9**	**9.7**	**2.4**	**5.7**	5.1	8.7	3.8	4.6	6.0	9.4	3.4	5.2
Equity Risk	**0.4**	**0.9**	**–**	**0.1**	–	0.1	–	–	0.1	0.4	–	0.1
Diversification effect[3]	**(22.3)**	**NA**	**NA**	**(17.7)**	(27.5)	NA	NA	(21.9)	(23)	NA	NA	(29.9)
Total	**32.3**	**43.6**	**26.1**	**31.6**	37.4	46.7	30.3	32.2	44.8	55.3	38.9	40.1

Trading[1]	6 months ended 30.06.24 Average $million	High $million	Low $million	Half Year $million	6 months ended 31.12.23 Average $million	High $million	Low $million	Half Year $million	6 months ended 30.06.23 Average $million	High $million	Low $million	Half Year $million
Interest Rate Risk	10.4	17.3	6.3	7.6	10.4	14.8	6.3	6.3	11.3	14.1	7.3	10.7
Credit Spread Risk	5.0	8.5	2.9	3.7	6.7	8.1	5.7	6.9	7.2	9.7	5.9	7.2
Foreign Exchange Risk	8.9	14.3	5.7	9.4	7.2	10.0	4.9	6.3	5.9	8.8	3.6	5.6
Commodity Risk	4.9	9.7	2.3	5.7	5.1	8.7	3.8	4.5	6.0	9.4	3.4	5.2
Equity Risk	–	–	–	–	–	–	–	–	–	–	–	–
Diversification effect[3]	(10.6)	NA	NA	(12.9)	(11.3)	NA	NA	(9.8)	(12.4)	NA	NA	(12.5)
Total	18.6	29.4	12.7	13.5	18.1	21.9	13.0	14.2	18.0	25.3	13.5	16.2

Non-trading[2]	6 months ended 30.06.24 Average $million	High $million	Low $million	Half Year $million	6 months ended 31.12.23 Average $million	High $million	Low $million	Half Year $million	6 months ended 30.06.23 Average $million	High $million	Low $million	Half Year $million
Interest Rate Risk	20.3	23.6	16.3	21.2	24.7	31.0	13.4	14.3	21.1	26.8	13.8	26.8
Credit Spread Risk	14.8	21.3	8.1	11.4	21.1	24.9	17.6	20.1	27.1	37.8	21.5	25.0
Foreign Exchange Risk	–	–	–	–	–	–	–	–	–	–	–	–
Commodity Risk	0.4	0.6	0.3	0.5	0.1	0.3	–	0.3	–	–	–	–
Equity Risk	0.4	0.9	–	0.1	-	0.1	–	–	0.1	0.4	–	0.1
Diversification effect[3]	(10.5)	NA	NA	(5.5)	(15.5)	NA	NA	(8.9)	(10.7)	NA	NA	(16)
Total	25.4	30.4	21.8	27.7	30.4	36.5	23.6	25.8	37.6	43.1	32.8	35.9

1 The trading book for Market Risk is defined in the Trading Book (CRR) section of the PRA Rulebook which transposes the requirements of the Capital Requirements Regulation Part 3 Title I Chapter 3. This restricts the positions permitted in the trading book..
2 The non-trading book VaR does not include syndicated loans
3 The total VaR is non-additive across risk types due to diversification effects, which is measured as the difference between the sum of the VaR by individual risk type or business and the combined total VaR. As the maximum and minimum occur on different days for different risk types or businesses, it is not meaningful to calculate a portfolio diversification benefit for these measures

Average daily income earned from Market Risk-related activities[1]

Trading: The average level of total trading daily income in H1 2024 was $9 million, 28.6 per cent higher than H2 2023 ($7 million) and 5.9 per cent higher than H1 2023 ($8.5 million). The increase in 2024 is largely attributable to double - digit growth from higher flow income in Credit Trading & Commodities, offsetting with lower income in FX & Rates business.

Non-trading: The average level of non-trading daily income in H1 2024 was $1.9 million, largely attributable to a one-off FX revaluation gain in Treasury due to the devaluation of the Egyptian Pound against the US Dollar, and FX Revaluation gains across currencies in Credit Trading.

Trading	**6 months ended 30.06.24 $million**	6 months ended 31.12.23 $million	6 months ended 30.06.23 $million
Interest Rate Risk	3.2	3.3	2.6
Credit Spread Risk	1.2	0.4	1.0
Foreign Exchange Risk	3.9	2.8	4.5
Commodity Risk	0.7	0.5	0.4
Equity Risk	–	–	–
Total	9.0	7.0	8.5

Non-trading	**6 months ended 30.06.24 $million**	6 months ended 31.12.23 $million	6 months ended 30.06.23 $million
Interest Rate Risk	1.2	(0.2)	–
Credit Spread Risk	0.7	(0.1)	(0.9)
Equity Risk	–	0.1	0.1
Total	1.9	(0.2)	(0.8)

1 Reflects total product income which is the sum of client income and own account income. Includes elements of trading income, interest income and non funded income which are generated from Market Risk-related activities. Rates, XVA and Treasury income are included under Interest Rate Risk whilst Credit Trading income is included under Credit Spread Risk

Counterparty credit risk
Counterparty Credit Risk is the potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation techniques. The Group's counterparty credit exposures are included in the Credit Risk section.

Derivative financial instruments credit risk mitigation
The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions.

In addition, the Group enters into credit support annexes (CSAs) with counterparties where collateral is deemed a necessary or desirable mitigant to the exposure. Cash collateral includes collateral called under a variation margin process from counterparties if total uncollateralised mark-to-market exposure exceeds the threshold and minimum transfer amount specified in the CSA. With certain counterparties, the CSA is reciprocal and requires us to post collateral if the overall mark-to-market values of positions are in the counterparty's favour and exceed an agreed threshold.

Liquidity and Funding risk metrics
The Group monitors key liquidity metrics regularly at a country level as well as on a consolidated basis.

The following liquidity and funding Board Risk Appetite metrics define the maximum amount and type of risk that the Group is willing to assume in pursuit of its strategy: liquidity coverage ratio (LCR), recovery capacity and net stable funding ratio (NSFR). In addition to the Board Risk Appetite, there are further limits that apply at Group and country level such as external wholesale borrowing (WBE) and advances-to-deposit ratio (ADR).

Liquidity coverage ratio (LCR)
The LCR aims to ensure that a bank has sufficient unencumbered high-quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario. All material entities within the Standard Chartered Bank Group have standalone LCR ratios above 100 per cent at 30 June 2024, calculated under the Liquidity Coverage Ratio per PRA rulebook.

Stress coverage
Stress testing and scenario analysis are used to assess the financial and management capability to continue to operate effectively under extreme, but plausible, operating conditions and to understand the potential threats to the PLC Group's liquidity and other financial resources, inclusive of Standard Chartered Bank.

The PLC Group's internal liquidity stress testing framework covers the following stress scenarios:

- Standard Chartered-specific – Captures the liquidity impact from an idiosyncratic event affecting Standard Chartered only, with the rest of the market assumed to be operating normally;
- Market wide – Captures the liquidity impact from a market wide crisis affecting all participants in a country, region or globally; and
- Combined – Assumes both Standard Chartered-specific and Market-wide events affect the PLC Group simultaneously and hence is the most severe scenario.

All scenarios include, but are not limited to, modelled outflows for retail and wholesale funding, off-balance sheet funding risk, cross currency funding risk, intraday risk, franchise risk, risks associated with a deterioration of a firm's credit rating and concentration risk from single name and industry concentration.

As of 30 June 2024, all entities within the Group met their individual stress test requirements as per Board Risk Appetite, and as a result, ensure Group has surplus liquidity on a consolidated basis.

External wholesale borrowing
This metric seeks to monitor and prevent excessive reliance on wholesale borrowings. Limits are applied to branches and operating subsidiaries in the Group.

Advances-to-deposits ratio

This is defined as 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. An advances-to-deposits ratio of below 100 per cent demonstrates that customer deposits exceed customer loans as a result of the emphasis placed on generating a high level of stable funding from customers. Limits are applied to all branches and operating subsidiaries in the Group.

Advances-to-deposits ratio has increased by 2.1 per cent to 52.6 per cent during H1 2024, driven primarily by an increase in loans and advances alongside minor growth of deposits from corporate customers.

	30.06.24 $million	31.12.23 $million
Total loans and advances to customers[1,2]	130,869	124,794
Total customer accounts[3]	249,034	247,068
Advances-to-deposits ratio	52.6%	50.5%

1 Excludes reverse repurchase agreement and other similar secured lending of $7,630 million and includes loans and advances to customers held at fair value through profit and loss of $4,501 million

2 Loans and advances to customers for the purpose of the advances-to-deposits ratio excludes $18,419 million of approved balances held with central banks, confirmed as repayable at the point of stress.

3 Includes customer accounts held at fair value through profit or loss of $8,581 million (31 December 2023: $9,166 million)

Net stable funding ratio (NSFR)

The NSFR is a balance sheet metric which requires institutions to maintain a stable funding profile in relation to an assumed duration of their assets and off-balance sheet activities over a one-year horizon. It is the ratio between the amount of available stable funding (ASF) and the amount of required stable funding (RSF). ASF factors are applied to balance sheet liabilities and capital, based on the tenor and / or their perceived stability to quantify the amount of stable funding they provide. Likewise, RSF factors are applied to assets and off-balance sheet exposures according to the amount of stable funding they require. Standard Chartered Bank is not regulated for NSFR, however the bank and material subsidiaries in the consolidation have standalone NSFR ratios above 100 per cent at 30 June 2024

Liquidity pool

The liquidity value of the Group's LCR eligible liquidity pool at the reporting date was $129 billion. The figures in the below table account for haircuts, currency convertibility and portability constraints, and therefore are not directly comparable with the consolidated balance sheet. A liquidity pool is held to offset stress outflows as defined in the LCR per PRA rulebook.

Group

	30.06.24 $million	31.12.23 $million
Level 1 securities		
Cash and balances at central banks	67,082	78,030
Central banks, governments/public sector entities	40,060	34,580
Multilateral development banks and international organisations	13,941	11,842
Other	670	1,287
Total Level 1 securities	121,753	125,739
Level 2A securities	6,170	9,046
Level 2B securities	1,127	724
Total LCR eligible assets	129,050	135,509

Liquidity analysis of the Group's balance sheet (reviewed)

Contractual maturity of assets and liabilities

The following table presents assets and liabilities by maturity groupings based on the remaining period to the contractual maturity date as at the balance sheet date on a discounted basis. Contractual maturities do not necessarily reflect actual repayments or cash flows.

Within the tables below, cash and balances with central banks, interbank placements and investment securities that are fair valued through other comprehensive income are used by the Group principally for liquidity management purposes.

As at the reporting date, assets remain predominantly short-dated, with 66 per cent maturing in one year.

Group

	30.06.24								
	One month or less $million	Between one month and three months $million	Between three months and six months $million	Between six months and nine months $million	Between nine months and one year $million	Between one year and two years $million	Between two years and five years $million	More than five years and undated $million	Total $million
Assets									
Cash and balances at central banks	52,066	–	–	–	–	–	–	2,914	54,980
Derivative financial instruments	17,362	4,463	5,884	4,071	2,211	4,338	5,931	4,232	48,492
Loans and advances to banks[1,2]	18,186	14,089	8,466	4,069	3,830	7,066	3,226	1,143	60,075
Loans and advances to customers[1,2]	63,344	33,748	13,093	9,429	8,379	18,563	16,389	36,446	199,391
Investment securities[1]	7,085	13,080	12,795	12,115	8,111	8,646	30,561	38,618	131,011
Other assets	12,628	19,932	1,187	330	528	127	44	5,902	40,678
Due from subsidiary undertakings and other related parties	9,365	–	–	–	–	–	–	–	9,365
Total assets	180,036	85,312	41,425	30,014	23,059	38,740	56,151	89,255	543,992
Liabilities									
Deposits by banks[1,3]	23,238	3,213	1,709	698	371	3,745	2,645	4	35,623
Customer accounts[1,4]	221,299	34,954	17,142	4,312	5,308	6,540	2,275	368	292,198
Derivative financial instruments	14,074	7,742	5,648	4,261	2,461	4,117	5,933	4,479	48,715
Senior debt[5]	856	588	1,140	1,537	1,616	2,407	6,383	4,595	19,122
Other debt securities in issue[1]	1,800	4,592	7,603	4,191	2,956	500	1,664	8,794	32,100
Due to parent companies and other related undertakings	29,684	–	–	–	–	–	–	–	29,684
Other liabilities	11,807	20,681	315	1,489	375	944	1,680	4,995	42,286
Subordinated liabilities and other borrowed funds	–	–	4	–	11	21	72	10,218	10,326
Total liabilities	302,758	71,770	33,561	16,488	13,098	18,274	20,652	33,453	510,054
Net liquidity gap	(122,722)	13,542	7,864	13,526	9,961	20,466	35,499	55,802	33,938

1 Loans and advances, investment securities, deposits by banks, customer accounts and debt securities in issue include financial instruments held at fair value through profit or loss, see Note 11 Financial instruments
2 Loans and advances include reverse repurchase agreements and other similar secured lending of $86.7 billion
3 Deposits by banks include repurchase agreements and other similar secured borrowing of $10.0 billion
4 Customer accounts include repurchase agreements and other similar secured borrowing of $43.2 billion
5 Senior debt maturity profiles are based upon contractual maturity, which may be later than call options over the debt held by the Group

	31.12.23								
	One month or less $million	Between one month and three months $million	Between three months and six months $million	Between six months and nine months $million	Between nine months and one year $million	Between one year and two years $million	Between two years and five years $million	More than five years and undated $million	Total $million
Assets									
Cash and balances at central banks	61,147	–	–	–	–	–	–	3,051	64,198
Derivative financial instruments	19,240	9,324	6,132	3,098	2,548	3,997	5,208	3,007	52,554
Loans and advances to banks[1,2]	17,521	14,057	7,166	3,563	4,104	1,488	2,124	1,098	51,121
Loans and advances to customers[1,2]	61,802	40,058	18,856	8,866	8,234	13,212	15,950	34,449	201,427
Investment securities[1]	6,246	12,824	9,487	8,350	7,274	12,020	31,708	38,063	125,972
Other assets	9,071	20,691	1,088	408	528	65	93	5,697	37,641
Due from subsidiary undertakings and other related parties	5,666	–	–	–	–	–	–	–	5,666
Total assets	180,693	96,954	42,729	24,285	22,688	30,782	55,083	85,365	538,579
Liabilities									
Deposits by banks[1,3]	21,993	1,637	1,086	503	594	1,243	2,845	4	29,905
Customer accounts[1,4]	220,227	34,561	17,476	7,681	6,031	4,916	2,446	227	293,565
Derivative financial instruments	18,540	11,042	5,836	3,299	2,438	4,125	5,952	3,941	55,173
Senior debt[5]	45	992	1,353	758	536	3,742	5,897	4,301	17,624
Other debt securities in issue[1]	3,063	5,257	5,247	3,182	2,153	1,827	3,191	4,787	28,707
Due to parent companies and other related undertakings	31,166	–	–	–	–	–	–	–	31,166
Other liabilities	9,437	20,040	213	20	62	1,687	1,556	4,026	37,041
Subordinated liabilities and other borrowed funds	–	–	11	–	11	21	73	11,338	11,454
Total liabilities	304,471	73,529	31,222	15,443	11,825	17,561	21,960	28,624	504,635
Net liquidity gap	(123,778)	23,425	11,507	8,842	10,863	13,221	33,123	56,741	33,944

1 Loans and advances, investment securities, deposits by banks, customer accounts and debt securities in issue include financial instruments held at fair value through profit or loss, see Note 11 Financial instruments
2 Loans and advances include reverse repurchase agreements and other similar secured lending of $83.6 billion
3 Deposits by banks include repurchase agreements and other similar secured borrowing of $5.0 billion
4 Customer accounts include repurchase agreements and other similar secured borrowing of $46.5 billion
5 Senior debt maturity profiles are based upon contractual maturity, which may be later than call options over the debt held by the Group

Behavioural maturity of financial assets and liabilities

The cash flows presented in the previous section reflect the cash flows that will be contractually payable over the residual maturity of the instruments. However, contractual maturities do not necessarily reflect the timing of actual repayments or cash flow. In practice, certain assets and liabilities behave differently from their contractual terms, especially for short-term customer accounts, credit card balances and overdrafts, which extend to a longer period than their contractual maturity. On the other hand, mortgage balances tend to have a shorter repayment period than their contractual maturity date. Expected customer behaviour is assessed and managed on a country basis using qualitative and quantitative techniques, including analysis of observed customer behaviour over time.

Maturity of financial liabilities on an undiscounted basis

The following table analyses the contractual cash flows payable for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis. The financial liability balances in the table below will not agree to the balances reported in the consolidated balance sheet as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. Derivatives not treated as hedging derivatives are included in the 'On demand' time bucket and not by contractual maturity.

Within the 'More than five years and undated' maturity band are undated financial liabilities, the majority of which relate to subordinated debt, on which interest payments are not included as this information would not be meaningful, given the instruments are undated. Interest payments on these instruments are included within the relevant maturities up to five years.

Group

	30.06.24								
	One month or less $million	Between one month and three months $million	Between three months and six months $million	Between six months and nine months $million	Between nine months and one year $million	Between one year and two years $million	Between two years and five years $million	More than five years and undated $million	Total $million
Deposits by banks	23,244	3,231	1,744	702	385	3,745	2,645	4	35,700
Customer accounts	221,930	35,235	17,436	4,415	5,523	6,766	2,385	397	294,087
Derivative financial instruments	47,833	1	31	33	12	43	350	412	48,715
Debt securities in issue	2,657	5,187	8,750	5,760	4,598	3,007	8,169	15,173	53,301
Due to parent companies and other related undertakings	29,685								29,685
Subordinated liabilities and other borrowed funds	33	106	145	112	145	541	1,652	16,269	19,003
Other liabilities	12,867	20,704	347	1,492	375	945	1,680	3,398	41,808
Total liabilities	338,249	64,464	28,453	12,514	11,038	15,047	16,881	35,653	522,299

	31.12.23								
	One month or less $million	Between one month and three months $million	Between three months and six months $million	Between six months and nine months $million	Between nine months and one year $million	Between one year and two years $million	Between two years and five years $million	More than five years and undated $million	Total $million
Deposits by banks	21,997	1,643	1,102	512	604	1,245	2,845	4	29,952
Customer accounts	220,861	34,791	17,728	7,905	6,238	5,100	2,663	248	295,534
Derivative financial instruments	53,511	487	11	2	48	90	438	586	55,173
Debt securities in issue	3,148	6,277	6,727	4,034	2,795	5,408	9,802	8,553	46,744
Due to parent companies and other related undertakings	31,166								31,166
Subordinated liabilities and other borrowed funds	47	79	146	154	146	572	1,743	17,558	20,445
Other liabilities	7,613	19,995	213	21	66	1,689	1,556	2,786	33,939
Total liabilities	338,343	63,272	25,927	12,628	9,897	14,104	19,047	29,735	512,953

Interest Rate Risk in the Banking Book (reviewed)

The following table provides the estimated impact to a hypothetical base case projection of the Group's earnings under the following scenarios:

- A 50 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves
- A 100 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves

These interest rate shock scenarios assume all other economic variables remain constant. The sensitivities shown represent the estimated change to a hypothetical base case projected net interest income (NII), plus the change in interest rate implied income and expense from FX swaps used to manage banking book currency positions, under the different interest rate shock scenarios.

The base case projected NII is based on the current market-implied path of rates and forward rate expectations. The NII sensitivities below stress this base case by a further 50 or 100bps. Actual observed interest rate changes will lag behind market expectation. Accordingly, the shocked NII sensitivity does not represent a forecast of the Group's net interest income.

The interest rate sensitivities are indicative stress tests and based on simplified scenarios, estimating the aggregate impact of an unanticipated, instantaneous parallel shock across all yield curves over a one-year horizon, including the time taken to implement changes to pricing before becoming effective. The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the change in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment.

Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability re-pricing tenors, and price flooring. In particular, the assumption that interest rates of all currencies and maturities shift by the same amount concurrently, and that no actions are taken to mitigate the impacts arising from this are considered unlikely. Reported sensitivities will vary over time due to a number of factors including changes in balance sheet composition, market conditions, customer behaviour and risk management strategy. Therefore, while the NII sensitivities are a relevant measure of the Group's interest rate exposure, they should not be considered an income or profit forecast.

	30.06.24			
Estimated one-year impact to earnings from a parallel shift in yield curves at the beginning of the period of:	**USD bloc $million**	**SGD bloc $million**	**Other currency bloc $million**	**Total $million**
+ 50 basis points	**50**	**10**	**100**	**160**
- 50 basis points	**(80)**	**(20)**	**(110)**	**(210)**
+ 100 basis points	**100**	**20**	**180**	**300**
- 100 basis points	**(160)**	**(40)**	**(210)**	**(410)**

	31.12.23			
Estimated one-year impact to earnings from a parallel shift in yield curves at the beginning of the period of:	USD bloc $million	SGD bloc $million	Other currency bloc $million	Total $million
+ 50 basis points	70	50	140	260
- 50 basis points	(100)	(50)	(150)	(300)
+ 100 basis points	150	100	260	510
- 100 basis points	(190)	(100)	(290)	(580)

As at 30 June 2024, the Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 50 basis points to increase projected NII by $160 million. The equivalent impact from a parallel decrease of 50 basis points would result in a reduction in projected NII of $210 million. The Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 100 basis points to increase projected NII by $300 million. The equivalent impact from a parallel decrease of 100 basis points would result in a reduction in projected NII of $410 million.

The benefit from rising interest rates is primarily from reinvesting at higher yields and from assets re-pricing faster and to a greater extent than deposits. NII sensitivity in falling rate scenarios has decreased versus 31 December 2023, due to an increase in programmatic hedging as well as actions taken in discretionary portfolios to increase asset duration.

Operational and Technology Risk

The Bank defines Operational and Technology Risk as the potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks). Operational and Technology risk may occur anywhere in the Bank, including third-party processes.

Operational and Technology Risk profile

Risk management practices help the business grow safely and ensure governance and management of Operational and Technology risk through the delivery and embedding of effective frameworks and policies, together with continuous oversight and assurance. Managing Operational and Technology risk makes the Bank more efficient and enables it to offer better, sustainable service to its customers. The Bank's Operational and Technology Risk Type Framework (O&T RTF) is designed to enable the Group to govern, identify, measure, monitor and test, manage and report on its Operational and Technology risks. The Bank continues to ensure the O&T RTF supports the business and functions in effectively managing risk and controls within Risk Appetite to meet their strategic objectives.

The Bank has demonstrated progress on ensuring visibility of risks and risk management through implementation of a standardised risk taxonomy. Standardising the risk taxonomy enables improved risk aggregation and reporting and provides opportunities for simplifying the process of risk identification and assessment. A revised Process Universe along with taxonomies for causes and controls have been designed and are being implemented in 2024, with control categories supporting the streamlining and removal of duplicate controls, reducing complexity, and improving risk and control management. Macro processes will provide a client-centric view and enable clearer accountability for delivery as well as management of risks in line with business objectives.

The Bank's Operational and Technology risk has remained stable with improvements to the quality of risk understanding and identification in a fast-changing technology landscape. Operational and Technology Risk is elevated in areas such as Information and Cyber Security, Data Management and Transaction Processing, which are subject to ongoing control enhancement programmes. Other key areas of focus are Change, Systems Health/Technology risk, Third Party risk, Resilience and Regulatory Compliance. Management has focused on addressing these areas, improving the sustainable operating environment, and initiated several programmes to enhance the control environment. The Bank continues to monitor and manage Operational and Technology risks associated with the external environment such as geopolitical factors and the increasing risk of cyber attacks. Digitalisation and inappropriate use of Artificial Intelligence, various regulatory expectations across our footprint and the changing technology landscape remain key emerging areas to manage, allowing the Bank to keep pace with new business developments, whilst ensuring that risk and control frameworks evolve accordingly. The Bank continues to strengthen its risk management to understand the full spectrum of risks in the operating environment, enhance its defences and improve resilience.

Other principal risks

Losses arising from operational failures for other principal and integrated risks are reported as operational losses. Operational losses do not include operational risk-related credit impairments.

Capital review

Capital ratios

	30.06.24	31.12.23
CET1	**13.3%**	13.2%
Tier 1 capital	**16.8%**	16.5%
Total capital	**23.1%**	23.5%

Capital base (reviewed)

	30.06.24 $million	31.12.23 $million
CET1 capital instruments and reserves		
Capital instruments and the related share premium accounts	**20,893**	20,893
Of which: share premium accounts	**296**	296
Retained earnings	**11,598**	9,687
Accumulated other comprehensive income (and other reserves)	**(7,194)**	(6,508)
Non-controlling interests (amount allowed in consolidated CET1)	**187**	162
Independently reviewed interim and year-end profits	**1,602**	3,208
Foreseeable dividends	**(181)**	(166)
CET1 capital before regulatory adjustments	**26,905**	27,276
CET1 regulatory adjustments		
Additional value adjustments (prudential valuation adjustments)	**(474)**	(534)
Intangible assets (net of related tax liability)	**(3,956)**	(4,115)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	**(23)**	(23)
Fair value reserves related to net losses on cash flow hedges	**59**	13
Deduction of amounts resulting from the calculation of excess expected loss	**(498)**	(566)
Net gains on liabilities at fair value resulting from changes in own credit risk	**220**	(47)
Defined-benefit pension fund assets	**(77)**	(75)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	**(85)**	(107)
Exposure amounts which could qualify for risk weighting of 1250%	**(35)**	(28)
Other regulatory adjustments to CET1 capital	**–**	–
Total regulatory adjustments to CET1	**(4,869)**	(5,482)
CET1 capital	**22,036**	21,794
Additional Tier 1 capital (AT1) instruments	**5,733**	5,473
AT1 regulatory adjustments	**(20)**	(20)
Tier 1 capital	**27,749**	27,247
Tier 2 capital instruments	**10,431**	11,637
Tier 2 regulatory adjustments	**(30)**	(30)
Tier 2 capital	**10,401**	11,607
Total capital	**38,150**	38,854
Total risk-weighted assets[1]	**165,402**	165,623

1 Total risk-weighted assets are not in scope of EY's review

Leverage ratio

Capital and total exposures	30.06.24 $million	31.12.23 $million
Tier 1 capital	**27,749**	27,247
Total leverage ratio exposures	**569,878**	544,061
Leverage ratio	**4.9%**	5.0%

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

The condensed consolidated interim financial statements have been prepared in accordance with United Kingdom (UK) adopted International Accounting Standard (IAS 34) and IAS 34 as adopted by the European Union (EU) .

By order of the Court

Diego De Giorgi
Director

30 July 2024

Independent review report to Standard Chartered Bank

Conclusion

We have been engaged by Standard Chartered Bank (the 'Company' or, together with its subsidiaries, the 'Group') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim cash flow statement, the related notes 1 to 27 and the risk and capital disclosures marked as 'reviewed' from page 09 to 37 (together 'the condensed consolidated interim financial statements'). We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2024 are not prepared, in all material respects, in accordance with United Kingdom (UK) adopted International Accounting Standards 34, 'Interim Financial Reporting' (IAS 34) and IAS 34 as adopted by the European Union (EU).

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE) issued by the Financial Reporting Council (FRC). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards and international financial reporting standards as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted IAS 34 and IAS 34 as adopted by the EU.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with UK adopted IAS 34 and IAS 34 as adopted by the EU.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the FRC. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Ernst & Young LLP
London

30 July 2024

Condensed consolidated interim income statement

For the six months ended 30 June 2024

	Notes	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Interest income		**9,879**	8,533
Interest expense		**(7,621)**	(6,254)
Net interest income	3	**2,258**	2,279
Fees and commission income		**1,772**	1,572
Fees and commission expense		**(394)**	(391)
Net fees and commission income	4	**1,378**	1,181
Net trading income	5	**2,763**	2,323
Other operating income	6	**(109)**	388
Operating income		**6,290**	6,171
Staff costs		**(3,314)**	(3,180)
Premises costs		**(118)**	(116)
General administrative expenses		**23**	98
Depreciation and amortisation		**(307)**	(329)
Operating expenses		**(3,716)**	(3,527)
Operating profit before impairment losses and taxation		**2,574**	2,644
Credit impairment (charge)/release	7	**(24)**	22
Goodwill, property, plant and equipment and other impairment	8	**(97)**	(14)
Profit/(loss) from associates and joint ventures		**3**	(9)
Profit before taxation		**2,456**	2,643
Taxation	9	**(848)**	(667)
Profit for the period		**1,608**	1,976
Profit attributable to:			
Non-controlling interests		**19**	12
Parent company shareholders		**1,589**	1,964
Profit for the period		**1,608**	1,976

The notes on pages 46 to 87 form an integral part of these financial statements.

Condensed consolidated interim statement of comprehensive income

For the six months ended 30 June 2024

	6 months ended 30.06.2024 $million	6 months ended 30.06.2023 $million
Profit for the period	1,608	1,976
Other comprehensive loss:		
Items that will not be reclassified to income statement:	(208)	(102)
Own credit losses on financial liabilities designated at fair value through profit or loss	(294)	(139)
Equity instruments at fair value through other comprehensive income	(27)	11
Actuarial gains on retirement benefit obligations	7	32
Taxation relating to components of other comprehensive income	106	(6)
Items that may be reclassified subsequently to income statement:	(472)	(112)
Exchange differences on translation of foreign operations:		
Net losses taken to equity	(551)	(510)
Net gains/(losses) on net investment hedges	4	(6)
Share of other comprehensive income from associates and joint ventures	1	–
Debt instruments at fair value through other comprehensive income:		
Net valuation gains taken to equity	40	165
Reclassified to income statement	93	68
Net impact of expected credit losses	(19)	(41)
Cash flow hedges:		
Net movements in cash flow hedge reserve	(49)	221
Taxation relating to components of other comprehensive income	9	(9)
Other comprehensive loss for the period, net of taxation	(680)	(214)
Total comprehensive income for the period	928	1,762
Total comprehensive income attributable to:		
Non-controlling interests	12	(16)
Parent company shareholders	916	1,778
Total comprehensive income for the period	928	1,762

Condensed consolidated interim balance sheet
As at 30 June 2024

	Notes	30.06.24 $million	31.12.23 $million
Assets			
Cash and balances at central banks	11	**54,980**	64,198
Financial assets held at fair value through profit or loss	11	**113,166**	97,100
Derivative financial instruments	11,12	**48,492**	52,554
Loans and advances to banks	11,13	**25,066**	22,803
Loans and advances to customers	11,13	**152,417**	156,143
Investment securities	11	**99,828**	102,474
Other assets	16	**31,703**	28,507
Due from subsidiary undertakings and other related parties		**9,365**	5,666
Current tax assets		**491**	484
Prepayments and accrued income		**2,221**	2,072
Interests in associates and joint ventures		**89**	81
Goodwill and intangible assets	14	**4,052**	4,210
Property, plant and equipment	15	**1,037**	1,030
Deferred tax assets	9	**447**	502
Retirement benefit schemes in surplus	23	**78**	–
Assets classified as held for sale	17	**560**	755
Total assets		**543,992**	538,579
Liabilities			
Deposits by banks	11	**23,985**	23,616
Customer accounts	11	**240,453**	237,902
Repurchase agreements and other similar secured borrowing	11,13	**6,998**	12,033
Financial liabilities held at fair value through profit or loss	11	**75,386**	65,819
Derivative financial instruments	11,12	**48,715**	55,173
Debt securities in issue	11	**39,484**	36,481
Other liabilities	18	**28,931**	24,477
Due to parent companies, subsidiary undertakings & other related parties		**29,685**	31,166
Current tax liabilities		**632**	445
Accruals and deferred income		**3,952**	4,288
Subordinated liabilities and other borrowed funds	11,21	**10,326**	11,454
Deferred tax liabilities	9	**423**	582
Provisions for liabilities and charges		**258**	235
Retirement benefit schemes in deficit	23	**249**	177
Liabilities included in disposal groups held for sale	17	**577**	787
Total liabilities		**510,054**	504,635
Equity			
Share capital and share premium account	22	**21,643**	21,643
Other reserves		**(7,196)**	(6,509)
Retained earnings		**13,276**	12,988
Total parent company shareholders' equity		**27,723**	28,122
Other equity instruments	22	**5,142**	4,742
Total equity excluding non-controlling interests		**32,865**	32,864
Non-controlling interests		**1,073**	1,080
Total equity		**33,938**	33,944
Total equity and liabilities		**543,992**	538,579

The notes on pages 46 to 87 form an integral part of these financial statements.

These financial statements were approved by the Court of Directors and authorised for issue on 30 July 2024 and signed on its behalf by:

Diego De Giorgi,
Director

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2024

	Share capital and share premium account $million	Capital and merger reserves[1] $million	Own credit adjustment reserve $million	Fair value through other comprehensive income reserve – debt $million	Fair value through other comprehensive income reserve – equity $million	Cash flow hedge reserve $million	Translation reserve $million	Retained earnings $million	Parent company shareholders' equity $million	Other equity instruments $million	Non-controlling interests $million	Total $million
As at 1 January 2023	22,393	40	(26)	(851)	166	(513)	(5,781)	12,801	28,229	4,750	1,164	34,143
Profit for the period	–	–	–	–	–	–	–	1,964	1,964	–	12	1,976
Other comprehensive (loss)/income[8]	–	–	(139)	199	2	205	(497)	44[2]	(186)	–	(28)	(214)
Distributions	–	–	–	–	–	–	–	–	–	–	(54)	(54)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	992	–	992
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	(1,000)	–	(1,000)
Share option expense, net of taxation	–	–	–	–	–	–	–	93	93	–	–	93
Dividends on ordinary shares	–	–	–	–	–	–	–	(1,661)	(1,661)	–	–	(1,661)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	(207)	(207)	–	–	(207)
Deemed distribution to parent[3]	–	–	–	–	–	–	–	(88)	(88)	–	–	(88)
Share buy-back[7]	(750)	–	–	–	–	–	–	–	(750)	–	–	(750)
Other movements[5]	–	–	–	–	(42)	–	83[4]	(15)	26	–	9[6]	35
As at 30 June 2023	21,643	40	(165)	(652)	126	(308)	(6,195)	12,931	27,420	4,742	1,103	33,265
Profit for the period	–	–	–	–	–	–	–	1,244	1,244	–	17	1,261
Other comprehensive income/(loss)[8]	–	–	212	138	64	295	(53)	(77)[2]	579	–	(3)	576
Distributions	–	–	–	–	–	–	–	–	–	–	(49)	(49)
Share option expenses	–	–	–	–	–	–	–	81	81	–	–	81
Dividends on ordinary shares	–	–	–	–	–	–	–	(938)	(938)	–	–	(938)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	(156)	(156)	–	–	(156)
Deemed distribution to parent[3]	–	–	–	–	–	–	–	(86)	(86)	–	–	(86)
Other movements	–	–	–	–	1	–	(12)[4]	(11)	(22)	–	12[6]	(10)
As at 31 December 2023	**21,643**	**40**	**47**	**(514)**	**191**	**(13)**	**(6,260)**	**12,988**	**28,122**	**4,742**	**1,080**	**33,944**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,589**	**1,589**	**–**	**19**	**1,608**
Other comprehensive (loss)/income[8]	**–**	**–**	**(267)**	**121**	**(86)[11]**	**(46)**	**(550)**	**155[2,12]**	**(673)**	**–**	**(7)**	**(680)**
Distributions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(66)**	**(66)**
Other equity instruments issued, net of expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**400**	**–**	**400**
Share option expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**107**	**107**	**–**	**–**	**107**
Dividends on ordinary shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,240)**	**(1,240)**	**–**	**–**	**(1,240)**
Dividends on preference shares and AT1 securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(167)**	**(167)**	**–**	**–**	**(167)**
Deemed distribution to parent[3]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(110)**	**(110)**	**–**	**–**	**(110)**
Other movements	**–**	**–**	**–**	**7**	**–**	**–**	**134[4]**	**(46)[9]**	**95**	**–**	**47[10]**	**142**
As at 30 June 2024	**21,643**	**40**	**(220)**	**(386)**	**105**	**(59)**	**(6,676)**	**13,276**	**27,723**	**5,142**	**1,073**	**33,938**

1 Includes capital reserve of $35 million, capital redemption reserve of $5 million
2 Comprises actuarial (loss)/gain, net of taxation on Group defined benefit schemes
3 Relates to deemed distribution to parent company arising from share-based payment net of taxation of $110 million (half year ending 31.12.23: $86 million and half year ending 30.06.23: $88 million)
4 Movement related to Translation adjustment. June 2024 balance includes $190 million translation adjustment loss from sale of SCB Zimbabwe Limited transferred to other operating income
5 Movements in Reserves relating to Ventures Group due to change in ownership
6 Movements during half year ending June 2023 related to non-controlling interest from Trust Bank Singapore Ltd $17 million offset by $7 million release of non-controlling interest due to change in ownership. Movement during half year ending December 2023 related to non-controlling interest from Trust Bank Singapore Ltd.
7 On 26 June 2023, the capital of the Company was reduced by (i) cancelling and extinguishing 7,500 7.014% non-cumulative preference shares of US$5 each in the capital of the Company (the "Preference Shares") and (ii) reducing the amount standing to the credit of the Company's share premium account by US$749,962,500, and a repayment of capital of US$750,000,000 be paid to the holder of the Preference Shares.
8 All the amounts are net of tax
9 Includes $77 million loss to retained earnings related to Ghana hyperinflation.
10 Movements primarily from non-controlling interest pertaining to Trust Bank Singapore Limited ($47 million).
11 Includes $147 million gain on sale of equity investment transferred to retained earnings partially offset by $76 million reversal of deferred liability
12 Includes $147 million gain on sale of equity investment in other comprehensive income reserve transferred to retained earnings partly offset by $13 million capital gain tax

Note 22 includes a description of each reserve.

The notes on pages 46 to 87 form an integral part of these financial statements.

Condensed consolidated interim cash flow statement
For the six months ended 30 June 2024

	Notes	6 months ended 30.06.24 $million	6 months ended 30.06.23 (Restated) $million
Cash flows from operating activities:			
Profit before taxation		**2,456**	2,643
Adjustments for non-cash items and other adjustments included within income statement	25	**978**	166
Change in operating assets	25	**(20,436)**	925
Change in operating liabilities	25	**11,323**	18,308
Contributions to defined benefit schemes		**(14)**	(16)
UK and overseas taxes paid		**(622)**	(580)
Net cash (used in)/from operating activities		**(6,315)**	21,446
Cash flows from investing activities:			
Internally generated Capitalised Software	14	**(230)**	(223)
Purchase of property, plant and equipment	15	**(61)**	(31)
Disposal of property, plant and equipment	15	**–**	10
Acquisition of investment in subsidiaries, associates, and joint ventures, net of cash acquired		**(1)**	(24)
Disposal of investment in subsidiaries, associates, and joint ventures		**24**	481
Purchase of investment securities		**(67,221)**	(74,671)
Disposal and maturity of investment securities		**66,109**	87,581
Net cash (used in)/from investing activities		**(1,380)**	13,123
Cash flows from financing activities:			
Issue of Additional Tier 1 capital, net of expenses	22	**400**	992
Cancellation of shares including share buy-back		**–**	(750)
Premises and equipment lease liability principal payment		**(48)**	(49)
Redemption of Tier 1 capital	22	**–**	(1,000)
Interest paid on subordinated liabilities	25	**(278)**	(281)
Repayment of subordinated liabilities	25	**(1,000)**	(2,000)
Proceeds from issue of senior debts	25	**1,258**	3,157
Repayment of senior debts	25	**(1,614)**	(1,048)
Interest paid on senior debts	25	**(169)**	(101)
Net cash inflow from non-controlling interests		**47**	10
Distributions and Dividends paid to non-controlling interests, preference shareholders and AT1 securities		**(233)**	(261)
Dividends paid to ordinary shareholders		**(1,240)**	(1,661)
Net cash used in financing activities		**(2,877)**	(2,992)
Net (decrease)/increase in cash and cash equivalents		**(10,572)**	31,577
Cash and cash equivalents at beginning of the period		**88,360**	78,255
Effect of exchange rate movements on cash and cash equivalents		**(1,639)**	(1,371)
Cash and cash equivalents at end of the period[1,2]		**76,149**	108,461

1 Comprises cash and balances at central banks $54,980 million (30 June 2023: $79,603 million), treasury bills and other eligible bills $3,259 million (30 June 2023: $2,863 million), loans and advances to banks $2,605 million (30 June 2023: $3,631 million), loans and advances to customers $17,419 million (30 June 2023: $24,503 million), investments $300 million (30 June 2023: $613 million), amounts due from fellow group undertakings $499 million (30 June 2023: $590 million) less restricted balances $2,913 million (30 June 2023: $3,341 million)

2 Refer note 25 for details on restatement

For Bank Group, Interest received was $10,118 million (30.06.2023: $8,675 million) , interest paid was $7,581 million (30.06.2023: $5,712 million).

The notes on pages 46 to 87 form an integral part of these financial statements.

Contents – Notes to the financial statements

Notes to the financial statements

1. Accounting policies

Statement of compliance

The Group condensed consolidated interim financial statements consolidate Standard Chartered Bank (the Company) and its subsidiaries (together referred to as the Group) and equity account the Group's interests in associates and jointly controlled entities.

These interim financial statements have been prepared in accordance with United Kingdom (UK) adopted international accounting standard 34 (IAS 34), 'Interim Financial Reporting' and IAS 34 as adopted by the European Union (EU). They should be read in conjunction with the 2023 Annual Report which was prepared in accordance with the requirements of the Companies Act 2006 and with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU IFRS).

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

a) Risk review: Disclosures marked as 'reviewed' from the start of the Risk profile section (page 9) to the end of other principal risks in the same section; and

b) Capital review: tables marked as 'reviewed' from the start of 'Capital ratios' to the end of 'leverage ratio', excluding risk-weighted assets (RWA)

There were no new accounting standards or interpretations that had a material effect on these Condensed consolidated interim financial statements.

Basis of preparation

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

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

Significant and other accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at, and for, the year ended 31 December 2023.

The accounting policies that we applied for these condensed interim consolidated financial statements are consistent with those described on pages 167 to 290 of the Annual Report and Accounts 2023, as are the methods of computation.

Comparatives

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

- Condensed consolidated interim cash flow statement
- Note 4 – Net fees and commissions
- Note 25 – Cashflow statement

1. Accounting policies continued

Going concern

These financial statements were approved by the Court of directors on 30 July 2024. The directors have made an assessment of the Group's ability to continue as a going concern. This assessment has been made having considered the current macroeconomic and geopolitical headwinds, including:

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

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of at least 12 months from 30 July 2024. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

2. Segmental information

Basis of preparation

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

Client segments

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

Restructuring items excluded from underlying results

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

Restructuring loss of $154 million primarily relates to actions to transform the organisation to improve productivity, as well as exits in AME. Other items of $174 million relate to loss on disposal of Zimbabwe business. The Group is also reclassifying the movement in Debit Valuation Adjustment (DVA) into restructuring and other items.

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

Profit before taxation (PBT)

	6 months ended 30.06.24				
	Underlying $million	Restructuring $million	DVA $million	Net loss on business disposed of[1] $million	Reported $million
Operating income	6,428	58	(22)	(174)	6,290
Operating expenses	(3,498)	(218)	–	–	(3,716)
Operating profit/(loss) before impairment losses and taxation	2,930	(160)	(22)	(174)	2,574
Credit impairment	(32)	8	–	–	(24)
Other impairment	(95)	(2)	–	–	(97)
Profit from associates and joint ventures	3	–	–	–	3
Profit/(loss) before taxation	2,806	(154)	(22)	(174)	2,456

1 includes loss of $174 million relating to Zimbabwe exit

	6 months ended 30.06.23				
	Underlying $million	Restructuring $million	DVA $million	Net loss on business disposed of $million	Reported $million
Operating income	6,104	97	(30)	–	6,171
Operating expenses	(3,432)	(95)	–	–	(3,527)
Operating profit/(loss) before impairment losses and taxation	2,672	2	(30)	–	2,644
Credit impairment	14	8	–	–	22
Other impairment	(12)	(2)	–	–	(14)
Profit from associates and joint ventures	(9)	–	–	–	(9)
Profit/(loss) before taxation	2,665	8	(30)	–	2,643

2. Segmental information continued

Profit before tax (PBT) by client segment

	6 months ended 30.06.24				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & Other Items $million	Total $million
Operating income	4,318	1,866	30	214	6,428
External	3,138	1,078	30	2,182	6,428
Inter-segment	1,180	788	–	(1,968)	–
Operating expenses	(2,119)	(997)	(83)	(299)	(3,498)
Operating profit before impairment losses and taxation	2,199	869	(53)	(85)	2,930
Credit impairment	53	(114)	(10)	39	(32)
Other impairment	(88)	(25)	–	18	(95)
Profit from associates and joint ventures	–	–	–	3	3
Underlying profit/(loss) before taxation	2,164	730	(63)	(25)	2,806
Restructuring	(44)	(17)	(1)	(92)	(154)
DVA	(22)	–	–	–	(22)
Other Items	–	–	–	(174)	(174)
Reported profit/(loss) before taxation	2,098	713	(64)	(291)	2,456
Total assets	298,185	49,164	2,451	194,192	543,992
Total liabilities	336,098	74,417	2,231	97,308	510,054

	6 months ended 30.06.23				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & Other Items $million	Total $million
Operating income	4,164	1,723	62	155	6,104
External	3,342	1,120	62	1,580	6,104
Inter-segment	822	603	–	(1,425)	–
Operating expenses	(2,001)	(992)	(160)	(279)	(3,432)
Operating profit before impairment losses and taxation	2,163	731	(98)	(124)	2,672
Credit impairment	(1)	(12)	(4)	31	14
Other impairment	(20)	(1)	–	9	(12)
Profit from associates and joint ventures	–	–	(13)	4	(9)
Underlying profit before taxation	2,142	718	(115)	(80)	2,665
Restructuring	–	(9)	–	17	8
DVA	(30)	–	–	–	(30)
Reported profit/(loss) before taxation	2,112	709	(115)	(63)	2,643
Total assets	293,390	47,409	1,609	218,695	561,103
Total liabilities	359,569	68,733	957	98,579	527,838

Operating income by client segment

	6 months ended 30.06.24				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & Other Items $million	Total $million
Underlying operating income	4,318	1,866	30	214	6,428
Restructuring	27	15	–	16	58
Other items	–	–	–	(174)	(174)
DVA	(22)	–	–	–	(22)
Reported operating income	4,323	1,881	30	56	6,290

2. Segmental information continued

	6 months ended 30.06.23				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & Other Items $million	Total $million
Underlying operating income	4,164	1,723	62	155	6,104
Restructuring	49	23	–	25	97
Other items	–	–	–	–	–
DVA	(30)	–	–	–	(30)
Reported operating income	4,183	1,746	62	180	6,171

Additional segmental information (reported)

	6 months ended 30.06.24				
	Corporate & Investment Banking $million	**Wealth & Retail Banking $million**	**Ventures $million**	**Central & Other Items $million**	**Total $million**
Net interest income	**1,395**	**1,198**	**24**	**(359)**	**2,258**
Net fees and commission income	**795**	**606**	**6**	**(29)**	**1,378**
Net trading and other income	**2,133**	**77**	**–**	**444**	**2,654**
Operating income	**4,323**	**1,881**	**30**	**56**	**6,290**

	6 months ended 30.06.23				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & Other Items $million	Total $million
Net interest income	1,515	1,146	8	(390)	2,279
Net fees and commission income	644	584	23	(70)	1,181
Net trading and other income	2,024	16	31	640	2,711
Operating income	4,183	1,746	62	180	6,171

Operating income by Key Countries

	6 months ended 30.06.24						
	Singapore $million	**India $million**	**UAE $million**	**UK $million**	**US $million**	**Others $million**	**Total $million**
Net interest income	**403**	**461**	**266**	**(449)**	**211**	**1,366**	**2,258**
Net fees and commission income	**467**	**105**	**103**	**171**	**222**	**310**	**1,378**
Net trading and other income	**569**	**178**	**303**	**1,056**	**18**	**530**	**2,654**
Operating income	**1,439**	**744**	**672**	**778**	**451**	**2,206**	**6,290**

	6 months ended 30.06.23						
	Singapore $million	India $million	UAE $million	UK $million	US $million	Others $million	Total $million
Net interest income	650	462	255	(410)	103	1,219	2,279
Net fees and commission income	338	92	117	122	177	335	1,181
Net trading and other income	415	161	226	999	43	867	2,711
Operating income	1,403	715	598	711	323	2,421	6,171

3. Net interest income

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Balances at central banks	**1,350**	1,201
Loans and advances to banks	**562**	597
Loans and advances to customers	**5,266**	4,365
Debt securities	**1,988**	1,692
Other eligible bills	**660**	599
Accrued on impaired assets (discount unwind)	**53**	79
Interest income	**9,879**	8,533
Of which: financial instruments held at fair value through other comprehensive income	**1,276**	1,278
Deposits by banks	**385**	301
Customer accounts	**6,105**	4,690
Debt securities in issue	**816**	807
Subordinated liabilities and other borrowed funds	**297**	439
Interest expense on IFRS 16 lease liabilities	**18**	17
Interest expense	**7,621**	6,254
Net interest income	**2,258**	2,279

4. Net fees and commission

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Fees and commissions income	**1,772**	1,572
Of which:		
Financial instruments that are not fair valued through profit or loss	**587**	555
Trust and other fiduciary activities	**141**	126
Fees and commissions expense	**(394)**	(391)
Of which:		
Financial instruments that are not fair valued through profit or loss	**(78)**	(103)
Trust and other fiduciary activities	**(8)**	(8)
Net fees and commission	**1,378**	1,181

4. Net fees and commission continued

	6 months ended 30.06.24				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & other items $million	Total $million
Transaction Services	652	9	–	–	661
Payments & Liquidity	365	–	–	–	365
Securities Services	48	–	–	–	48
Trade & Working Capital	239	9	–	–	248
Global Banking[1]	429	9	–	–	438
Lending & Financing Solutions	276	–	–	–	276
Capital Market & Advisory	153	9	–	–	162
Global Markets[1]	9	–	–	–	9
Macro Trading	4	–	–	–	4
Credit Trading	5	–	–	–	5
Valuation & Other Adj	–	–	–	–	–
Wealth Solutions	–	469	–	–	469
Investment Products	–	259	–	–	259
Bancassurance	–	210	–	–	210
CCPL & Other Unsecured Lending	–	112	15	–	127
Deposits	–	49	–	–	49
Mortgages & Other Secured Lending	–	13	–	–	13
Treasury	–	–	–	(3)	(3)
Others	–	–	–	9	9
Fees and commission income	1,090	661	15	6	1,772
Fees and commission expense	(295)	(55)	(9)	(35)	(394)
Net fees and commission	795	606	6	(29)	1,378

1 Banking and Markets products have been renamed to Global Banking and Global Markets respectively.

	6 months ended 30.06.23				
	Corporate & Investment Banking $million	Wealth & Retail Banking $million	Ventures $million	Central & other items $million	Total $million
Transaction Services	625	10	–	–	635
Payments & Liquidity	253	2	–	–	255
Securities Services	70	–	–	–	70
Trade & Working Capital	302	8	–	–	310
Global Banking[1]	282	2	–	–	285
Lending & Financing Solutions	199	3	–	–	202
Capital Market & Advisory	83	(1)	–	–	82
Global Markets[1]	43	–	–	–	43
Macro Trading	(9)	–	–	–	(9)
Credit Trading	51	–	–	–	51
Valuation & Other Adj	1	–	–	–	1
Wealth Solutions	–	409	–	–	409
Investment Products	–	317	–	–	317
Bancassurance	–	91	–	–	91
CCPL & Other Unsecured Lending	–	124	10	–	134
Deposits	–	55	–	–	55
Mortgages & Other Secured Lending	–	(4)	–	–	(4)
Treasury	–	–	–	2	2
Others	–	(6)	25	(5)	14
Fees and commission income[1]	949	591	35	(3)	1,572
Fees and commission expense[1]	(305)	(7)	(18)	(61)	(391)
Net fees and commission[1]	644	584	17	(64)	1,181

1 Banking and Markets products have been renamed to Global Banking and Global Markets respectively

4. Net fees and commission continued

Upfront bancassurance consideration amounts are amortised on a straight-line basis over the contractual period to which the consideration relates. Deferred income on the balance sheet in respect of these activities is $446 million (30 June 2023: $507 million). Following renegotiation of the contract in 2023, the life of the contract was extended for a further 3 years. Accordingly, the income will be earned evenly over a longer period for the next 8 years (30 June 2023: 6 years). For the six months ended 30 June 2024, $22 million of fee income was released from deferred income (30 June 2023: $33 million).

For the bancassurance contract with the annual performance bonus, based on progress so far and expectation of meeting the performance targets by year-end with a high probability, a pro-rata portion of the total performance fee, equal to $95 million of the fee has been recognised as fee income in the period.

5. Net trading income

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Net trading income	**2,763**	2,323
Significant items within net trading income include:		
Gains on instruments held for trading[1]	**2,200**	1,992
Gains on financial assets mandatorily at fair value through profit or loss	**2,115**	1,903
Gains in financial assets designated at fair value through profit or loss	**–**	1
Losses on financial liabilities designated at fair value through profit or loss	**(1,536)**	(1,581)

1 Includes $11 million loss (30.06.23: $97 million loss) from the transaction of foreign currency monetary assets and liabilities.

6. Other operating income

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Other operating income includes:		
Rental income from operating lease assets	**3**	–
Net (loss) on disposal of fair value through other comprehensive income debt instruments	**(93)**	(69)
Net gain/(loss) on amortized cost financial assets	**4**	(22)
Net (loss)/gain on sale of businesses[1]	**(171)**	435
Dividend income	**4**	6
Other	**144[2]**	38
Other operating income	**(109)**	388

1 Includes loss of $174 million from sale of subsidiary (SCB Zimbabwe) of which $190 million relates to CTA loss (30.06.23 : gain of $416 million on disposal from sale of subsidiary SC Ventures Holding Limited to a fellow group undertaking of Standard Chartered PLC)

2 Includes IAS 29 adjustment Ghana hyperinflationary impact ($106 million)

7. Credit impairment

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Net credit impairment on loans and advances to banks and customers	**35**	40
Net credit impairment against profit or loss during the period relating to debt securities[1]	**(41)**	(37)
Net credit impairment relating to financial guarantees and loan commitments	**30**	(35)
Net credit impairment relating to other financial assets	**–**	10
Credit impairment charge / (release)[1]	**24**	(22)

1 Includes impairment release of $14 million (30.06.23: $1 million charge) on originated credit-impaired debt securities

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

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
Impairment of property, plant and equipment (Note 15)	(2)	2
Impairment of other intangible assets (Note 14)	100	11
Other	(1)	1
Goodwill, property, plant and equipment and other impairment	97	14

9. Taxation

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

	6 months ended 30.06.24 $million	6 months ended 30.06.23 $million
The charge for taxation based upon the profit for the period comprises:		
Current tax:		
United Kingdom corporation tax at 25 per cent (2023: 23.5 per cent):		
Current tax charge on income for the period	–	2
Adjustments in respect of prior periods (including double tax relief)	2	–
Foreign tax:		
Current tax charge on income for the period	759	679
Adjustments in respect of prior periods (including double tax relief)	34	6
	795	687
Deferred tax:		
Origination/reversal of temporary differences	69	(22)
Adjustments in respect of prior periods (including double tax relief)	(16)	2
	53	(20)
Tax on profits on ordinary activities	848	667
Effective tax rate	34.5%	25.2%

The tax charge for the period has been calculated by applying the effective rate of tax which is expected to apply for the year ending 31 December 2024 using rates substantively enacted at 30 June 2024. The rate has been calculated by estimating and applying an average annual effective income tax rate to each tax jurisdiction individually.

The tax charge for the period of $848 million (30 June 2023: $667 million) on a profit before tax of $2,456 million (30 June 2023: $2,643 million) reflects the impact of non-creditable withholding taxes and other taxes, non-deductible expenses and countries with tax rates higher or lower than the UK, the most significant of which includes India.

Deferred tax comprises assets and liabilities as follows:

	30.06.24			31.12.23		
	Total $million	Asset $million	Liability $million	Total $million	Asset $million	Liability $million
Deferred tax comprises:						
Accelerated tax depreciation	(276)	13	(289)	(318)	12	(330)
Impairment provisions on loans and advances	208	183	25	203	192	11
Tax losses carried forward	42	24	18	70	22	48
Equity instruments at fair value through other comprehensive income	(30)	(1)	(29)	(126)	(1)	(125)
Debt instruments at fair value through other comprehensive income	22	27	(5)	28	28	–
Cash flow hedges	8	4	4	3	12	(9)
Own credit adjustment	–	–	–	(52)	–	(52)
Retirement benefit obligations	3	12	(9)	2	9	(7)
Share-based payments	26	4	22	30	3	27
Other temporary differences	21	181	(160)	80	225	(145)
	24	447	(423)	(80)	502	(582)

10. Dividends

Ordinary equity shares

	6 months ended 30.06.24		6 months ended 31.12.23		6 months ended 30.06.23	
	Cents per share	**$million**	Cents per share	$million	Cents per share	$million
2023 Final dividend declared and paid during the period	6	1,240	–	–	–	–
2023 Interim dividend declared and paid during the year	–	–	5	938	–	–
2022 Final dividend declared and paid during the period	–	–	–	–	8	1,661

Interim dividends on ordinary equity shares are recorded in the period in which they are declared.

Preference shares and Additional Tier 1 securities

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

	6 months ended 30.06.24 $million	6 months ended 31.12.23 $million	6 months ended 30.06.23 $million
Non-cumulative redeemable preference shares:			
7.014 per cent preference shares of $5 each	–	–	45
Floating rate preference shares of $5 each[1]	27	28	22
	27	28	67
Additional Tier 1 securities: fixed rate resetting perpetual subordinated contingent convertible securities	140	128	140
	167	156	207

1 Floating rate is based on Secured Overnight Financing Rate (SOFR), average rate paid for floating preference shares is 7.24% (2023: 6.62%)

11. Financial instruments

Classification and measurement

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

Group

Assets	Notes	Assets at fair value: Trading $million	Assets at fair value: Derivatives held for hedging $million	Assets at fair value: Non-trading mandatorily at fair value through profit or loss $million	Assets at fair value: Designated at fair value through profit or loss $million	Assets at fair value: Fair value through other comprehensive income $million	Assets at fair value: Total financial assets at fair value $million	Assets held at amortised cost $million	Total $million
Cash and balances at central banks[1]		–	–	–	–	–	–	54,980	54,980
Financial assets held at fair value through profit or loss									
Loans and advances to banks[2]		2,002	–	5	–	–	2,007	–	2,007
Loans and advances to customers[2]		4,311	–	190	–	–	4,501	–	4,501
Reverse repurchase agreements and other similar secured lending	13	–	–	75,475	–	–	75,475	–	75,475
Debt securities, additional tier one and other eligible bills		28,040	–	433	–	–	28,473	–	28,473
Equity shares		2,574	–	136	–	–	2,710	–	2,710
		36,927	–	76,239	–	–	113,166	–	113,166
Derivative financial instruments	12	46,941	1,551	–	–	–	48,492	–	48,492
Loans and advances to banks[2,3]		–	–	–	–	–	–	25,066	25,066
of which – reverse repurchase agreements and other similar secured lending	13	–	–	–	–	–	–	3,620	3,620
Loans and advances to customers[2]		–	–	–	–	–	–	152,417	152,417
of which – reverse repurchase agreements and other similar secured lending	13	–	–	–	–	–	–	7,630	7,630
Investment securities									
Debt securities, additional tier one and other eligible bills		–	–	–	–	61,554	61,554	38,010	99,564
Equity shares		–	–	–	–	264	264	–	264
		–	–	–	–	61,818	61,818	38,010	99,828
Other assets	16	–	–	–	–	–	–	22,485	22,485
Assets held for sale	17	–	–	–	–	–	–	517	517
Total at 30 June 2024		83,868	1,551	76,239	–	61,818	223,476	293,475	516,951

1 Comprises cash held at central banks in restricted accounts of $2,913 million, or on demand, or placements which are contractually due to mature over-night only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 9 to 37)

3 Loans and advances to banks include amounts due on demand from banks other than central banks

11. Financial instruments continued

		Assets at fair value							
Assets	Notes	Trading $million	Derivatives held for hedging $million	Non-trading mandatorily at fair value through profit or loss $million	Designated at fair value through profit or loss $million	Fair value through other comprehensive income $million	Total financial assets at fair value $million	Assets held at amortised cost $million	Total $million
Cash and balances at central banks[1]		–	–	–	–	–	–	64,198	64,198
Financial assets held at fair value through profit or loss									
Loans and advances to banks[2]		2,265	–	–	–	–	2,265	–	2,265
Loans and advances to customers[2]		3,001	–	187	–	–	3,188	–	3,188
Reverse repurchase agreements and other similar secured lending	13	185	–	67,964	–	–	68,149	–	68,149
Debt securities, additional tier one and other eligible bills		21,452	–	604	–	–	22,056	–	22,056
Equity shares		1,322	–	120	–	–	1,442	–	1,442
		28,225	–	68,875	–	–	97,100	–	97,100
Derivative financial instruments	12	50,883	1,671	–	–	–	52,554	–	52,554
Loans and advances to banks[2,3]		–	–	–	–	–	–	22,803	22,803
of which – reverse repurchase agreements and other similar secured lending	13	–	–	–	–	–	–	1,653	1,653
Loans and advances to customers[2]		–	–	–	–	–	–	156,143	156,143
of which – reverse repurchase agreements and other similar secured lending	13	–	–	–	–	–	–	13,827	13,827
Investment securities									
Debt securities, additional tier one and other eligible bills		–	–	–	–	62,120	62,120	39,920	102,040
Equity shares						434	434	–	434
		–	–	–	–	62,554	62,554	39,920	102,474
Other assets	16					–	–	20,714	20,714
Assets held for sale	17	–	–	–	–	–	–	693	693
Total at 31 December 2023		79,108	1,671	68,875	–	62,554	212,208	304,471	516,679

1 Comprises cash held at central banks in restricted accounts of $3,050 million, or on demand, or placements which are contractually due to mature over-night only. Other placements with central banks are reported as part of Loans and advances to customers

2 Further analysed in Risk review and Capital review (pages 9 to 37)

3 Loans and advances to banks include amounts due on demand from banks other than central banks

11. Financial instruments continued
Group

Liabilities	Notes	Liabilities at fair value: Trading $million	Derivatives held for hedging $million	Designated at fair value through profit or loss $million	Total financial liabilities at fair value $million	Amortised cost $million	Total $million
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	1,656	1,656	–	1,656
Customer accounts		12	–	8,569	8,581	–	8,581
Repurchase agreements and other similar secured borrowing	13	551	–	45,597	46,148	–	46,148
Debt securities in issue		–	–	11,738	11,738	–	11,738
Short positions		7,263	–	–	7,263	–	7,263
		7,826	–	67,560	75,386	–	75,386
Derivative financial instruments	12	47,812	903	–	48,715	–	48,715
Deposits by banks		–	–	–	–	23,985	23,985
Customer accounts		–	–	–	–	240,453	240,453
Repurchase agreements and other similar secured borrowing	13	–	–	–	–	6,998	6,998
Debt securities in issue		–	–	–	–	39,484	39,484
Other liabilities	18	–	–	–	–	28,581	28,581
Subordinated liabilities and other borrowed funds	21	–	–	–	–	10,326	10,326
Liabilities included in disposal groups held for sale	17	–	–	–	–	535	535
Total at 30 June 2024		55,638	903	67,560	124,101	350,362	474,463

Liabilities	Notes	Liabilities at fair value: Trading $million	Derivatives held for hedging $million	Designated at fair value through profit or loss $million	Total financial liabilities at fair value $million	Amortised cost $million	Total $million
Financial liabilities held at fair value through profit or loss							
Deposits by banks		–	–	1,321	1,321	–	1,321
Customer accounts		39	–	9,127	9,166	–	9,166
Repurchase agreements and other similar secured borrowing	13	1,438	–	37,994	39,432	–	39,432
Debt securities in issue		–	–	9,850	9,850	–	9,850
Short positions		6,050	–	–	6,050	–	6,050
		7,527	–	58,292	65,819	–	65,819
Derivative financial instruments	12	53,209	1,964	–	55,173	–	55,173
Deposits by banks		–	–	–	–	23,616	23,616
Customer accounts		–	–	–	–	237,902	237,902
Repurchase agreements and other similar secured borrowing	13	–	–	–	–	12,033	12,033
Debt securities in issue		–	–	–	–	36,481	36,481
Other liabilities	18	–	–	–	–	24,109	24,109
Subordinated liabilities and other borrowed funds	21	–	–	–	–	11,454	11,454
Liabilities included in disposal groups held for sale	17	–	–	–	–	726	726
Total at 31 December 2023		60,736	1,964	58,292	120,992	346,321	467,313

11. Financial instruments continued

Financial liabilities designated at fair value through profit or loss

	30.06.24 $million	31.12.23 $million
Carrying balance aggregate fair value	**67,560**	58,292
Amount contractually obliged to repay at maturity	**68,283**	59,576
Difference between aggregate fair value and contractually obliged to repay at maturity	**(723)**	(1,284)
Cumulative change in fair value accredited to credit risk difference	**(171)**	87

The net fair value loss on financial liabilities designated at fair value through profit or loss was $1,536 million for the year (31 December 2023: net loss of $2,445 million).

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

Valuation of financial instruments

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

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

Significant accounting estimates and judgements

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

- Fair value of financial instruments is determined using valuation techniques and estimates (see below) which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments
- When establishing the exit price of a financial instrument using a valuation technique, the Group estimates valuation adjustments in determining the fair value (page 61)
- In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 assets, and the significant valuation judgements in respect of Level 3 instruments (page 62)
- Where the estimated measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs

Valuation techniques

Refer to the fair value hierarchy explanation – Level 1, 2 and 3 (page 62)

- **Financial instruments held at fair value**
  - **Debt securities – asset-backed securities:** Asset-backed securities are valued based on external prices obtained from consensus pricing providers, broker quotes, recent trades, arrangers' quotes, etc. Where an observable price is available for a given security, it is classified as Level 2. In instances where third-party prices are not available or reliable, the security is classified as Level 3. The fair value of Level 3 securities is estimated using market standard cash flow models with input parameter assumptions which include prepayment speeds, default rates, discount margins derived from comparable securities with similar vintage, collateral type, and credit ratings
  - **Debt securities in issue:** These debt securities relate to structured notes issued by the Group. Where independent market data is available through pricing vendors and broker sources these positions are classified as Level 2. Where such liquid external prices are not available, valuations of these debt securities are implied using input parameters such as bond spreads and credit spreads, and are classified as Level 3. These input parameters are determined with reference to the same issuer (if available) or proxies from comparable issuers or assets

11. Financial instruments continued

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

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

- **Cash and balances at central banks:** The fair value of cash and balances at central banks is their carrying amounts
- **Debt securities in issue, subordinated liabilities and other borrowed funds:** The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term to maturity
- **Deposits and borrowings:** The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market prices is based on discounted cash flows using the prevailing market rates for debts with a similar Credit Risk and remaining maturity
- **Investment securities:** For investment securities that do not have directly observable market values, the Group utilises a number of valuation techniques to determine fair value. Where available, securities are valued using input proxies from the same or closely related underlying (for example, bond spreads from the same or closely related issuer) or input proxies from a different underlying (for example, a similar bond but using spreads for a particular sector and rating). Certain instruments cannot be proxies as set out above, and in such cases the positions are valued using non-market observable inputs. This includes those instruments held at amortised cost and predominantly relates to asset-backed securities. The fair value for such instruments is usually derived from proxy from internal assessments of the underlying cash flows

11. Financial instruments continued

- **Loans and advances to banks and customers:** For loans and advances to banks, the fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using the prevailing money market rates for debts with a similar Credit Risk and remaining maturity. The Group's loans and advances to customers' portfolio is well diversified by geography and industry. Approximately a quarter of the portfolio re-prices within one month, and approximately half re-prices within 12 months. Loans and advances are presented net of provisions for impairment. The fair value of loans and advances to customers with a residual maturity of less than one year generally approximates the carrying value. The estimated fair value of loans and advances with a residual maturity of more than one year represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates and Credit Risk. Expected cash flows are discounted at current market rates to determine fair value. The Group has a wide range of individual instruments within its loans and advances portfolio and as a result providing quantification of the key assumptions used to value such instruments is impractical
- **Other assets:** Other assets comprise primarily of cash collateral and trades pending settlement. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short-term in nature or re-price to current market rates frequently

Fair value adjustments

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

	01.01.24 $million	**Movement during the year $million**	**30.06.24 $million**	01.01.23 $million	Movement during the year $million	31.12.23 $million
Bid-offer valuation adjustment	**91**	**2**	**93**	89	2	91
Credit valuation adjustment	**98**	**(11)**	**87**	135	(37)	98
Debit valuation adjustment	**(118)**	**23**	**(95)**	(91)	(27)	(118)
Model valuation adjustment	**4**	**1**	**5**	3	1	4
Funding valuation adjustment	**36**	**(18)**	**18**	44	(8)	36
Other fair value adjustments	**20**	**1**	**21**	19	1	20
Total	**131**	**(2)**	**129**	199	(68)	131
Income deferrals						
Day 1 and other deferrals	**63**	**31**	**94**	160	(97)	63
Total	**63**	**31**	**94**	160	(97)	63

Note: Brackets represent an asset and credit to the income statement

- **Bid-offer valuation adjustment:** Generally, market parameters are marked on a mid-market basis in the revaluation systems, and a bid-offer valuation adjustment is required to quantify the expected cost of neutralising the business' positions through dealing away in the market, thereby bringing long positions to bid and short positions to offer. The methodology to calculate the bid-offer adjustment for a derivative portfolio involves netting between long and short positions and the grouping of risk by strike and tenor based on the hedging strategy where long positions are marked to bid and short positions marked to offer in the systems
- **Credit valuation adjustment (CVA):** The Group accounts for CVA against the fair value of derivative products. CVA is an adjustment to the fair value of the transactions to reflect the possibility that our counterparties may default and we may not receive the full market value of the outstanding transactions. It represents an estimate of the adjustment a market participant would include when deriving a purchase price to acquire our exposures. CVA is calculated for each subsidiary, and within each entity for each counterparty to which the entity has exposure and takes account of any collateral we may hold. The Group calculates the CVA by using estimates of future positive exposure, market-implied probability of default (PD) and recovery rates. Where market-implied data is not readily available, we use market-based proxies to estimate the PD. Wrong-way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty, and the Group has implemented a model to capture this impact for key wrong-way exposures. The Group also captures the uncertainties associated with wrong-way risk in the Group's Prudential Valuation Adjustments framework
- **Debit valuation adjustment (DVA):** The Group calculates DVA adjustments on its derivative liabilities to reflect changes in its own credit standing. The Group's DVA adjustments will increase if its credit standing worsens and conversely, decrease if its credit standing improves. For derivative liabilities, a DVA adjustment is determined by applying the Group's probability of default to the Group's negative expected exposure against the counterparty. The Group's probability of default and loss expected in the event of default is derived based on bond and CDS spreads associated with the Group's issuances and market standard recovery levels. The expected exposure is modelled based on the simulation of the underlying risk factors over the expected life of the deal. This simulation methodology incorporates the collateral posted by the Group and the effects of master netting agreements

11. Financial instruments continued

- **Model valuation adjustment:** Valuation models may have pricing deficiencies or limitations that require a valuation adjustment. These pricing deficiencies or limitations arise due to the choice, implementation and calibration of the pricing model
- **Funding valuation adjustment (FVA):** The Group makes FVA adjustments against derivative products. FVA reflects an estimate of the adjustment to its fair value that a market participant would make to incorporate funding costs or benefits that could arise in relation to the exposure. FVA is calculated by determining the net expected exposure at a counterparty level and then applying a funding rate to those exposures that reflect the market cost of funding. The FVA for uncollateralised (including partially collateralised) derivatives incorporates the estimated present value of the market funding cost or benefit associated with funding these transactions
- **Other fair value adjustments:** The Group calculates the fair value on the interest rate callable products by calibrating to a set of market prices with differing maturity, expiry and strike of the trades
- **Day one and other deferrals:** In certain circumstances the initial fair value is based on a valuation technique which differs to the transaction price at the time of initial recognition. However, these gains can only be recognised when the valuation technique used is based primarily on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses inputs which are not observable in the market, the difference between the transaction price and the valuation model is not recognised immediately in the income statement. The difference is amortised to the income statement until the inputs become observable, or the transaction matures or is terminated. Other deferrals primarily represent adjustments taken to reflect the specific terms and conditions of certain derivative contracts which affect the termination value at the measurement date

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

Fair value hierarchy – financial instruments held at fair value

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

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

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

11. Financial instruments continued

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

Group

Assets	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	2,007	–	2,007
Loans and advances to customers	–	3,014	1,487	4,501
Reverse repurchase agreements and other similar secured lending	–	73,683	1,792	75,475
Debt securities, additional tier one and other eligible bills	12,201	15,299	973	28,473
Of which:				
Issued by central banks & governments	11,710	12,297	–	24,007
Issued by corporates other than financial institutions[1]	8	1,316	219	1,543
Issued by financial institutions[1]	483	1,686	754	2,923
Equity shares	2,531	72	107	2,710
Derivative financial instruments	306	48,068	118	48,492
Of which:				
Foreign exchange	105	41,933	26	42,064
Interest rate	53	5,214	80	5,347
Credit	–	336	9	345
Equity and stock index options	–	95	3	98
Commodity	148	490	–	638
Investment securities				
Debt securities and other eligible bills	29,071	32,483	–	61,554
Of which:				
Issued by Central banks & Governments	22,826	15,640	–	38,466
Issued by corporates other than financial institutions[1]	–	500	–	500
Issued by financial institutions[1]	6,245	16,343	–	22,588
Equity shares	27	3	234	264
Total financial assets at 30 June 2024	44,136	174,629	4,711	223,476
Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	1,599	57	1,656
Customer accounts	–	8,286	295	8,581
Repurchase agreements and other similar secured borrowing	–	46,148	–	46,148
Debt securities in issue	–	9,731	2,007	11,738
Short positions	124	7,139	–	7,263
Derivative financial instruments	281	48,242	192	48,715
Of which:				
Foreign exchange	90	38,964	11	39,065
Interest rate	65	7,439	2	7,506
Credit	–	696	159	855
Equity and stock index options	–	127	20	147
Commodity	126	1,016	–	1,142
Other Liabilities	–	–	–	–
Total financial liabilities at 30 June 2024	405	121,145	2,551	124,101

1 Includes covered bonds of $4,548 million, securities issued by Multilateral Development Banks/International Organisations of $8,095 million and State-owned agencies and development banks of $5,994 million

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is $520 million and $218 million respectively.

There were no significant changes to valuation or levelling approaches during the period ended 30 June 2024.

There were no significant transfers of financial assets and liabilities measured at fair value between Level 1 and Level 2 during the period ended 30 June 2024.

11. Financial instruments continued

Assets	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Financial instruments held at fair value through profit or loss				
Loans and advances to banks	–	2,265	–	2,265
Loans and advances to customers	–	2,016	1,172	3,188
Reverse repurchase agreements and other similar secured lending	–	66,784	1,365	68,149
Debt securities, additional tier one and other eligible bills	11,626	9,210	1,220	22,056
Of which:				
Issued by central Banks & governments	11,178	5,994	–	17,172
Issued by corporates other than financial institutions[1]	–	927	318	1,245
Issued by financial institutions[1]	448	2,289	902	3,639
Equity shares	1,243	114	85	1,442
Derivative financial instruments	940	51,538	76	52,554
Of which:				
Foreign exchange	114	45,585	24	45,723
Interest rate	37	5,426	3	5,466
Credit	–	405	47	452
Equity and stock index options	–	47	2	49
Commodity	789	75	–	864
Investment securities				
Debt securities and other eligible bills	25,288	36,761	71	62,120
Of which:				
Issued by Central Banks & Governments	19,475	14,530	51	34,056
Issued by corporates other than financial institutions[1]	–	1,019	–	1,019
Issued by financial institutions[1]	5,813	21,212	20	27,045
Equity shares	183	6	245	434
Total financial assets at 31 December 2023	39,280	168,694	4,234	212,208
Liabilities				
Financial instruments held at fair value through profit or loss				
Deposits by banks	–	1,253	68	1,321
Customer accounts	–	8,934	232	9,166
Repurchase agreements and other similar secured borrowing	–	39,432	–	39,432
Debt securities in issue	–	8,824	1,026	9,850
Short positions	2,151	3,796	103	6,050
Derivative financial instruments	740	54,271	162	55,173
Of which:				
Foreign exchange	113	46,304	12	46,429
Interest rate	46	7,107	5	7,158
Credit	–	448	126	574
Equity and stock index options	–	108	19	127
Commodity	581	304	–	885
Other Liabilities	–	–	–	–
Total financial liabilities at 31 December 2023	2,891	116,510	1,591	120,992

1 Includes covered bonds of $6,377 million, securities issued by Multilateral Development Banks/International Organisations of $6,300 million and State-owned agencies and development banks of $3,186 million

The fair value of financial assets and financial liabilities classified as Level 2 in the fair value hierarchy that are subject to complex modelling techniques is $707 million and $125 million respectively.

11. Financial instruments continued

Fair value hierarchy – financial instruments measured at amortised cost

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

Group

	Carrying value $million	Fair value Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Assets					
Cash and balances at central banks[1]	54,980	–	54,980	–	54,980
Loans and advances to banks	25,066	–	25,010	–	25,010
of which – reverse repurchase agreements and other similar secured lending	3,620	–	3,620	–	3,620
Loans and advances to customers	152,417	–	37,052	115,702	152,754
of which – reverse repurchase agreements and other similar secured lending	7,630	–	7,630	–	7,630
Investment securities[2]	38,010	–	35,398	–	35,398
Other assets[1]	22,485	–	22,485	–	22,485
Assets held for sale	517	3	474	40	517
At 30 June 2024	**293,475**	**3**	**175,399**	**115,742**	**291,144**
Liabilities					
Deposits by banks	23,985	–	24,038	–	24,038
Customer accounts	240,453	–	243,101	–	243,101
Repurchase agreements and other similar secured borrowing	6,998	–	7,044	–	7,044
Debt securities in issue	39,484	–	39,343	–	39,343
Subordinated liabilities and other borrowed funds	10,326	–	10,313	–	10,313
Other liabilities[1]	28,581	–	28,581	–	28,581
Liabilities held for sale	535	51	484	–	535
At 30 June 2024	**350,362**	**51**	**352,904**	**–**	**352,955**

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

2 Includes Government bonds and Treasury bills of $13,277 million at 30 June 2024

11. Financial instruments continued

	Carrying value $million	Fair value Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Assets					
Cash and balances at central banks[1]	64,198	–	64,198	–	64,198
Loans and advances to banks	22,803	–	22,746	–	22,746
of which – reverse repurchase agreements and other similar secured lending	1,653	–	1,653	–	1,653
Loans and advances to customers	156,143	–	47,454	106,336	153,790
of which – reverse repurchase agreements and other similar secured lending	13,827	–	13,827	–	13,827
Investment securities[2]	39,920	–	37,795	33	37,828
Other assets[1]	20,714	–	20,714	–	20,714
Assets held for sale	693	101	541	51	693
At 31 December 2023	304,471	101	193,448	106,420	299,969
Liabilities					
Deposits by banks	23,616	–	23,671	–	23,671
Customer accounts	237,902	–	234,937	–	234,937
Repurchase agreements and other similar secured borrowing	12,033	–	12,033	–	12,033
Debt securities in issue	36,481	–	36,355	–	36,355
Subordinated liabilities and other borrowed funds	11,454	–	12,545	–	12,545
Other liabilities[1]	24,109	–	24,109	–	24,109
Liabilities held for sale	726	54	672	–	726
At 31 December 2023	346,321	54	344,322	–	344,376

1 The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are short-term in nature or reprice to current market rates frequently
2 Includes Government bonds and Treasury bills of $12,667 million at 31 December 2023

11. Financial instruments continued

Fair value of financial instruments

Level 3 Summary and significant unobservable inputs

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

Group

Instrument	Value as at 30 June 2024 Assets $million	Value as at 30 June 2024 Liabilities $million	Principal valuation technique $million	Significant unobservable inputs	Range[1]	Weighted average[2]
Loans and advances to customers	1,487	–	Discounted cash flows	Price/yield	0.1%–100%	18.7%
Reverse repurchase agreements and other similar secured lending	1,792	–	Discounted cash flows	Repo curve	2.8%–7.7%	6.5%
				Price/yield	1.7%–99.2%	8.7%
Debt securities, additional tier one and other eligible securities	973	–	Discounted cash flows	Price/yield	6.4%–20.8%	10.4%
				Recovery rates	0.01%–16.8%	10.6%
Government bonds and treasury bills	–	–	Discounted cash flows	Price/yield	N/A	N/A
Equity shares (includes private equity investments)	341	–	Comparable pricing/yield	EV/EBITDA multiples	N/A	N/A
				EV/Revenue multiples	7.5x–7.5x	7.5X
				P/E multiples	13.3x–44.6x	43.3X
				P/B multiples	0.5x–0.7x	0.6X
				P/S multiples	1.2x–1.3x	1.2x
				Liquidity discount	20.0%–25.0%	20.0%
			Discounted cash flows	Discount rates	9.5%–20.5%	12.4%
			Option pricing model	Equity value based on EV/Revenue multiples	6.3x–38.6x	24.2x
				Equity value based on EV/EBITDA multiples	2.6x–2.6x	2.6x
				Equity value based on volatility	50.0%–50.0%	50.0%
Derivative financial instruments of which:						
Foreign exchange	26	11	Option pricing model	Foreign exchange option implied volatility	13.9%–44.3%	33.3%
			Discounted cash flows	Interest rate curves	3.3%–34.8%	5.6%
				Foreign exchange curves	0.4%–32.9%	6.3%
Interest rate	80	2	Discounted cash flows	Interest rate curves	3.3%–6.8%	5.4%
Credit	9	159	Discounted cash flows	Price/yield	2.0%–11.2%	8.4%
				Credit spreads	1.0%–1.0%	1.0%
Equity and stock index	3	20	Internal pricing model	Equity-Equity correlation	46.4%–100%	82.2%
				Equity-FX correlation	(37.3)%–55.3%	12.1%
Deposits by banks	–	57	Discounted cash flows	Credit spreads	0.2%–3.9%	1.8%
Customer accounts	–	295	Discounted cash flows	Interest rate curves	2.2%–5.3%	4.6%
				Price/yield	4.2%–13.0%	7.5%
			Option pricing model	Bond option implied volatility	3.3%–5.3%	4.6%
Debt securities in issue	–	2,007	Discounted cash flows	Price/yield	0.2%–18.8%	6.2%
				Interest rate curves	3.3%–5.3%	4.6%
			Internal pricing model	Equity-Equity correlation	46.4%–100%	82.2%
				Equity-FX correlation	(37.3)%–55.3%	12.1%
			Option pricing model	Bond option implied volatility	3.3%–23.0%	4.7%
Short positions	–	–	Discounted cash flows	Price/yield	N/A	N/A
Total	4,711	2,551				

1 The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as at 30 June 2024. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

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

11. Financial instruments continued

Instrument	Value as at 31 December 2023 Assets $million	Liabilities $million	Principal valuation technique	Significant unobservable inputs	Range[1]	Weighted average[2]
Loans and advances to customers	1,172	–	Discounted cash flows	Price/yield	1.7%–100%	14.0%
				Credit spreads	0.1%–0.8%	0.6%
Reverse repurchase agreements and other similar secured lending	1,365	–	Discounted cash flows	Repo curve	5.1%–7.6%	6.3%
				Price/yield	(2.75)%–10.3%	(1.2)%
Debt securities, additional tier one and other eligible securities	1,240	–	Discounted cash flows	Price/yield	(14.1)%–25.8%	10.1%
				Recovery rates	0.1%–1.0%	0.2%
			Internal Pricing Model	Equity-Equity correlation	44.1%–100%	80.7%
				Equity-FX Correlation	(35.9)%–45.5%	14.2%
Government bonds and treasury bills	51	–	Discounted cash flows	Price/yield	17.7%–21.8%	20.6%
Equity shares (includes private equity investments)	330	–	Comparable pricing/yield	EV/Revenue multiples	9.3x–30.9x	15.8x
				P/E multiples	13.2x–51.8x	44.8x
				P/B multiples	0.5x–2.7x	2.6x
				P/S multiples	1.5x–1.6x	1.5x
				Liquidity discount	20.0%–20.0%	20.0%
			Discounted cash flows	Discount rates	9.2%–35.6%	22.2%
			Option pricing model	Equity value based on EV/Revenue multiples	8.4x–42.5x	27.5x
				Equity value based on EV/EBITDA multiples	3.1x–3.1x	3.1x
				Equity value based on volatility	50.0%–65.0%	61.9%
Derivative financial instruments of which:						
Foreign exchange	24	12	Option pricing model	Foreign exchange option implied volatility	0.5%–51%	24.5%
			Discounted cash flows	Interest rate curves	3.6%–5.8%	3.8%
				Foreign exchange curves	0.6%–64.2%	12.7%
Interest rate	3	5	Discounted cash flows	Interest rate curves	3.6%–8.5%	5.2%
Credit	47	126	Discounted cash flows	Price/yield	1.8%–16.3%	8.7%
Equity and stock index	2	19	Internal pricing model	Equity-Equity correlation	44.1%–100%	55.0%
				Equity-FX correlation	(35.9)%–45.4%	13.3%
Deposits by banks	–	68	Discounted cash flows	Credit spreads	0.6%–3.4%	2.0%
Customer accounts	–	232	Discounted cash flows	Interest rate curves	2.9%–8.6%	6.1%
				Price/yield	6.3%–15.1%	10.5%
			Internal pricing model	Equity-Equity correlation	44.1%–100%	80.7%
				Equity-FX correlation	(35.9)%–45.5%	14.2%
Debt securities in issue	–	1,026	Discounted cash flows	Price/yield	6.6%–20.9%	17.9%
				Interest rate curves	2.9%–5.3%	4.4%
				Equity-Equity Correlation	44.1%–100%	80.7%
			Internal pricing model	Bond option implied volatility	2.9%–5.3%	4.4%
				Equity-FX correlation	(35.9)%–45.5%	14.2%
Short positions	–	103	Discounted cash flows	Price/yield	7.1%–7.1%	7.1%
Total	4,234	1,591				

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

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

11. Financial instruments continued

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

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

11. Financial instruments continued

Level 3 movement tables - financial assets

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

Group

	6 months ended 30.06.24								
	Held at fair value through profit or loss						Investment securities		
Assets	Loans and advances to banks $million	Loans and advances to customers $million	Reverse repurchase agreements and other similar secured lending $million	Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Derivative financial instruments $million	Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Total $million
At 1 January 2024	–	1,172	1,365	1,220	85	76	71	245	4,234
Total (losses)/gains recognised in income statement	–	(13)	16	28	13	(36)	–	–	8
Net interest income	–	–	–	–	–	–	–	–	–
Net trading income	–	(13)	16	(3)	13	(36)	–	–	(23)
Other operating income	–	–	–	31	–	–	–	–	31
Impairment charge	–	–	–	–	–	–	–	–	–
Total losses recognised in other comprehensive income (OCI)	–	–	–	–	–	–	(13)	(18)	(31)
Fair value through OCI reserve	–	–	–	–	–	–	–	(16)	(16)
Cash flow hedge reserve	–	–	–	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	–	(13)	(2)	(15)
Purchases	–	528	1,964	382	3	165	13	7	3,062
Issues									
Sales	–	(292)	(1,315)	(657)	–	(110)	–	–	(2,374)
Settlements	–	(12)	(374)	–	–	(13)	–	–	(399)
Transfers out[1]	–	(152)	(5)	–	–	(2)	(71)	(1)	(231)
Transfers in[2]	–	256	141	–	6	38	–	1	442
At 30 June 2024	–	1,487	1,792	973	107	118	–	234	4,711
Total unrealised gains/(losses) recognised in the income statement, within net trading income, relating to change in fair value of assets held at 30 June 2024	–	1	1	10	13	(10)	–	–	15

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

2 Transfers in primarily relate to reverse repurchase agreements, derivative financial instruments and loans and advances where the valuation parameters became unobservable during the period

11. Financial instruments continued

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

	6 months ended 30.06.23								
	Held at fair value through profit or loss						Investment securities		
Assets	Loans and advances to banks $million	Loans and advances to customers $million	Reverse repurchase agreements and other similar secured lending $million	Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Derivative financial instruments $million	Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Total $million
At 1 January 2023	21	1,308	1,988	807	92	44	–	484	4,744
Total (losses)/gains recognised in income statement	–	(49)	(12)	(190)	(8)	12	–	–	(247)
Net interest income	–	–	–	–	–	–	–	–	–
Net trading income	–	(49)	(12)	(190)	(8)	12	–	–	(247)
Other operating income	–	–	–	–	–	–	–	–	–
Impairment charge	–	–	–	–	–	–	–	–	–
Total gains recognised in other comprehensive income (OCI)	–	–	–	–	–	–	1	6	7
Fair value through OCI reserve	–	–	–	–	–	–	–	10	10
Cash flow hedge reserve	–	–	–	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	–	1	(4)	(3)
Purchases	–	301	3,011	544	2	124	5	–	3,987
Issues									
Sales	–	(481)	(3,155)	(285)	–	(59)	(10)	–	(3,990)
Settlements	–	(4)	(317)	–	–	(8)	–	–	(329)
Transfers out[1]	(21)	(205)	–	(9)	(7)	(3)	–	(293)	(538)
Transfers in[2]	–	75	–	1	–	–	55	10	141
At 30 June 2023	–	945	1,515	868	79	110	51	207	3,775
Total unrealised (losses)/gains recognised in the income statement, within net trading income, relating to change in fair value of assets held at 30 June 2023	–	(10)	–	14	(8)	(10)	–	–	(14)

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

2 Transfers in primarily relate to debt securities, additional tier one and other eligible bills and loans and advances where the valuation parameters became unobservable during the period

11. Financial instruments continued

Assets	Held at fair value through profit or loss: Loans and advances to banks $million	Loans and advances to customers $million	Reverse repurchase agreements and other similar secured lending $million	Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Derivative financial instruments $million	Investment securities: Debt securities, additional tier one and other eligible bills $million	Equity shares $million	Total $million
	6 months ended 31.12.23								
At 1 July 2023	–	945	1,515	868	79	110	51	207	3,775
Total gains/(losses) recognised in income statement	–	34	(37)	(70)	–	1	–	–	(72)
Net interest income	–	–	–	–	–	–	–	–	–
Net trading income	–	34	(37)	(82)	–	1	–	–	(84)
Other operating income	–	–	–	12	–	–	–	–	12
Impairment charge	–	–	–	–	–	–	–	–	–
Total gains recognised in other comprehensive income (OCI)	–	–	–	–	–	–	–	36	36
Fair value through OCI reserve	–	–	–	–	–	–	–	33	33
Cash flow hedge reserve	–	–	–	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	–	–	3	3
Purchases	22	745	1,827	507	(1)	65	16	1	3,182
Issues									
Sales	(22)	(652)	(788)	(231)	–	(59)	(13)	(5)	(1,770)
Settlements	–	(12)	(1,152)	–	–	(17)	–	–	(1,181)
Transfers out[1]	–	(19)	–	3	7	(24)	(5)	9	(29)
Transfers in[2]	–	131	–	143	–	–	22	(3)	293
At 31 December 2023	–	1,172	1,365	1,220	85	76	71	245	4,234
Total unrealised gains/(losses) recognised in the income statement, within net trading income, relating to change in fair value of assets held at 31 December 2023	–	7	3	(17)	–	(1)	–	–	(8)

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

2 Transfers in primarily relate to debt securities, additional tier one and other eligible bill and loans and advances where the valuation parameters became unobservable during the period

11. Financial instruments continued
Level 3 movement tables - financial liabilities
Group

	6 months ended 30.06.24					
	Deposits by banks $million	**Customer accounts $million**	**Debt securities in issue $million**	**Derivative financial instruments $million**	**Short positions $million**	**Total $million**
At 01 January 2024	**68**	**232**	**1,026**	**162**	**103**	**1,591**
Total losses/(gains) recognised in income statement – net trading income	**24**	**3**	**13**	**(8)**	**–**	**32**
Issues	**34**	**361**	**2,144**	**203**	**–**	**2,742**
Settlements	**(69)**	**(320)**	**(1,050)**	**(167)**	**–**	**(1,606)**
Transfers out[1]	**–**	**(20)**	**(163)**	**(7)**	**(103)**	**(293)**
Transfers in[2]	**–**	**39**	**37**	**9**	**–**	**85**
At 30 June 2024	**57**	**295**	**2,007**	**192**	**–**	**2,551**
Total unrealised losses/(gains) recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 30 June 2024	**24**	**3**	**5**	**(4)**	**–**	**28**

1 Transfers out primarily relates to debt securities in issue and short positions where the valuation parameters became observable during the period and were transferred to Level 2 financial liabilities
2 Transfers in primarily relates to customer accounts, debt securities in issue and derivative financial instruments where the valuation parameters became unobservable during the period

	6 months ended 30.06.23					
	Deposits by banks $million	Customer accounts $million	Debt securities in issue $million	Derivative financial instruments $million	Short positions $million	Total $million
At 01 January 2023	133	170	427	118	40	888
Total (gains)/losses recognised in income statement – net trading income	(9)	(5)	(4)	3	–	(15)
Issues	167	204	622	217	–	1,210
Settlements	(165)	(268)	(518)	(161)	(40)	(1,152)
Transfers out[1]	–	(5)	(21)	(13)	–	(39)
Transfers in[2]	–	19	–	3	–	22
At 30 June 2023	126	115	506	167	–	914
Total unrealised (gains)/losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 30 June 2023	–	(6)	3	(12)	–	(15)

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

	6 months ended 31.12.23					
	Deposits by banks $million	Customer Accounts $million	Debt securities in issue $million	Derivative financial instruments $million	Short positions $million	Total $million
At 1 July 2023	126	115	506	167	–	914
Total losses/(gains) recognised in income statement – net trading income	9	(15)	36	(56)	3	(23)
Issues	126	305	844	187	100	1,562
Settlements	(188)	(174)	(660)	(136)	–	(1,158)
Transfers out[1]	(5)	(4)	(64)	–	–	(73)
Transfers in[2]	–	5	364	–	–	369
At 31 December 2023	68	232	1,026	162	103	1,591
Total unrealised (gains)/losses recognised in the income statement, within net trading income, relating to change in fair value of liabilities held at 31 December 2023	–	(15)	3	(35)	–	(47)

1 Transfers out primarily relates to debt securities in issue where the valuation parameters became observable during the period and were transferred to Level 2 financial liabilities
2 Transfers in primarily relates to customer accounts and debt securities in issue where the valuation parameters became unobservable during the period

11. Financial instruments continued

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

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

Group

	Held at fair value through profit or loss			Fair value through other comprehensive income		
	Net exposure $million	Favourable changes $million	Unfavourable changes $million	Net exposure $million	Favourable changes $million	Unfavourable changes $million
Financial instruments held at fair value						
Loans and advances	**1,487**	**1,512**	**1,445**	**–**	**–**	**–**
Reverse Repurchase agreements and other similar secured lending	**1,792**	**1,809**	**1,774**	**–**	**–**	**–**
Debt securities, additional tier one and other eligible bills	**973**	**1,019**	**926**	**–**	**–**	**–**
Equity shares	**107**	**118**	**96**	**234**	**257**	**211**
Derivative financial instruments	**(74)**	**(54)**	**(94)**	**–**	**–**	**–**
Customer accounts	**(295)**	**(285)**	**(305)**	**–**	**–**	**–**
Deposits by banks	**(57)**	**(57)**	**(57)**	**–**	**–**	**–**
Short positions	**–**	**–**	**–**	**–**	**–**	**–**
Debt securities in issue	**(2,007)**	**(1,952)**	**(2,061)**	**–**	**–**	**–**
At 30 June 2024	**1,926**	**2,110**	**1,724**	**234**	**257**	**211**
Financial instruments held at fair value						
Loans and advances	1,172	1,186	1,140	–	–	–
Reverse Repurchase agreements and other similar secured lending	1,365	1,367	1,362	–	–	–
Debt securities, additional tier one and other eligible bills	1,220	1,265	1,153	71	77	65
Equity shares	85	94	77	245	270	221
Derivative financial instruments	(86)	(44)	(127)	–	–	–
Customer accounts	(232)	(218)	(246)	–	–	–
Deposits by banks	(68)	(68)	(68)	–	–	–
Short positions	(103)	(101)	(105)	–	–	–
Debt securities in issue	(1,026)	(951)	(1,100)	–	–	–
At 31 December 2023	2,327	2,530	2,086	316	347	286

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

Financial instruments	Fair value changes	30.06.24 $million	31.12.23 $million
Held at fair value through profit or loss	Possible increase	**184**	203
	Possible decrease	**(202)**	(241)
Fair value through other comprehensive income	Possible increase	**23**	44
	Possible decrease	**(23)**	(43)

12. Derivative financial instruments

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

Group

	30.06.24			31.12.23		
Derivatives	**Notional principal amounts $million**	**Assets $million**	**Liabilities $million**	Notional principal amounts $million	Assets $million	Liabilities $million
Foreign exchange derivative contracts:						
Forward foreign exchange contracts	**4,082,183**	**32,774**	**29,295**	3,315,302	36,523	36,348
Currency swaps and options	**1,091,395**	**9,290**	**9,770**	967,868	9,200	10,081
	5,173,578	**42,064**	**39,065**	4,283,170	45,723	46,429
Interest rate derivative contracts:						
Swaps	**5,094,813**	**19,490**	**21,215**	4,412,137	51,193	52,496
Forward rate agreements and options	**314,801**	**2,141**	**2,562**	309,630	2,001	2,382
	5,409,614	**21,631**	**23,777**	4,721,767	53,194	54,878
Exchange traded futures and options	**507,493**	**55**	**68**	321,138	39	47
Credit derivative contracts	**247,934**	**345**	**855**	272,695	452	574
Equity and stock index options	**8,642**	**98**	**147**	6,771	49	127
Commodity derivative contracts	**166,308**	**638**	**1,142**	112,846	864	885
Gross total derivatives	**11,513,569**	**64,831**	**65,054**	9,718,387	100,321	102,940
Offset[1]	**–**	**(16,339)**	**(16,339)**	–	(47,767)	(47,767)
Net total derivatives	**11,513,569**	**48,492**	**48,715**	9,718,387	52,554	55,173

1 In 2024 Group migrated contracts from Collateralized to Market (CTM) to Settled to Market (STM) for house cleared contracts with London Clearing House

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

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

The Group may enter into economic hedges that do not qualify for IAS 39 hedge accounting treatment, including derivative such as interest rate swaps, interest rate futures and cross currency swaps to manage interest rate and currency risks of the Group. These derivatives are measured at fair value, with fair value changes recognised in net trading income: refer to Market risk (page 28).

The Derivatives and Hedging sections of the Risk review and Capital review (pages 9 to 37) explain the Group's risk management of derivative contracts and application of hedging.

Derivatives held for hedging

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

Group

	30.06.24			31.12.23		
	Notional principal amounts $million	**Assets $million**	**Liabilities $million**	Notional principal amounts $million	Assets $million	Liabilities $million
Derivatives designated as fair value hedges:						
Interest rate swaps	**47,250**	**824**	**756**	47,257	1,115	1,224
Currency swaps	**580**	**9**	**7**	115	10	6
	47,830	**833**	**763**	47,372	1,125	1,230
Derivatives designated as cash flow hedges:						
Interest rate swaps	**22,272**	**28**	**124**	35,467	99	535
Forward foreign exchange contracts	**6,315**	**667**	**–**	11,862	416	183
Currency swaps	**1,235**	**23**	**9**	1,007	21	4
	29,822	**718**	**133**	48,336	536	722
Derivatives designated as net investment hedges:						
Forward foreign exchange contracts	**3,869**	**–**	**7**	4,402	10	12
Total derivatives held for hedging	**81,521**	**1,551**	**903**	100,110	1,671	1,964

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

Reverse repurchase agreements and other similar secured lending

Group

	30.06.24 $million	31.12.23 $million
Banks	36,622	27,706
Customers	50,103	55,923
	86,725	83,629
Of which:		
Fair value through profit or loss	75,475	68,149
Banks	33,002	26,053
Customers	42,473	42,096
Held at amortised cost	11,250	15,480
Banks	3,620	1,653
Customers	7,630	13,827

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

	30.06.24 $million	31.12.23 $million
Securities and collateral received (at fair value)	90,278	87,153
Securities and collateral which can be repledged or sold (at fair value)	90,075	87,084
Amounts repledged/transferred to others for financing activities, to satisfy liabilities under sale and repurchase agreements (at fair value)	36,504	33,652

Repurchase agreements and other similar secured borrowing

Group

	30.06.24 $million	31.12.23 $million
Banks	9,982	4,968
Customers	43,164	46,497
	53,146	51,465
Of which:		
Fair value through profit or loss	46,148	39,432
Banks	9,176	4,137
Customers	36,972	35,295
Held at amortised cost	6,998	12,033
Banks	806	831
Customers	6,192	11,202

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

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

Collateral pledged against repurchase agreements	30.06.24 Fair value through profit or loss $million	Fair value through other comprehensive income $million	Amortised cost $million	Off-balance sheet $million	Total $million
On-balance sheet					
Debt securities and other eligible bills	**3,123**	**2,957**	**10,440**	**–**	**16,520**
Off-balance sheet					
Repledged collateral received	**–**	**–**	**–**	**36,504**	**36,504**
At 30 June 2024	**3,123**	**2,957**	**10,440**	**36,504**	**53,024**

Collateral pledged against repurchase agreements	31.12.23 Fair value through profit or loss $million	Fair value through other comprehensive income $million	Amortised cost $million	Off-balance sheet $million	Total $million
On-balance sheet					
Debt securities and other eligible bills	4,069	7,312	10,181	–	21,562
Off-balance sheet					
Repledged collateral received	–	–	–	33,652	33,652
At 31 December 2023	4,069	7,312	10,181	33,652	55,214

14. Goodwill and intangible assets

Group

	30.06.24				31.12.23			
	Goodwill $million	Acquired intangibles $million	Computer software $million	Total $million	Goodwill $million	Acquired intangibles $million	Computer software $million	Total $million
Cost								
At 1 January	1,299	135	4,579	6,013	1,323	143	3,962	5,428
Exchange translation differences	(4)	4	(84)	(84)	(24)	(8)	23	(9)
Additions	–	–	230	230	–	–	649	649
Impairment	–	–	(100)[1]	(100)	–	–	(50)	(50)
Amounts written off	–	(9)	(11)	(20)	–	–	(5)	(5)
At 30 June/31 December	1,295	130	4,614	6,039	1,299	135	4,579	6,013
Provision for amortisation								
At 1 January	–	115	1,688	1,803	–	119	1,257	1,376
Exchange translation differences	–	5	(31)	(26)	–	(8)	6	(2)
Amortisation	–	2	218	220	–	4	440	444
Impairment	–	–	–	–	–	–	(15)[1]	(15)[1]
Amounts written off	–	–	(10)	(10)	–	–	–	–
At 30 June/31 December	–	122	1,865	1,987	–	115	1,688	1,803
Net book value	1,295	8	2,749	4,052	1,299	20	2,891	4,210

1 Includes $100 million impairment relating to software capitalised in previous years

At 30 June 2024, accumulated goodwill impairment losses incurred from 1 January 2005 amounted to $3,237 million (31 December 2023: $3,237 million), of which Nil million was recognised in 2024 (31 December 2023: $Nil million).

The Group assessed the goodwill assigned to each of the Group's CGUs and determined that there are no indicators of impairment; therefore, estimates of the recoverable amounts for the CGUs were not calculated at 30 June 2024.

15. Property, plant and equipment

Group

	30.06.24				
	Premises $million	Equipment $million	Leased premises assets $million	Leased equipment assets $million	Total $million
Cost or valuation					
At 1 January	532	477	900	6	1,915
Exchange translation differences	(10)	(12)	(15)	–	(37)
Additions[1]	25	36	59	–	120
Disposals and fully depreciated assets written off	(2)	(14)	(1)	–	(17)
Transfers to assets held for sale	(1)	3	–	–	2
As at 30 June	544	490	943	6	1,983
Depreciation					
Accumulated at 1 January	198	305	378	4	885
Exchange translation differences	(1)	3	(12)	–	(10)
Charge for the year	15	23	49	–	87
Impairment (release)/charge	(4)	–	2	–	(2)
Attributable to assets sold, transferred or written off	(2)	(13)	(1)	–	(16)
Transfers to assets held for sale	(1)	3	–	–	2
Accumulated at 30 June	205	321	416	4	946
Net book amount at 30 June	339	169	527	2	1,037

1 Refer to the cash flow statement under cash flows from investing activities section for the purchase of property, plant and equipment during the year of $61 million on page 44

15. Property, plant and equipment continued

	31.12.23				
	Premises $million	Equipment $million	Leased premises assets $million	Leased equipment assets $million	Total $million
Cost or valuation					
At 1 January	549	519	780	7	1,855
Exchange translation differences	(24)	(18)	(3)	(1)	(46)
Additions	25	75	124	–	224
Disposals and fully depreciated assets written off	(33)	(99)	(1)	–	(133)
Transfers to assets held for sale	15	–	–	–	15
As at 31 December	532	477	900	6	1,915
Depreciation					
Accumulated at 1 January	207	348	302	4	861
Exchange translation differences	(9)	(15)	(23)	(1)	(48)
Charge for the year	30	71	101	1	203
Impairment release	–	–	(1)	–	(1)
Attributable to assets sold, transferred or written off	(31)	(98)	(1)	–	(130)
Transfers to assets held for sale	1	(1)	–	–	–
Accumulated at 31 December	198	305	378	4	885
Net book amount at 31 December	334	172	522	2	1,030

16. Other assets

Group

Other assets include:

	30.06.24 $million	31.12.23 $million
Financial assets held at amortized cost (Note 11):		
Cash collateral[1]	**5,990**	8,378
Acceptances and endorsements	**4,297**	3,967
Unsettled trades and other financial assets	**12,198**	8,369
	22,485	20,714
Non-financial assets:		
Commodities[2]	**9,013**	7,405
Other assets	**205**	388
	31,703	28,507

1 Cash collateral are margins placed to collateralize net derivative mark-to-market (MTM) positions
2 Commodities and emissions certificates are carried at fair value less costs to sell, $5.7 billion (31 December 2023: $3.6 billion) are classified as Level 1 and $3.3 billion are classified as Level 2 (31 December 2023: $3.8 billion).

17. Assets held for sale and associated liabilities.

Group

Assets held for sale

The financial assets reported below are classified under Level 1 $3 million (31 December 2023: $101 million), Level 2 $474 million (31 December 2023: $541 million) and Level 3 $40 million (31 December 2023: $51 million).

	30.06.24 $million	31.12.23 $million
Financial assets held at amortised cost	517	693
Cash and balances at central banks	159	246
Loans and advances to banks	3	24
Loans and advances to customers	194	243
Debt securities held at amortised cost	161	180
Property, plant and equipment	10	12
Others	33	50
	560	755

Liabilities held for sale

The financial liabilities reported below are classified under Level 1 $51 million (31 December 2023: $54 million) and Level 2 $484 million (31 December 2023: $672 million).

	30.06.24 $million	31.12.23 $million
Financial liabilities held at amortised cost	535	726
Deposits by banks	-	3
Customer accounts	535	723
Other liabilities	30	50
Provisions for liabilities and charges	12	11
	577	787

18. Other liabilities

Group

	30.06.24 $million	31.12.23 $million
Financial liabilities held at amortized cost (Note 11)		
Acceptances and endorsements	**4,304**	4,026
Cash collateral[1]	**10,380**	7,960
Property leases	**594**	593
Equipment leases	**2**	1
Unsettled trades and other financial liabilities	**13,301**	11,529
	28,581	24,109
Non-financial liabilities		
Other liabilities	**350**	368
	28,931	24,477

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

19. Contingent liabilities and commitments

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

	30.06.24 $million	31.12.23 $million
Financial guarantees and trade credits		
Financial guarantees, trade and irrevocable letters of credit	**72,664**	60,707
	72,664	60,707
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend		
One year and over	**61,416**	62,083
Less than one year	**21,332**	17,895
Unconditionally cancellable	**39,846**	37,921
	122,594	117,899

Capital commitments	30.06.24 $million	30.06.23 $million
Contracted capital expenditure approved by the directors but not provided for in these accounts	**1**	215

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

	30.06.24 $million	31.12.23 $million
Financial guarantees and trade credits (Group)		
Financial guarantees, trade and irrevocable letters of credit	**3,371**	3,031
	3,371	3,031
Commitments (Group)		
Undrawn commitments	**166**	1,504
	166	1,504

As set out in Note 20, the Group has contingent liabilities in respect of certain legal and regulatory matters.

20. Legal and regulatory matters

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

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

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

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

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

21. Subordinated liabilities and other borrowed funds

	30.06.24 $million	31.12.23 $million
USD	**7,962**	9,028
GBP	**1,310**	1,360
EUR	**1,036**	1,048
NPR	**18**	18
Total	**10,326**	11,454

Redemptions and repurchases during the period 2024
Standard Chartered Bank exercised its right to redeem USD 1 billion 2.94 per cent subordinated notes.

Redemptions and repurchases during the year 2023
Standard Chartered Bank exercised its right to redeem USD 2 billion 2.335 per cent subordinated notes 2023. Further to that the outstanding balances of floating rate undated subordinate notes were redeemed during the year.

Issuance during the period 2024
There was no issuance during the period.

Issuance during the year 2023
Standard Chartered Bank Nepal Limited issued NPR 2.4 billion 10.3 per cent fixed rate dated subordinated notes due 2028.

22. Share capital, other equity instruments and reserves

	Number of ordinary shares millions	Ordinary share capital[1] millions	Ordinary share premium millions	Preference share premium[2] millions	Total share capital and share premium millions	Other equity instruments millions
At 1 January 2023	20,597	20,597	296	1,500	22,393	4,750
Cancellation of shares including share buy-back	–	–	–	(750)	(750)	–
Additional Tier 1 equity issuance	–	–	–	–	–	992
Additional Tier 1 redemption	–	–	–	–	–	(1,000)
At 31 December 2023	**20,597**	**20,597**	**296**	**750**	**21,643**	**4,742**
Additional Tier 1 equity issuance	**–**	**–**	**–**	**–**	**–**	**400**
At 30 June 2024	**20,597**	**20,597**	**296**	**750**	**21,643**	**5,142**

1 Issued and fully paid ordinary shares of $1 each
2 Includes preference share capital of $75,000

Ordinary share capital
The authorised share capital of the Company at 30 June 2024 was $26,789 million and TWD 1,225 million (31 December 2023: $26,789 million and TWD 1,225 million) made up of 26,782 million ordinary shares of $1 each, 2.4 million non-cumulative irredeemable preference shares of $0.01 each, 1 million non-cumulative preference shares of $5 each, 15,000 non-cumulative redeemable preference shares of $5 each, 462,500 non-cumulative redeemable 8.125% preference shares of $5 each, non-cumulative irredeemable and 50 million non-cumulative redeemable preference shares of TWD 24.50 each.

The issued share capital of the Company at 30 June 2024 was $20,597 million (31 December 2023: $20,597 million) made up of: 20,597 million ordinary shares of $1 each.

22. Share capital, other equity instruments and reserves continued

There was no new issue of shares during the year. The Company has one class of ordinary shares, which carries no rights to fixed income. Subject to any special rights or restrictions as to voting attached to any shares in accordance with the Company's Royal Charter Bye-Laws and Rules, on a show of hands every member present at a general meeting by a representative or proxy shall have one vote. On a poll, every member holding shares or stock of less than the nominal amount of US$25 shall not have any vote, but every other member who is present in person or by proxy shall have votes in accordance with the following scale:

Nominal amount of Shares or Stock held	Number of Votes
US$25 or more but less than US$50	1 vote
US$50 or more but less than US$100	2 votes
US$100 or more but less than US$250	3 votes
US$250 or more but less than US$375	4 votes
US$375 or more but less than US$500	5 votes
US$500 or more but less than US$750	6 votes
US$750 or more but less than US$1,000	7 votes
US$1,000 or more but less than US$1,250	8 votes
US$1,250 or more but less than US$1,500	9 votes
US$1,500 or more	10 votes

Preference share capital

7,500 non-cumulative redeemable preference shares issued on 8 December 2006 with a nominal value of $5 each and a premium of $99,995, making a paid-up amount per preference share of $100,000. The preference shares are redeemable at the option of the company in whole or in part on 31 January 2027 and on any quarterly dividend payment date falling on or around ten-year intervals thereafter. The amount payable on redemption will be the paid-up amount of $100,000 per preference share to be redeemed, plus an amount equal to the accrued but unpaid dividend thereon up to but excluding the redemption date.

2.4 million non-cummulative irredeemable preference shares of $0.01 each.

Other equity instruments

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

Issuance date	Nominal value	Proceeds net of issue costs	Interest rate[1]	Coupon payment dates[2]	First reset dates[3]
02 June 2021	USD 1,250 million	USD 1,250 million	4.75%	14 January, 14 July each year	14 July 2031
23 August 2021	USD 1,500 million	USD 1,500 million	4.30%	19 February, 19 August each year	19 February 2029
15 August 2022	USD 1,000 million	USD 1,000 million	7.75%	15 February, 15 August each year	15 February 2028
31 March 2023	USD 750 million	USD 750 million	7.75%	30 January, 30 July each year	30 July 2037
31 March 2023	GBP 96 million	USD 120 million	7.90%	4 April, 4 October each year	4 April 2028
31 March 2023	GBP 99 million	USD 122 million	7.90%	4 April, 4 October each year	4 April 2028
27 March 2024	USD 400 million	USD 400 million	7.88%	8 March, 8 September each year	8 September 2030

1 Interest rates for the period from (and including) the issue date to (but excluding) the first reset date
2 Interest payable semi-annually in arrears
3 Securities are resettable each date falling five years, or an integral multiple of five years, after the first reset date

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22. Share capital, other equity instruments and reserves continued
The principal terms of the AT1 securities are described below:

- The securities are perpetual and redeemable, at the option of the Company in whole but not in part, on the first call date or on any fifth anniversary after the first call date
- The securities are also redeemable for certain regulatory or tax reasons on any date at 100 per cent of their principal amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption. Any redemption is subject to the Company giving notice to the relevant regulator and the regulator granting permission to redeem interest payments on these securities will be accounted for as a dividend
- Interest on the securities is due and payable only at the sole and absolute discretion of the Company, subject to certain additional restrictions set out in the terms and conditions. Accordingly, the Company may at any time elect to cancel any interest payment (or part thereof) which would otherwise be payable on any interest payment date
- The securities will be written down in full should the fully loaded Common Equity Tier 1 ratio of the issuer fall below 7.0 per cent (a Loss Absorption Event).

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

Reserves
The constituents of the reserves are summarised as follows:

The capital reserve represents the exchange difference on redenomination of share capital and share premium from sterling to US dollars in 2001. The capital redemption reserve represents the nominal value of preference shares redeemed.

- Own credit adjustment reserve represents the cumulative gains and losses on financial liabilities designated at fair value through profit or loss relating to own credit. Gains and losses on financial liabilities designated at fair value through profit or loss relating to own credit in the year have been taken through other comprehensive income into this reserve. On derecognition of applicable instruments, the balance of any OCA will not be recycled to the income statement, but will be transferred within equity to retained earnings
- Fair value through other comprehensive income (FVOCI) debt reserve represents the unrealised fair value gains and losses in respect of financial assets classified as FVOCI, net of expected credit losses and taxation. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying asset is sold, matures or becomes impaired.
- FVOCI equity reserve represents unrealised fair value gains and losses in respect of financial assets classified as FVOCI. Gains and losses are recorded in this reserve and never recycled to the income statement
- Cash flow hedge reserve represents the effective portion of the gains and losses on derivatives that meet the criteria for these types of hedges. Gains and losses are deferred in this reserve and are reclassified to the income statement when the underlying hedged item affects profit and loss or when a forecast transaction is no longer expected to occur.
- Translation reserve represents the cumulative foreign exchange gains and losses on translation of the net investment of the Group in foreign operations. Since 1 January 2004, gains and losses are deferred to this reserve and are reclassified to the income statement when the underlying foreign operation is disposed. Gains and losses arising from derivatives used as hedges of net investments are netted against the foreign exchange gains and losses on translation of the net investment of the foreign operations.
- Retained earnings represents profits and other comprehensive income earned by the Group and Company in the current and prior periods, together with the after tax increase relating to equity-settled share options, less dividend distributions and own shares held (treasury shares).

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

As at 30 June 2024, the distributable reserves of Standard Chartered Bank (the Company) were $2.1 billion (31 December 2023: $2.7 billion). Distributable reserves of Standard Chartered Bank were $2.1 billion, which are calculated from the Merger reserve and Retained Earnings with consideration for restricted items in line with sections 830 and 831 of the Companies Act 2006.

23. Retirement benefit obligations

Group

Retirement benefit obligations comprise:

	30.06.24 $million	31.12.23 $million	30.06.23 $million
Defined benefit plans obligation	153	161	123
Defined contribution plans obligation	18	16	16
Net obligation	171[1]	177	139

1 Includes $249 million retirement benefit schemes in deficit partly offset by $78 million retirement benefit schemes in surplus

Retirement benefit charge comprises:

	30.06.24 $million	31.12.23 $million	30.06.23 $million
Defined benefit plans[1]	15	41	23
Defined contribution plans	146	271	133
Charge against profit	161	312	156

1 Includes administrative expenses paid out of plan assets of $1 million

The Bank Group operates over 50 defined benefit plans across its geographies, many of which are closed to new entrants who now join defined contribution arrangements. The aim of all these plans is, as part of the Group's commitment to financial wellbeing for employees, to give employees the opportunity to save appropriately for retirement in a way that is consistent with local regulations, taxation requirements and market conditions. The defined benefit plans expose the Bank Group to currency risk, interest rate risk, investment risk and actuarial risks such as longevity risk.

Material holdings of government and corporate bonds partially hedge movements in the liabilities resulting from interest rate and inflation changes. Setting aside movements from other drivers such as currency fluctuation, increases in discount rates in most countries with material pension liabilities over 2024 has led to lower liabilities. This has been partly offset by falls in the value of bonds held, while H1 has seen strong performance of growth assets such as equities, leading overall to a decrease in the pension deficit reported.

The disclosures required under IAS 19 have been calculated by independent qualified actuaries based on the most recent full actuarial valuations updated, where necessary, to 30 June 2024.

24. Related party transactions

Directors and officers

As at 30 June 2024, Standard Chartered Bank had in place a charge over $67 million (31 December 2023: $68 million) of cash assets in favour of the independent trustee of its employer financed retirement benefit scheme.

There were no changes in the related party transactions described in the Annual Report 2023 that could have or have had a material effect on the financial position or performance of the Group in the period ended 30 June 2024. All related party transactions have taken place in the period were similar in nature to those disclosed in Annual Report 2023.

Associates and joint ventures

The following transactions with related parties are on an arm's length basis:

	30.06.24 $million	31.12.23 $million
Assets		
Financial Assets held at FVTPL	–	14
Derivative assets	9	12
Total assets	9	26
Liabilities		
Deposits	56	38
Other liabilities	–	1
Total liabilities	56	39
Loan commitments and other guarantees[1]	12	113

1 The maximum loan commitments and other guarantees during the period was $12 million (31st December 2023: $113 million)

25. Cashflow statement

Adjustment for non-cash items and other adjustments included within income statement

	30.06.24 $million	30.06.23 $million
Amortisation of discounts and premiums of investment securities	438	(79)
Interest expense on subordinated liabilities	297	439
Interest expense on senior debt securities in issue	330	258
Other non-cash items	(66)	(533)
Pension costs for defined benefit schemes	14	23
Share-based payment costs	110	82
Impairment losses on loans and advances and other credit risk provisions	24	(22)
Other impairment	97	14
Loss/(gain) on disposal of property, plant and equipment	1	(6)
Gain on disposal of FVOCI & AMCST financial assets	89	91
Depreciation and amortisation	307	329
Fair value changes taken to income statement	(671)	(342)
Foreign Currency revaluation	11	(97)
Profit from associates and joint ventures	(3)	9
Total	**978**	166

Change in operating assets

	30.06.24 $million	30.06.23 (Restated) $million
Decrease in derivative financial instruments	3,731	2,784
Increase in debt securities, treasury bills and equity shares held at fair value through profit or loss[1]	(7,670)	(7,564)
(Increase)/decrease in loans and advances to banks and customers[1]	(12,627)	4,302
Net increase in prepayments and accrued income	(173)	(275)
Net (Increase)/decrease in other assets[1]	(3,697)	1,678
Total	**(20,436)**	925

1 Net increase in debt securities, treasury bills and equity shares held at fair value through profit or loss for 30.06.2023 has been restated by $(839) million, the (increase)/decrease in loans and advances to banks and customers for 30.06.2023 has been restated by $(1,910) million and (increase)/decrease in other assets for 30.06.2023 is restated by $590 million

Change in operating liabilities

	30.06.24 $million	30.06.23 $million
Decrease in derivative financial instruments	(6,145)	(5,293)
Net increase in deposits from banks, customer accounts, debt securities in issue and short positions	14,277	19,206
(Decrease)/Increase in accruals and deferred income	(275)	155
Net increase in other liabilities	4,071	7,078
Decrease in amount due to parents/subsidiaries/other related	(605)	(2,838)
Total	**11,323**	18,308

25. Cashflow statement continued

Change in financing activities-subordinated and senior debts

	30.06.24 $million	30.06.23 $million
Subordinated debt (including accrued interest):		
Opening balance	11,457	13,272
Proceeds from the issue	–	–
Interest paid	(278)	(281)
Repayment	(1,000)	(2,000)
Foreign exchange movements	(48)	97
Fair value changes	(84)	70
Accrued Interest and Others	282	281
Closing balance	10,329	11,439
Senior debt (including accrued interest):		
Opening balance	7,860	5,154
Proceeds from the issue	1,258	3,157
Interest paid	(169)	(101)
Repayment	(1,614)	(1,048)
Foreign exchange movements	(32)	(10)
Fair value changes	–	(3)
Accrued Interest and Others	136	(475)
Closing balance	7,439	6,674

Cash and cash equivalents

The Group's cash and cash equivalents balance for 30 June 2023 has been restated to increase the balance by $5,026 million as balances with central banks that met the cash and cash equivalents definition were originally included in loans and advances to customers ($24,503 million), amounts due from fellow group undertakings ($590 million) but not included in cash and cash equivalents and there were balances included in cash and cash equivalents related to loans and advances to banks ($15,556 million), treasury bills and other eligible bills ($3,906 million) as well as Investments ($605 million) that did not meet the cash and cash equivalents definition. On the 30 June 2023 cash flow statement for Group, the change in operating assets has also been restated by $(2,160) million as a result of these changes.

26. Post balance sheet events

Nil

27. Statutory accounts

The information in this Half Year Report is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. This document was approved by the Court on 30 July 2024. The statutory accounts for the year ended 31 December 2023 have been audited and delivered to the Registrar of Companies in England and Wales. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498(2) and 498(3) of the Companies Act 2006

Insured and uninsured deposits

SCB operates and provides services to customers across many countries and insured deposit is determined on the basis of limits enacted within local regulations.

	30.06.24		31.12.23	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
Insured deposits	23	19,265	10	18,456
Current accounts	9	7,315	9	7,932
Savings deposits	–	5,574	–	5,359
Time deposits	14	6,274	1	5,072
Other deposits	–	102	–	93
Uninsured deposits	35,600	272,933	29,895	275,109
Current accounts	18,674	112,133	17,790	112,752
Savings deposits	–	15,883	–	15,063
Time deposits	6,315	100,803	6,643	99,876
Other deposits	10,611	44,114	5,462	47,418
Total	35,623	292,198	29,905	293,565

Classification of insured deposits is based on the local deposits insurance regulations existing in the jurisdictions in which the Group operates. The jurisdiction with the most significant levels of customer deposits is Singapore, which provide insurance for deposits up to SGD 75,000, in each case based on the total relationship value.

UK and non-UK deposits

The following table summarises the split of Bank and Customer deposits into UK and Non-UK deposits for respective account lines based on the domicile or residence of the clients.

	30.06.24		31.12.23	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
UK deposits	4,641	18,649	2,881	27,476
Current accounts	1,109	7,004	888	5,695
Savings deposits	–	79	–	31
Time deposits	427	6,270	310	5,237
Other deposits	3,105	5,296	1,683	16,513
Non-UK deposits	30,982	273,549	27,024	266,089
Current accounts	17,575	112,443	16,911	114,989
Savings deposits	–	21,378	–	20,391
Time deposits	5,901	100,808	6,334	99,711
Other deposits	7,506	38,920	3,779	30,998
Total	35,623	292,198	29,905	293,565

Contractual maturity of Loans, Investment securities and Deposits

	30.06.24						
	Loans and advances to banks $million	Loans and advances to customers $million	Investment securities – Treasury and other eligible Bills $million	Investment securities – Debt securities $million	Investment securities – Equity shares $million	Bank deposits $million	Customer accounts $million
One year or less	48,640	127,993	30,887	22,299	–	29,229	283,015
Between one and five years	10,292	34,952	36	39,171	–	6,390	8,815
Between five and ten years	832	11,185	–	15,542	–	–	244
Between ten years and fifteen years	70	7,114	–	7,421	–	–	114
More than fifteen years and undated	241	18,147	–	12,682	2,973	4	10
Total	60,075	199,391	30,923	97,115	2,973	35,623	292,198
Total amortised cost and FVOCI exposures	25,066	152,417					
Fixed interest rate exposures	22,228	85,798					
Floating interest rate exposures	2,838	66,619					

	31.12.23						
	Loans and advances to banks $million	Loans and advances to customers $million	Investment securities – Treasury and other eligible Bills $million	Investment securities – Debt securities $million	Investment securities – Equity shares $million	Bank deposits $million	Customer accounts $million
One year or less	46,411	137,816	21,695	22,486	–	25,813	285,976
Between one and five years	3,612	29,162	4	43,724	–	4,088	7,362
Between five and ten years	837	9,816	–	14,565	–	4	131
Between ten years and fifteen years	35	6,891	–	9,189	–	–	86
More than fifteen years and undated	226	17,742	–	12,434	1,875	–	10
Total	51,121	201,427	21,699	102,398	1,875	29,905	293,565
Total amortised cost and FVOCI exposures	22,803	156,143					
Fixed interest rate exposures	20,514	94,343					
Floating interest rate exposures	2,289	61,800					

Maturity and yield of Debt securities, additional tier one and other eligible bills held at amortised cost

	One year or less		Between one and five years		Between five and ten years		More than ten years		Total	
	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %
Central and Central and other government agencies										
• US	2,011	1.84	6,787	1.60	4,080	1.63	4,430	3.87	17,308	2.21
• UK	59	2.11	577	1.97	55	1.25	–	–	691	1.93
• Other	1,817	2.91	4,770	2.66	1,160	3.26	13	9.61	7,760	2.82
Other debt securities	1,435	6.13	1,634	6.57	3,004	5.18	6,178	5.19	12,251	5.48
As at 30 June 2024	**5,322**	**3.36**	**13,768**	**2.57**	**8,299**	**3.14**	**10,621**	**4.64**	**38,010**	**3.38**

	One year or less		Between one and five years		Between five and ten years		More than ten years		Total	
	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %
Central and other government agencies										
• US	1,373	1.44	6,807	1.62	4,356	1.66	4,524	3.89	17,060	2.22
• UK	39	2.75	39	1.25	101	0.67	–	–	179	1.25
• Other	1,915	2.88	4,556	2.93	1,460	3.16	37	9.13	7,968	2.99
Other debt securities	2,361	6.51	2,156	5.44	1,688	5.90	8,508	5.21	14,713	5.54
As at 31 December 2023	5,688	4.05	13,558	2.67	7,605	2.87	13,069	4.76	39,920	3.59

The maturity distributions are presented in the above table on the basis of contractual maturity dates. The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year by the book amount of debt securities at that date.

Average balance sheets and yields

Average balance sheets and yields

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

Reported net interest income is adjusted to remove interest expense on amortised cost liabilities used to provide funding to the Global Markets business

Financial instruments measured at fair value through profit or loss are classified as non-interest earning Premiums on financial guarantees purchased to manage interest earning assets are treated as interest expense In the Group's view this results in a net interest margin that is more reflective of banking book performance.

The following tables set out the average balances and yields for the SC Bank Group's assets and liabilities for the periods ended 30 June 2024, 31 December 2023 and 30 June 2023 under the revised definition of net interest margin.

For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.

	6 months ended 30.06.24				
Average assets	**Average non-interest earning balance $million**	**Average interest earning balance $million**	**Interest income $million**	**Gross yield %**	**Gross yield total balance %**
Cash and balances at central banks	**6,351**	**57,888**	**1,350**	**4.69**	**4.23**
Gross loans and advances to banks	**30,664**	**21,377**	**562**	**5.29**	**2.17**
Gross loans and advances to customers	**43,772**	**157,792**	**5,246**	**6.69**	**5.23**
Impairment provisions against loans and advances to banks and customers	**–**	**(3,679)**	**–**	**–**	**–**
Investment securities – Treasury and Other Eligible Bills	**8,618**	**19,204**	**660**	**6.91**	**4.77**
Investment securities – Debt Securities	**16,279**	**86,006**	**1,988**	**4.65**	**3.91**
Investment securities – Equity Shares	**2,026**	**–**	**–**	**-**	**-**
Due from subsidiary undertakings and other related parties	**–**	**6,126**	**73**	**2.40**	**2.40**
Property, plant and equipment and intangible assets	**4,253**	**–**	**–**	**–**	**–**
Prepayments, accrued income and other assets	**86,374**	**–**	**–**	**–**	**–**
Investment associates and joint ventures	**149**	**–**	**–**	**–**	**–**
Total average assets	**198,486**	**344,714**	**9,879**	**5.76**	**3.66**

	6 months ended 31.12.23				
Average assets	Average non-interest earning balance $million	Average interest earning balance $million	Interest income $million	Gross yield %	Gross yield total balance %
Cash and balances at central banks	6,585	69,829	1,612	4.58	4.18
Gross loans and advances to banks	29,966	22,953	578	5.00	2.17
Gross loans and advances to customers	44,905	154,409	5,021	6.45	5.00
Impairment provisions against loans and advances to banks and customers	–	(4,161)	–	–	–
Investment securities – Treasury and Other Eligible Bills	4,881	15,946	605	7.53	5.76
Investment securities – Debt Securities	15,068	84,949	1,958	4.57	3.88
Investment securities – Equity Shares	1,256	–	–	-	-
Due from subsidiary undertakings and other related parties	–	5,101	73	2.82	2.82
Property, plant and equipment and intangible assets	4,256	–	–	-	-
Prepayments, accrued income and other assets	102,360	–	–	-	-
Investment associates and joint ventures	142	–	–	-	-
Total average assets	209,419	349,026	9,847	5.60	3.50

Average assets	6 months ended 30.06.23 Average non-interest earning balance $million	Average interest earning balance $million	Interest income $million	Gross yield %	Gross yield total balance %
Cash and balances at central banks	7,118	60,848	1,201	3.98	3.56
Gross loans and advances to banks	30,120	26,314	597	4.58	2.13
Gross loans and advances to customers	52,839	158,524	4,365	5.55	4.16
Impairment provisions against loans and advances to banks and customers	–	(4,503)	–	–	–
Investment securities – Treasury and Other Eligible Bills	3,678	20,393	599	5.92	5.02
Investment securities – Debt Securities	11,647	89,285	1,692	3.82	3.38
Investment securities – Equity Shares	1,371	–	–	-	-
Due from subsidiary undertakings and other related parties	–	6,093	79	2.61	2.61
Property, plant and equipment and intangible assets	4,148	–	–	–	–
Prepayments, accrued income and other assets	97,339	–	–	–	–
Investment associates and joint ventures	130	–	–	–	–
Total average assets	208,390	356,954	8,533	4.82	3.04

Average liabilities	**6 months ended 30.06.24 Average non-interest bearing balance $million**	**Average interest bearing balance $million**	**Interest expense $million**	**Gross yield %**	**Gross yield total balance %**
Deposits by banks	**10,963**	**19,774**	**385**	**3.92**	**2.52**
Customer accounts:					
Current accounts	**27,148**	**96,437**	**1,703**	**3.55**	**2.77**
Savings deposits	**–**	**19,426**	**285**	**2.95**	**2.95**
Time deposits	**9,310**	**97,887**	**2,514**	**5.16**	**4.72**
Other deposits	**35,590**	**10,810**	**281**	**5.23**	**1.22**
Debt securities in issue	**11,258**	**27,097**	**816**	**6.06**	**4.28**
Due to parent companies, subsidiary undertakings & other related parties	**–**	**28,323**	**1,165**	**8.27**	**8.27**
Accruals, deferred income and other liabilities	**94,344**	**10,282**	**373**	**7.30**	**0.72**
Subordinated liabilities and other borrowed funds	**–**	**10,618**	**99**	**1.88**	**1.88**
Non-controlling interests	**1,073**	**–**	**–**	**–**	**–**
Shareholders' funds	**32,860**	**–**	**–**	**–**	**–**
	222,546	**320,654**	**7,621**	**4.78**	**2.82**
Adjustment for trading book funding cost and others			**(774)**		
Total average liabilities and shareholders' funds	**222,546**	**320,654**	**6,847**	**4.29**	**2.53**

Average liabilities	6 months ended 31.12.23 Average non-interest bearing balance $million	Average interest bearing balance $million	Interest expense $million	Rate paid %	Rate paid total balance %
Deposits by banks	10,564	19,886	325	3.24	2.12
Customer accounts:					
Current accounts	27,073	90,986	1,591	3.47	2.67
Savings deposits	–	19,335	206	2.11	2.11
Time deposits	8,527	103,118	3,009	5.79	5.35
Other deposits	39,101	8,114	129	3.15	0.54
Debt securities in issue	10,474	30,332	964	6.30	4.69
Due to parent companies, subsidiary undertakings & other related parties	–	26,757	1,114	8.26	8.26
Accruals, deferred income and other liabilities	106,616	12,085	18	0.30	0.03
Subordinated liabilities and other borrowed funds	–	11,272	163	2.87	2.87
Non-controlling interests	1,093	–	–	–	–
Shareholders' funds	33,111	–	–	–	–
	236,559	321,885	7,519	4.63	2.67
Adjustment for trading book funding cost and others			(505)		
Total average liabilities and shareholders' funds	236,559	321,885	7,014	4.32	2.49

Average liabilities	6 months ended 30.06.23 Average non-interest bearing balance $million	Average interest bearing balance $million	Interest expense $million	Rate paid %	Rate paid total balance %
Deposits by banks	10,610	21,778	301	2.79	1.87
Customer accounts:					
Current accounts	28,958	99,457	1,248	2.53	1.96
Savings deposits	–	18,503	306	3.33	3.33
Time deposits	8,090	108,782	2,090	3.87	3.61
Other deposits	49,308	1,851	44	4.79	0.17
Debt securities in issue	10,015	31,853	807	5.11	3.89
Due to parent companies, subsidiary undertakings & other related parties	–	26,923	1,002	7.51	7.51
Accruals, deferred income and other liabilities	95,976	588	17	5.83	0.04
Subordinated liabilities and other borrowed funds	–	11,437	439	7.74	7.74
Non-controlling interests	1,102	–	–	–	–
Shareholders' funds	40,113	–	–	–	–
	244,172	321,172	6,254	3.93	2.23
Adjustment for trading book funding cost and others			(583)		
Total average liabilities and shareholders' funds	244,172	321,172	5,671	3.56	2.02

Net interest margin

	6 months ended 30.06.24 $million	6 months ended 31.12.23 $million	6 months ended 30.06.23 $million
Interest income (reported)	**9,879**	9,847	8,533
Average interest earning assets	**344,714**	349,026	356,954
Gross yield (%)	**5.76**	5.60	4.82
Interest expense (reported)	**7,621**	7,519	6,254
Adjustment for trading book funding cost and others	**(774)**	(505)	(583)
Interest expense adjusted for trading book funding cost and others	**6,847**	7,014	5,671
Average interest-bearing liabilities	**320,654**	321,885	321,172
Rate paid (%)	**4.29**	4.32	3.56
Net yield (%)	**1.47**	1.28	1.26
Net interest income adjusted for trading book funding cost and others	**3,032**	2,833	2,862
Net interest margin (%)	**1.77**	1.61	1.62

Return on assets

	6 months ended 30.06.24 $million	6 months ended 31.12.23 $million	6 months ended 30.06.23 $million
Profit attributable to shareholders	**1,589**	1,244	1,964
Total assets	**543,992**	538,579	561,103
Return on assets[1]	**0.6%**	0.5%	0.7%

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

Important notices

Forward-looking statements

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

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the 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 actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive or market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legislative, regulatory and policy developments; the development of standards and interpretations; 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, future business combinations or dispositions; and other factors specific to the Group, including those identified in the financial statements of the Group. Any forward-looking statements contained in this document are based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be, 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 of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Please refer to the Annual Report, this document, 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.

Caution regarding climate and environment related information

Some of the climate and environment related information in this document is subject to certain limitations, and therefore the reader should treat the information provided, as well as conclusions, projections and assumptions drawn from such information, with caution. The information may be limited due to a number of factors, which include (but are not limited to): a lack of reliable data; a lack of standardisation of data; and future uncertainty. The information includes externally sourced data that may not have been verified. Furthermore, some of the data, models and methodologies used to create the information is subject to adjustment which is beyond our control, and the information is subject to change without notice. This disclaimer does not apply to the Group's condensed consolidated interim financial statements and notes as set out in Note 1 – Statement of compliance.

Glossary

AT1 or Additional Tier 1 capital
Additional Tier 1 capital consists of instruments other than Common Equity Tier 1 that meet the conditions set out in Article 52(1) of the Capital Requirements Regulation (as it forms part of UK domestic law), as well as the share premium accounts related to those instruments..

Additional value adjustment
See Prudent valuation adjustment.

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

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

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

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

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

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

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

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

CRD or Capital Requirements Directive
An EU capital adequacy legislative package largely implemented or onshored into UK law. The package comprises the Capital Requirements Directive and the Capital Requirements Regulation (CRR) and implements the Basel III framework together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014.
The EU CRR II and CRD V amending the existing package came into force in June 2019 with most changes starting to apply from 28 June 2021. Only those parts of the EU CRR II that applied on or before 31 December 2020, when the UK was a member of the EU, have been implemented. The PRA has recently implemented the UK's version of CRR II.

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

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

CGU or Cash-generating unit
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

CET1 or Common Equity Tier 1 capital
Common Equity Tier 1 capital consists of the items, including the common shares issued by the Group and related share premium, retained earnings, accumulated other comprehensive income and other disclosed reserves, eligible noncontrolling interests and regulatory adjustments required in the calculation of Common Equity Tier 1, set out in Article 26(1) of the of the Capital Requirements Regulation (as it forms part of UK domestic law), capable of being available to the institution for unrestricted and immediate use to absorb losses as soon as these occur

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

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

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

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

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

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

Credit grade
A standard alphanumeric Credit Risk grade system is used for CIB Client Coverage. The numeric grades run from 1 to 14 and some of the grades are further sub-classified. Lower numeric credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers, while credit grades 13 and 14 are assigned to nonperforming or defaulted customers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Eurozone
Represents the 20 EU countries that have adopted the euro as their common currency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IAS or International Accounting Standard
A standard that forms part of the International Financial Reporting Standards framework.

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

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

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

Income Return on risk weighted assets (IRORWA)
Annualised income excluding Debit Valuation Adjustment as a percentage of Average RWA..

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

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

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

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

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

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

Loans and advances to banks
Amounts loaned to credit institutions including securities bought under Reverse repo.

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

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

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

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

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

Low returning clients
See 'Perennial sub-optimal clients'.

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

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

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

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

Net asset value (NAV) per share
Ratio of net assets (total assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.

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

NII or Net interest income
The difference between interest received on assets and interest paid on liabilities.

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

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

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

Normalised items
See 'Underlying/Normalised' on page 7.

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

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

OTC or Over-the-counter derivatives
A bilateral transaction (e.g. derivatives) that is not exchange traded and that is valued using valuation models.

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

Perennial sub-optimal clients
Clients that have returned below 3% return on risk-weighted assets for the last three years

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

Pillar 1
The first pillar of the three pillars of the Basel framework which provides the approach to calculation of the minimum capital requirements for credit, market and operational risk. Minimum capital requirements are 8 per cent of the Group's risk-weighted assets.

Pillar 2
The second pillar of the three pillars of the Basel framework which requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.

Pillar 3
The third pillar of the three pillars of the Basel framework which aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.

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

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

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

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

Profit (loss) attributable to ordinary shareholders
Profit (loss) for the period after non-controlling interests and dividends declared in respect of preference shares classified as equity.

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

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

Regulatory consolidation
The regulatory consolidation of Standard Chartered PLC differs from the statutory consolidation in that it includes Ascenta IV, Olea Global group, Partior Pte. Ltd., SBI Zodia Custody Co. Ltd, Seychelles International Mercantile Banking Corporation Limited., and all of the legal entities in the CurrencyFair group on a proportionate consolidation basis. These entities are considered associates for statutory accounting purposes.

The regulatory consolidation further excludes the following entities, which are consolidated for statutory accounting purposes; Audax Financial Technology Pte. Ltd, Furaha Finserve Uganda Limited, Huma.Eco Pte. Ltd., Inveco Pte. Ltd., Karstenza B.V, Letsbloom Pte. Ltd, Letsbloom India Private Limited, Pegasus Dealmaking Pte. Ltd., SCV Research and Development Pte. Ltd., SCV Research and Development Pvt. Ltd., Solv Sdn. Bhd., Solv Vietnam Company Limited, Solvezy Technology Kenya Ltd, Standard Chartered Assurance Limited, Standard Chartered Isle of Man Limited, Standard Chartered Botswana Education Trust, Standard Chartered Bancassurance Intermediary Limited, Standard Chartered Bank Insurance Agency (Proprietary) Limited, Standard Chartered Research and Technology India Private Limited, Standard Chartered Trading (Shanghai) Limited, TASConnect (Hong Kong) Private Limited, Tawi Fresh Kenya Limited.

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

Reported performance/results
Reported performance/results within this financial report means amounts reported under UK-adopted IAS and EU IFRS. In prior periods Reported performance/ results were described as Statutory performance/results.

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

RoRWA or Return on risk-weighted assets
Profit before tax for year as a percentage of RWA. Profit may be statutory or underlying and is specified where used. See 'RWA' and 'Underlying earnings'.

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

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

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

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

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

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

SICR or Significant increase in credit risk
Assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after considering the passage of time).

Solo
The solo regulatory group as defined in the Prudential Regulation Authority waiver letter dated 21 August 2023 differs from Standard Chartered Bank Company in that it includes the full consolidation of three subsidiaries, namely Standard Chartered Holdings (International) B.V., Standard Chartered Grindlays PTY Limited, SCMB Overseas Limited.

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

Stage 1
Assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

Stage 2
Assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3
Assets that are in default and considered credit-impaired (non-performing loans).

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

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

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

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

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

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

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

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

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

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

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

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

ViU or Value-in-Use
The present value of the future expected cash flows expected to be derived from an asset or CGU.

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

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