

Standard Chartered PLC

3Q'21 Results

2 November 2021

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Standard Chartered PLC – third quarter 2021 results

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Forward-looking statements

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

By their very nature, 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. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Please refer to the Group's 2020 Annual Report and the 2021 Half-Year Report for a discussion of certain risks and 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.

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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.

The information within this report is unaudited.

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. Asia includes Australia, Bangladesh, Brunei, Cambodia, Mainland China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Macau, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam; Africa & Middle East (AME) includes Angola, Bahrain, Botswana, Cameroon, Cote d'Ivoire, Egypt, The Gambia, Ghana, Iraq, Jordan, Kenya, Lebanon, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, South Africa, Tanzania, the United Arab Emirates (UAE), Uganda, Zambia and Zimbabwe; and Europe & Americas (EA) includes Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Ireland, Jersey, Poland, Sweden, Turkey, the UK and the US.

Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and 'nm' stands for 'not meaningful'.

Standard Chartered PLC is incorporated in England and Wales with limited liability. Standard Chartered PLC is headquartered in London. The Group's head office provides guidance on governance and regulatory standards. Standard Chartered PLC stock codes are: HKSE 02888 and LSE STAN.LN.

Standard Chartered PLC – third quarter 2021 performance highlights

All figures are presented on an underlying basis and comparisons are made to the third quarter 2020 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 25-30.

Bill Winters, Group Chief Executive, said:

“We delivered a return to top-line growth in the third quarter and achieved further progress against our strategic priorities, with strong performance in our Financial Markets and Trade businesses and ongoing positive momentum in Wealth Management. We continue to transform how we serve our customers in the world’s most dynamic markets through innovation, partnerships and new ventures. Last week, we were also pleased to deliver on our sustainability commitment to set out a clear path to achieve net zero by 2050.”

Update on strategic priorities

- Primary performance measure **return on tangible equity** improved 270bps to 7.1%
- Continued good progress on strategic priorities
 - **Network:** The proportion of digital transactions in our Corporate, Commercial & Institutional business is up 9%pts in 2021 to 50%
 - **Sustainability:** Year-to-date Sustainable Finance income has more than doubled YoY
 - **Affluent:** Net New Money of \$11bn for the first nine months of the year, more than 70% higher YoY,
 - **Mass retail:** Continued growth in sales executed digitally by our clients, up 7%pts in 2021 to 76%

Selected information concerning financial performance (3Q'21 unless otherwise stated)

- **Income** 7% higher at \$3.8bn, up 5% at constant currency (ccy) and excluding normalisation adjustments
 - **Trade** income up 13% at ccy and excluding normalising adjustments, the strongest quarter since 1Q'18
 - Strong performance in **Financial Markets**, up 4% at ccy and excluding normalising adjustments
 - **Wealth Management** ex-Bancassurance up 3% and up 18% YoY for the nine months to September
 - **Net interest margin** (NIM) in 3Q'21 of 1.23%, up 1bp on 2Q'21, benefiting from a 7bps or \$96m IFRS9 interest income adjustment
- **Expenses** increased 5% to \$2.6bn, up 3% at ccy, and flat compared to 2Q'21
 - Positive income-to-cost jaws of 3% at ccy excluding DVA
- **Credit impairment** of \$107m, down \$246m YoY; up \$174m QoQ
 - CCIB \$24m, with no significant new exposures in 3Q'21 and a small reduction in management overlay from \$170m to \$166m
 - CPBB \$74m, with no change in management overlay remaining stable at \$140m
 - High-risk assets: reduced for the fifth consecutive quarter in 3Q'21, down \$1.5bn in the quarter and down \$6.1bn YoY
- **Underlying profit before tax** up 44% to \$1.1bn; statutory profit before tax up 129% to \$1.0bn
- **Tax** charge of \$229m: underlying year-to-date effective tax rate of 23.5% down 7.8%pts due to change in geographic mix and higher profits diluting the impact of non-deductible costs
- **Earnings per share** increased 9.5 cents or 70% to 23.1 cents
- The Group's **balance sheet** continues to grow and remains strong, liquid and well diversified
 - Customer loans and advances up 2% or \$4bn since 30.06.21 and up 7% since 31.12.20
 - Advances-to-deposit ratio 61.9% (30.06.21: 64.0%); liquidity coverage ratio 145% (30.06.21: 146%)
- **Risk-weighted assets (RWA)** of \$268bn down 5% or \$13bn since 30.06.21 and broadly flat to 31.12.20
 - Credit RWA down \$10bn in 3Q'21: asset growth offset by model changes, improvement in asset quality, asset mix changes and FX
 - Market risk RWA down \$3bn in 3Q'21: reduced charges for Internal Models Approach (IMA) risks not in Value at Risk (VaR)
- The Group remains strongly capitalised
 - **Common equity tier 1 (CET 1)** ratio 14.6% (30.06.21: 14.1%), above the 13-14% target range; includes 34 bps software relief which will cease from 01.01.2022
 - An update on capital management actions will be provided at FY'21 results

Outlook

The economic recovery from the COVID-19 pandemic has continued to be uneven and punctuated by supply-chain disruption. However, we are encouraged by robust levels of export growth across many of our markets in Asia. Against this backdrop:

- We continue to expect FY'21 income to be similar to that achieved in FY'20 on a constant currency basis, with 4Q'21 being sequentially lower, reflecting seasonality comparable to prior years, and normalising for the IFRS9 interest income adjustment. Strong underlying business momentum throughout 2021 should enable income growth to return to our 5-7% guidance range from FY'22
- We continue to expect FY'21 operating expenses, including the impact of currency translation and performance-related pay, to be at or below \$10.4bn
- Excluding the impact of any unforeseeable events, we expect credit impairment to remain at low levels in 4Q'21
- We expect FY'21 CET1 to be around the top of the 13-14% target range on a pro-forma basis, excluding software relief

Statement of results

	3 months ended 30.09.21 \$million	3 months ended 30.09.20 \$million	Change ¹ %
Underlying performance			
Operating income	3,765	3,519	7
Operating expenses	(2,594)	(2,480)	(5)
Credit impairment	(107)	(353)	70
Other impairment	(35)	(15)	(133)
Profit from associates and joint ventures	46	74	(38)
Profit before taxation	1,075	745	44
Profit attributable to ordinary shareholders ²	716	428	67
Return on ordinary shareholders' tangible equity (%)	7.1	4.4	270bps
Cost-to-income ratio (%)	68.9	70.5	160bps
Statutory performance			
Operating income	3,764	3,506	7
Operating expenses	(2,647)	(2,515)	(5)
Credit impairment	(108)	(358)	70
Goodwill impairment	–	(231)	100
Other impairment	(59)	(33)	(78.79)
Profit from associates and joint ventures	46	66	(30)
Profit before taxation	996	435	129
Taxation	(229)	(274)	16
Profit for the period	767	161	376
Profit attributable to parent company shareholders	763	154	395
Profit attributable to ordinary shareholders ²	644	123	424
Return on ordinary shareholders' tangible equity (%)	6.4	1.3	510bps
Cost-to-income ratio (%)	70.3	71.7	140bps
Net Interest Margin (%) (adjusted)	1.23	1.23	(0)bps
	30.09.21 \$million	30.09.20 \$million	Change ¹ %
Balance sheet and capital			
Total assets	817,102	754,429	8
Total equity	53,335	50,570	5
Average tangible equity attributable to ordinary shareholders ²	39,948	38,934	3
Loans and advances to customers	302,493	281,380	8
Customer accounts	453,260	417,517	9
Risk-weighted assets	267,555	266,664	–
Total capital	58,871	57,051	3
Total capital (%)	22.0	21.4	60bps
Common Equity Tier 1	39,167	38,449	2
Common Equity Tier 1 ratio (%)	14.6	14.4	20bps
Advances-to-deposits ratio (%) ³	61.9	63.8	(1.9)
Liquidity coverage ratio (%)	145	142	3
UK leverage ratio (%)	5.1	5.2	(10)bps
Information per ordinary share	Cents	Cents	Cents
Earnings per share – underlying ⁴	23.1	13.6	9.5
– statutory ⁴	20.7	3.9	16.8
Net asset value per share ⁵	1,468	1,405	63
Tangible net asset value per share ⁵	1,294	1,249	45
Number of ordinary shares at period end (millions)	3,078	3,149	(2)

1 Variance is better/(worse) other than assets, liabilities and risk-weighted assets. Change is percentage points difference between two points rather than percentage change for total capital ratio (%), common equity tier 1 ratio (%), net interest margin (%), advances-to-deposits ratio (%), liquidity coverage ratio (%), UK leverage ratio (%). Change is cents difference between two points rather than percentage change for earnings per share, net asset value per share and tangible net asset value per share

2 Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity

3 When calculating this ratio, total loans and advances to customers excludes reverse repurchase agreements and other similar secured lending, excludes approved balances held with central banks, confirmed as repayable at the point of stress and includes loans and advances to customers held at fair value through profit and loss. Total customer accounts include customer accounts held at fair value through profit or loss

4 Represents the underlying or statutory earnings divided by the basic weighted average number of shares. Result represents three months ended the reporting period.

5 Calculated on period end net asset value, tangible net asset value and number of shares

Group Chief Financial Officer's review

The Group delivered a strong performance in 3Q'21

Summary of financial performance

	3Q'21 \$million	3Q'20 \$million	Change %	Constant currency change ¹ %	2Q'21 \$million	Change %	Constant currency change ¹ %	YTD'21 \$million	YTD'20 \$million	Change %	Constant currency change ¹ %
Net interest income	1,735	1,620	7	6	1,713	1	2	5,110	5,122	–	(2)
Other income	2,030	1,899	7	7	1,976	3	4	6,273	6,444	(3)	(4)
Underlying operating income	3,765	3,519	7	7	3,689	2	3	11,383	11,566	(2)	(3)
Other operating expenses	(2,594)	(2,480)	(5)	(3)	(2,592)	–	(1)	(7,680)	(7,193)	(7)	(4)
UK bank levy	–	–	nm ³	nm ³	(6)	100	100	(6)	–	nm ³	nm ³
Underlying operating expenses	(2,594)	(2,480)	(5)	(3)	(2,598)	–	(1)	(7,686)	(7,193)	(7)	(4)
Underlying operating profit before impairment and taxation	1,171	1,039	13	16	1,091	7	8	3,697	4,373	(15)	(14)
Credit impairment	(107)	(353)	70	71	67	nm ³	nm ³	(60)	(1,920)	97	97
Other impairment	(35)	(15)	(133)	(150)	(9)	nm ³	nm ³	(60)	97	(162)	(162)
Profit from associates and joint ventures	46	74	(38)	(38)	87	(47)	(47)	180	150	20	21
Underlying profit before taxation	1,075	745	44	50	1,236	(13)	(13)	3,757	2,700	39	43
Restructuring	(99)	(44)	(125)	(122)	(90)	(10)	(11)	(222)	(134)	(66)	(65)
Goodwill impairment	–	(231)	100	100	–	nm ³	nm ³	–	(489)	100	100
Other items	20	(35)	nm ³	157	–	nm ³	nm ³	20	(15)	nm ³	nm ³
Statutory profit before taxation	996	435	129	146	1,146	(13)	(13)	3,555	2,062	72	79
Taxation	(229)	(274)	16	17	(317)	28	27	(860)	(835)	(3)	(2)
Profit for the period	767	161	nm³	nm³	829	(8)	(7)	2,695	1,227	120	137
Net interest margin (%) ²	1.23	1.23	–		1.22	1		1.23	1.34	(11)	
Underlying return on tangible equity (%) ²	7.1	4.4	270		7.8	(70)		8.6	5.5	310	
Underlying earnings per share (cents)	23.1	13.6	70		24.8	(7)		81.4	49.5	64	
Statutory return on tangible equity (%) ²	6.4	13	510		7.0	(60)		7.9	3.3	460	
Statutory earnings per share (cents)	20.7	3.9	nm ³		22.1	(6)		75.6	29.7	155	

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

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

3 Not meaningful

The Group delivered a strong performance in the third quarter of 2021, in what remained challenging conditions, with underlying profit before tax improving 44 per cent. Income returned to growth, increasing 5 per cent, on a constant currency basis and excluding normalisation adjustments, with continued strong underlying business momentum more than offsetting the impact of a 7 basis point decline in net interest margin on a normalised basis. Expenses grew 3 per cent at constant currency, mainly from increased investment in strategic initiatives. Credit impairment charges remain at low levels reflecting the improving economic backdrop. The Group remains well capitalised and highly liquid with a common equity tier 1 (CET1) ratio of 14.6 per cent, above the 13 to 14 per cent target range, with an advances-to-deposits ratio of 61.9 per cent and a liquidity coverage ratio of 145 per cent.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2020 on a reported currency basis, unless otherwise stated.

- **Operating income** increased 7 per cent and was up 5 per cent on a constant currency basis and excluding normalisation adjustments. The impact of the lower underlying net interest margin was more than offset by balance sheet growth and strong performances in Financial Markets and Trade
- **Net interest income** increased 7 per cent, benefiting from a positive \$96 million IFRS9 interest income catch-up adjustment in respect of interest earned on historically impaired assets. Excluding this adjustment, net interest income increased 1 per cent with a 6 per cent increase in average interest-earning assets, partly offset by a 7 basis points decline in the normalised net interest margin. Excluding the impact of IFRS9 adjustments in both the second and third quarter, net interest income was flat quarter-on-quarter while the net interest margin declined 1 basis point to 116 basis points on a normalised basis
- **Other income** increased 7 per cent and 9 per cent excluding the positive impact of a \$21 million increase in DVA and the non-repeat of a \$53 million accelerated recognition of an annual Bancassurance bonus in 3Q'20, with broad-based growth across multiple products

Group Chief Financial Officer's review continued

- **Operating expenses** were up 5 per cent, and up 3 per cent on a constant currency basis, reflecting an increase in performance-related pay accruals and sustained increased investment into transformational digital initiatives. The cost-to-income ratio excluding DVA decreased 1 percentage point to 69 per cent
- **Credit impairment** declined by \$246 million to \$107 million. There was a \$30 million charge in stage 1 and 2 impairment including a \$25 million release of the judgemental management overlay relating to stage 1 and 2 loans. Impairment of stage 3 assets of \$77 million were down \$167 million, with no significant new exposures in the quarter, and included a \$12 million charge in relation to the IFRS9 interest income catch-up adjustment and a \$21 million increase in the management overlay relating to stage 3. The management overlay was broadly stable in the quarter and now totals \$306 million
- **Other impairment** increased by \$20 million with a \$35 million charge in the quarter, mainly relating to the aviation lease portfolio
- **Profit from associates and joint ventures** was down 38 per cent to \$46 million, reflecting the reduction in the Group's shareholding in China Bohai Bank from 19.99 per cent to 16.26 per cent
- Charges relating to **restructuring, goodwill impairment and other items** decreased \$231 million to \$79 million, with higher restructuring costs more than offsetting a non-repeat of \$231 million goodwill impairment primarily relating to UAE booked in 3Q'20
- **Taxation** was \$229 million on a statutory basis, with an underlying year-to-date effective tax rate of 23.5 per cent, down from the prior year rate of 31.3 per cent, reflecting a change in the geographic mix of profits and higher profits diluting the impact of non-deductible costs
- **Underlying return on tangible equity** increased by 270 basis points to 7.1 per cent due to higher profits partly offset by increased tangible equity, reflecting the net impact of profit accretion partly offset by shareholder distributions

Operating income by product

	3Q'21 \$million	3Q'20 \$million	Change %	Constant currency change ¹ %	2Q'21 \$million	Change %	Constant currency change ¹ %	YTD'21 \$million	YTD'20 \$million	Change %	Constant currency change ¹ %
Transaction Banking	645	665	(3)	(4)	637	1	2	1,925	2,186	(12)	(13)
Trade	300	255	18	17	291	3	3	868	745	17	16
Cash Management	345	410	(16)	(16)	346	-	1	1,057	1,441	(27)	(27)
Financial Markets	1,315	1,185	11	10	1,270	4	4	3,905	3,955	(1)	(2)
Macro Trading	540	518	4	4	571	(5)	(5)	1,783	2,097	(15)	(16)
Credit Markets	522	464	13	12	495	5	6	1,458	1,207	21	20
Credit Trading	144	129	12	11	102	41	41	377	285	32	31
Financing Solutions & Issuance	378	335	13	13	393	(4)	(3)	1,081	922	17	16
Structured Finance	156	101	54	53	120	30	30	375	281	33	32
Financing & Securities Services	98	124	(21)	(22)	85	15	9	291	288	1	(1)
DVA	(1)	(22)	95	95	(1)	-	50	(2)	82	(102)	(102)
Lending & Portfolio Management	278	226	23	22	253	10	11	764	666	15	13
Wealth Management	559	572	(2)	(3)	554	1	1	1,759	1,548	14	12
Retail Products	828	859	(4)	(5)	846	(2)	(1)	2,523	2,718	(7)	(9)
Credit Cards & Personal Loans (CCPL) & other unsecured lending	316	309	2	1	320	(1)	-	956	908	5	3
Deposits	205	301	(32)	(32)	209	(2)	(1)	647	1,186	(45)	(46)
Mortgage & Auto	260	211	23	21	268	(3)	(1)	775	516	50	45
Other Retail Products	47	38	24	21	49	(4)	(6)	145	108	34	33
Treasury	149	40	nm ²	nm ²	137	9	9	543	543	-	(1)
Other	(9)	(28)	68	89	(8)	(13)	69	(36)	(50)	28	27
Total underlying operating income	3,765	3,519	7	7	3,689	2	3	11,383	11,566	(2)	(3)

¹ Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

² Not meaningful

Following an organisational restructure that came into effect on 1 January 2021, the Group's Financial Markets business has been expanded and reorganised, with the Group integrating the majority of its Corporate Finance business within Financial Markets. The remaining elements of the Group's Corporate Finance business – primarily M&A Advisory – have been transferred into Lending & Portfolio Management.

Transaction Banking income was down 3 per cent. Cash Management declined 16 per cent as double-digit volume growth and increased fee income was more than offset by margin compression due to the lower interest rate environment despite repricing initiatives. Trade increased 18 per cent primarily due to double-digit growth in balances.

Group Chief Financial Officer's review continued

Financial Markets income increased 11 per cent or 4 per cent excluding DVA and the impact of the IFRS9 interest income catch-up adjustment. Macro Trading increased 4 per cent with higher Foreign Exchange (FX) and Commodities income partly offset by lower Rates income. Credit Markets income increased 13 per cent with Financing Solutions & Issuance benefiting from growth in origination and distribution activities along with the IFRS9 income adjustments. Structured Finance was up 54 per cent due to trading and other gains within Aviation Finance, while negative movements in XVA resulted in Financing & Security Services income reducing by 21 per cent.

Lending and Portfolio Management income was up 23 per cent with half of the growth due to the impact of the IFRS9 interest income catch-up adjustment. Underlying growth of 11 per cent reflected a doubling of fee income, primarily from M&A Advisory and higher margins.

Wealth Management was down 2 per cent, primarily due to a \$53 million accelerated recognition of an annual Bancassurance bonus in 3Q'20 which was not repeated in 3Q'21. This resulted in a 15 per cent decline in Bancassurance income, which is currently around a quarter of total Wealth Management income. Excluding Bancassurance, Wealth Management underlying growth was 3 per cent, with double-digit growth in Funds, Structured Notes and Wealth Lending.

Retail Products income reduced 4 per cent on a reported basis and was down 5 per cent on a constant currency basis. Deposits income declined 32 per cent as margin compression more than offset increased volumes and improved balance sheet mix. Balance sheet growth and increased margins led to 23 per cent growth across Mortgages & Auto and a 24 per cent increase in Other Retail Products. Credit Cards & Personal Loans income increased 2 per cent with improved personal loan margins and increased fees.

Treasury income more than tripled to \$149 million, with two-thirds of the increase from higher net interest income. The remaining increase is primarily due to a non-repeat of prior period negative movements in hedge ineffectiveness.

Underlying profit before tax by client segment and geographic region

	3Q'21 \$million	3Q'20 \$million	Change %	Constant currency change ¹ %	2Q'21 \$million	Change %	Constant currency change ¹ %	YTD'21 \$million	YTD'20 \$million	Change %	Constant currency change ¹ %
Corporate, Commercial & Institutional Banking	868	521	67	70	936	(7)	(7)	2,689	1,800	49	51
Consumer, Private & Business Banking	259	297	(13)	(13)	299	(13)	(12)	1,037	714	45	46
Central & other items (segment)	(52)	(73)	29	44	1	nm ²	nm ²	31	186	(83)	(78)
Underlying profit before taxation	1,075	745	44	50	1,236	(13)	(13)	3,757	2,700	39	43
Asia	927	821	13	13	1,005	(8)	(7)	3,166	2,411	31	30
Africa & Middle East	222	11	nm ²	nm ²	285	(22)	(21)	697	101	nm ²	nm ²
Europe & Americas	161	37	nm ²	nm ²	104	55	54	498	393	27	29
Central & other items (region)	(235)	(124)	(90)	(66)	(158)	(49)	(52)	(604)	(205)	(195)	(121)
Underlying profit before taxation	1,075	745	44	50	1,236	(13)	(13)	3,757	2,700	39	43

¹ Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

² Not meaningful

Following an organisational restructure that came into effect on 1 January 2021, the new structure results in the creation of two new client segments: Corporate, Commercial & Institutional Banking, serving larger companies and institutions, and Consumer, Private & Business Banking, serving individual and business banking clients. From a regional perspective, Greater China & North Asia and ASEAN & South Asia have been combined to form a single Asia region.

Corporate, Commercial & Institutional Banking profit increased 67 per cent, due to lower credit impairment and income growth. Income increased 9 per cent, or 3 per cent excluding the impact of IFRS9 interest income catch-up adjustment and movements in DVA.

Consumer, Private & Business Banking profit decreased 13 per cent reflecting lower income and increased expenses driven by investment in digital initiatives offset by lower impairment. Adjusting for the \$53 million accelerated recognition of an annual Bancassurance bonus in 3Q'20, income increased 1 per cent and profits increased 6 per cent.

Central & other items (segment) losses reduced by approximately a quarter to \$52 million with income up \$96 million on the back of stronger Treasury performance, partly offset by lower Associates profit share as well as increased expenses and impairment.

Asia profits increased 13 per cent with a 5 per cent increase in income and \$73 million lower credit impairment more than offset by a 4 per cent increase in expenses. The benefit from the IFRS9 interest income catch-up was broadly offset by the non-repeat of the accelerated recognition of an annual Bancassurance bonus in 3Q'20. There was double-digit income growth in India, China, South Korea and Singapore while Hong Kong income was flat.

Africa & Middle East profits increased from \$11 million to \$222 million primarily due to a \$119 million reduction in impairment. Income was up 11 per cent and increased 4 per cent excluding the benefit of the IFRS9 income adjustment while costs increased 6 per cent.

Group Chief Financial Officer's review continued

Europe & Americas income increased 22 per cent, with strong double-digit growth in Financial Markets, which along with \$23 million lower impairment, resulted in profits increasing more than four-fold.

Central & other items (region) recorded a loss of \$235 million with increased expenses reflecting an increase in performance-related pay accruals and an increase in investment spend in digital ventures while income declined \$36 million due to lower returns paid to Treasury on the equity provided to the regions in a lower interest rate environment.

Adjusted net interest income and margin

	3Q'21 \$million	3Q'20 \$million	Change ¹ %	2Q'21 \$million	Change ¹ %	YTD'21 \$million	YTD'20 \$million	Change ¹ %
Adjusted net interest income ²	1,732	1,626	7	1,705	2	5,107	5,245	(3)
Average interest-earning assets	557,416	524,921	6	558,089	–	557,283	522,251	7
Average interest-bearing liabilities	512,406	477,688	7	517,939	(1)	513,333	473,778	8
Gross yield (%) ³	1.84	2.07	(23)	1.86	(2)	1.85	2.46	(61)
Rate paid (%) ³	0.66	0.92	(26)	0.69	(3)	0.68	1.23	(55)
Net yield (%) ³	1.18	1.15	3	1.17	1	1.17	1.23	(6)
Net interest margin (%) ^{3,4}	1.23	1.23	–	1.22	1	1.23	1.34	(11)

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

² Adjusted net interest income is statutory net interest income less funding costs for the trading book and financial guarantee fees on interest-earning assets

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

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

Adjusted net interest income increased 7 per cent and 1 per cent excluding the benefit of a \$96 million IFRS9 interest income catch-up adjustment. On a headline basis, adjusted net interest income was up 2 per cent quarter-on-quarter but was flat excluding the IFRS9 income adjustment (2Q'21: \$73 million). The net interest margin on a headline basis was flat year-on-year and up 1 basis point quarter-on-quarter. Excluding the IFRS9 income adjustment, net interest margin on a normalised basis was 116 basis points in the third quarter, down 7 basis points year-on-year and down 1 basis point quarter-on-quarter.

- Average interest-earning assets were flat in the quarter, with reduced balances in Treasury Markets offsetting growth in Mortgages, Wealth Management and Trade. Gross yields declined 2 basis points compared with the average in the prior quarter, and were down 4 basis points excluding the impact of the IFRS9 income adjustment, reflecting the impact of further falls in HIBOR and a shift from credit cards to lower yielding personal loans
- Average interest-bearing liabilities declined 1 per cent in the quarter. The deposit mix continued to improve with a reduction in Retail Products time deposits and growth in corporate operating accounts. The rate paid on liabilities decreased 3 basis points compared with the average in the prior quarter, reflecting interest rate movements, repricing initiatives and improvement in the liability mix

Credit risk summary

Income statement

	3Q'21 \$million	3Q'20 \$million	Change ¹ %	2Q'21 \$million	Change ¹ %	YTD'21 \$million	YTD'20 \$million	Change ¹ %
Total credit impairment charge/(release)	107	353	(70)	(67)	(260)	60	1,920	(97)
Of which stage 1 and 2	30	109	(72)	(70)	(143)	(75)	777	(110)
Of which stage 3	77	244	(68)	3	2,467	135	1,143	(88)

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

Group Chief Financial Officer's review continued

Balance sheet

	30.09.21 \$million	30.06.21 \$million	Change ¹ %	31.12.20 \$million	Change ¹ %	30.09.20 \$million	Change ¹ %
Gross loans and advances to customers²	308,083	303,982	1	288,312	7	288,046	7
Of which stage 1	284,140	277,290	2	256,437	11	251,113	13
Of which stage 2	15,759	17,634	(11)	22,661	(30)	27,597	(43)
Of which stage 3	8,184	9,058	(10)	9,214	(11)	9,336	(12)
Expected credit loss provisions	(5,590)	(5,979)	(7)	(6,613)	(15)	(6,666)	(16)
Of which stage 1	(411)	(447)	(8)	(534)	(23)	(571)	(28)
Of which stage 2	(535)	(544)	(2)	(738)	(28)	(706)	(24)
Of which stage 3	(4,644)	(4,988)	(7)	(5,341)	(13)	(5,389)	(14)
Net loans and advances to customers	302,493	298,003	2	281,699	7	281,380	8
Of which stage 1	283,729	276,843	2	255,903	11	250,542	13
Of which stage 2	15,224	17,090	(11)	21,923	(31)	26,891	(43)
Of which stage 3	3,540	4,070	(13)	3,873	(9)	3,947	(10)
Cover ratio of stage 3 before/after collateral (%) ³	57 / 77	55 / 75	2 / 2	58 / 76	(1) / 1	58 / 76	(1) / 1
Credit grade 12 accounts (\$million)	2,175	1,623	34	2,164	1	1,954	11
Early alerts (\$million)	7,478	8,970	(17)	10,692	(30)	13,407	(44)
Investment grade corporate exposures (%) ³	68	63	5	62	6	59	9

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

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$8,836 million at 30 September 2021, \$4,584 million at 30 June 2021, \$2,919 million at 31 December 2020 and \$4,330 million at 30 September 2020

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

While credit risk remains elevated, we have seen improvements in a number of metrics with high-risk assets lower for the fifth successive quarter, and the overall portfolio remains stable and resilient. The Group is well-positioned to support our clients as economies recover but continues to remain vigilant to the continued impact of COVID-19 including vaccination progress and the likelihood of uneven economic recovery across markets and industries.

Credit impairment was a \$107 million charge in the quarter, with a \$30 million charge relating to stage 1 and 2 impairment and a \$77 million charge relating to stage 3 impairment.

The \$30 million charge in stage 1 and 2 impairment reflects the impact of a sovereign ratings downgrade in one of our smaller markets and changes in the macroeconomic variables used in the expected credit loss (ECL) models partly offset by a \$25 million release of the judgemental stage 1 and 2 management overlay. The management overlay relating to stage 1 and 2 assets totals \$277 million as at 30 September 2021.

Stage 3 impairment of \$77 million primarily relate to charge-offs within Consumer, Private & Business Banking (CPBB) with no significant new exposures within Corporate, Commercial & Institutional Banking (CCIB) in the quarter. There was a \$12 million charge relating to the catch-up of interest earned on historically impaired assets and a \$21 million increase in the management overlay of stage 3 assets in CPBB, to a total overlay of \$29 million.

Gross stage 3 loans and advances to customers of \$8.2 billion were 10 per cent lower compared to 30 June 2021, primarily due to repayments and write-offs more than offsetting new inflows, which were 87 per cent lower in CCIB, compared to the previous quarter. Credit-impaired loans represented 2.7 per cent of gross loans and advances, a decrease of 32 basis points compared to 30 June 2021.

The stage 3 cover ratio of 57 per cent was up 2 percentage points compared with the position as at 30 June 2021, and the cover ratio post collateral at 77 per cent also increased by 2 percentage points, both benefiting from significant repayments on stage 3 assets with low levels of provisions.

Credit grade 12 balances have increased by \$0.5 billion since 30 June 2021, mainly due to the sovereign ratings downgrade partly offset by client upgrades and repayments.

Early Alert accounts of \$7.5 billion have reduced by \$1.5 billion since 30 June 2021, reflecting the net impact of downgrades into credit grade 12 including the sovereign ratings downgrade, exposure reductions and regularisations of accounts back into non-high-risk categories. Excluding the Aviation sector, Early Alert accounts are now broadly in-line with pre-COVID-19 levels. The Group is continuing to monitor its exposures in the Aviation, Metals & Mining and Oil & Gas sectors particularly carefully, given the unusual stresses caused by the effects of COVID-19, as well as its exposure to Commercial Real Estate, which, with a total exposure of \$18.5 billion is just 6 per cent of the Group's total loans and advances to customers. The recent rises in commodity prices have eased credit pressure for certain sectors.

The proportion of investment grade corporate exposures has increased by 5 percentage points since 30 June 2021 to 68 per cent.

Group Chief Financial Officer's review continued

Restructuring, goodwill impairment and other items

	3Q'21			3Q'20			2Q'21		
	Restructuring \$million	Goodwill Impairment \$million	Other items \$million	Restructuring \$million	Goodwill Impairment \$million	Other items \$million	Restructuring \$million	Goodwill Impairment \$million	Other items \$million
Operating income	(21)	–	20	22	–	(35)	–	–	–
Operating expenses	(53)	–	–	(35)	–	–	(95)	–	–
Credit impairment	(1)	–	–	(5)	–	–	1	–	–
Other impairment	(24)	–	–	(18)	(231)	–	(3)	–	–
Profit from associates and joint ventures	–	–	–	(8)	–	–	7	–	–
Profit/(loss) before taxation	(99)	–	20	(44)	(231)	(35)	(90)	–	–

The Group's statutory 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.

Restructuring charges of \$99 million primarily relate to the discontinued Principal Finance business, redundancies, and impairment on property as the Group adapts to new ways of working post-pandemic. Other items include a \$20 million fair-value gain relating to a SC Ventures investment.

Balance sheet and liquidity

	30.09.21 \$million	30.06.21 \$million	Change %	31.12.20 \$million	Change ¹ %	30.09.20 \$million	Change ¹ %
Assets							
Loans and advances to banks	45,754	45,188	1	44,347	3	49,040	(7)
Loans and advances to customers	302,493	298,003	2	281,699	7	281,380	8
Other assets	468,855	452,719	4	463,004	1	424,009	11
Total assets	817,102	795,910	3	789,050	4	754,429	8
Liabilities							
Deposits by banks	34,480	30,567	13	30,255	14	28,138	23
Customer accounts	453,260	441,147	3	439,339	3	417,517	9
Other liabilities	276,027	271,339	2	268,727	3	258,204	7
Total liabilities	763,767	743,053	3	738,321	3	703,859	9
Equity	53,335	52,857	1	50,729	5	50,570	5
Total equity and liabilities	817,102	795,910	3	789,050	4	754,429	8
Advances-to-deposits ratio (%) ²	61.9%	64.0%		61.1%		63.8%	
Liquidity coverage ratio (%)	145%	146%		143%		142%	

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

² The Group now excludes \$16,986 million held with central banks (30.06.21: \$16,213 million, 31.12.20: \$14,296 million, 30.09.20: \$14,363 million) that has been confirmed as repayable at the point of stress

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

- **Loans and advances to customers** increased 2 per cent since 30 June 2021 to \$302 billion despite the impact of adverse FX movements. The majority of the growth was due to growth in Financial Markets. Underlying growth in Retail Mortgage balances was predominately offset by negative FX movements, while the completion of loan syndications in progress at 30 June 2021 led to a reduction in the corporate lending book
- **Customer accounts** of \$453 billion increased 3 per cent since 30 June 2021, primarily driven by an increase in corporate operating account balances while retail deposits remained broadly stable despite being negatively impacted by FX movements
- **Other assets** increased 4 per cent since 30 June 2021 with increased unsettled trade balances, balances at central banks and investment securities. **Other liabilities** increased 2 per cent from increased repurchase agreements, partly offset by a reduction in issued debt securities

The **advances-to-deposits ratio** reduced to 61.9 per cent from 64.0 per cent at 30 June 2021, reflecting the strong growth in customer accounts in the quarter. The point-in-time **liquidity coverage ratio (LCR)** decreased 1 percentage point to 145 per cent and remains well above the minimum regulatory requirement of 100 per cent.

Group Chief Financial Officer's review continued

Risk-weighted assets

	30.09.21 \$million	30.06.21 \$million	Change ¹ %	31.12.20 \$million	Change ¹ %	30.09.20 \$million	Change ¹ %
By risk type							
Credit risk	219,628	229,348	(4)	220,441	–	217,720	1
Operational risk	27,116	27,116	–	26,800	1	26,800	1
Market risk	20,811	23,763	(12)	21,593	(4)	22,144	(6)
Total risk-weighted assets (RWA)	267,555	280,227	(5)	268,834	–	266,664	–

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

Total risk-weighted assets (RWA) decreased 5 per cent or \$12.7 billion since 30 June 2021 to \$267.6 billion:

- **Credit risk RWA** decreased by \$9.7 billion in the third quarter to \$219.6 billion, with asset growth more than offset by the benefit of model upgrades relating to Korea personal loans, improvements in asset quality including actions concerning specific stage 3 exposures, the impact of lower RWA density and FX
- **Operational risk RWA** remained unchanged at \$27.1 billion
- **Market risk RWA** decreased by \$3.0 billion to \$20.8 billion due to reduced internal models approach (IMA) positions and charges for IMA risks not in value at risk (VaR)

Capital base and ratios

	30.09.21 \$million	30.06.21 \$million	Change ¹ %	31.12.20 \$million	Change ¹ %	30.09.20 \$million	Change ¹ %
CET1 capital	39,167	39,589	(1)	38,779	1	38,449	2
Additional Tier 1 capital (AT1)	6,791	6,293	8	5,612	21	5,611	21
Tier 1 capital	45,958	45,882	–	44,391	4	44,060	4
Tier 2 capital	12,913	13,279	(3)	12,657	2	12,991	(1)
Total capital	58,871	59,161	–	57,048	3	57,051	3
CET1 capital ratio (%) ²	14.6	14.1	0.5	14.4	0.2	14.4	0.2
Total capital ratio (%) ²	22.0	21.1	0.9	21.2	0.8	21.4	0.6
UK leverage ratio (%) ²	5.1	5.2	(0.1)	5.2	(0.1)	5.2	(0.1)

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

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

The Group's CET1 ratio of 14.6 per cent was 51 basis points higher than at 30 June 2021, 4.6 percentage points above the Group's current regulatory minimum of 10.0 per cent and above the 13-14 per cent medium-term target range.

The primary driver of the increase in the CET1 ratio was the decrease in RWA, principally from favourable model changes, asset quality improvements, a reduction in RWA density and lower market risk RWA, which in aggregate resulted in an increase in the CET1 ratio of approximately 60 basis points. Profits in the quarter contributed approximately 30 basis points of CET1 accretion in the quarter.

There was a 3 basis points increase in the value of the revised treatment of software assets in CET1, reflecting an increase in capitalised software assets. The total benefit to CET1 from the revised treatment of software assets is now 34 basis points. The Prudential Regulatory Authority (PRA) has confirmed that qualifying software assets will be deducted from CET1 from 1 January 2022.

The Group spent \$251 million purchasing 40 million ordinary shares of \$0.50 each, representing a volume-weighted average price per share of £4.54. These shares were subsequently cancelled, reducing the total issued share capital by 1.3 per cent and the CET1 ratio by 9 basis points.

The Group is accruing a foreseeable dividend in respect of the final 2021 ordinary share dividend in the third quarter. This is not an indication of the Group's final 2021 ordinary share dividend, which will be proposed by the Board at the presentation of the 2021 full-year results.

The Group's Pillar 2A requirement is expected to increase in the fourth quarter by a total of 38 basis points, of which 22 basis points must be held in CET1. Accordingly, the Group's minimum CET1 requirement is expected to increase to 10.2 per cent from 10.0 per cent.

The Group will also be subject to a regulatory change in the treatment of structural FX risk in the fourth quarter. Structural FX risk is currently assessed through the Group's Pillar 2A requirement. The PRA has clarified that this should be a Pillar 1 requirement and therefore requires the Group to risk-weight its unhedged structural FX positions. The Group currently expects this change to result in between \$3 billion to \$4 billion of additional market risk RWA in the fourth quarter post hedging which would reduce the CET1 ratio by between 15 and 20 basis points on a pro-forma basis. The Group may benefit from a subsequent reduction in its Pillar 2A requirement reflecting the move of structural FX risk from Pillar 2A to Pillar 1.

The Group's UK leverage ratio of 5.1 per cent is slightly lower than the 5.2 per cent ratio as at 30 June 2021. The Group's leverage ratio remains significantly above its minimum requirement of 3.7 per cent.

Group Chief Financial Officer's review continued

Outlook

The economic recovery from the COVID-19 pandemic has continued to be uneven and punctuated by supply-chain disruption. However, we are encouraged by robust levels of export growth across many of our markets in Asia. Against this backdrop:

- We continue to expect FY'21 income to be similar to that achieved in FY'20 on a constant currency basis, with 4Q'21 being sequentially lower, reflecting seasonality comparable to prior years, and normalising for the IFRS9 interest income adjustment. Strong underlying business momentum throughout 2021 should enable income growth to return to our 5-7% guidance range from FY'22
- We continue to expect FY'21 operating expenses, including the impact of currency translation and performance-related pay, to be at or below \$10.4 billion
- Excluding the impact of any unforeseeable events, we expect credit impairment to remain at low levels in 4Q'21
- We expect FY'21 CET1 to be around the top of the 13-14 per cent target range on a pro-forma basis, excluding software relief

Andy Halford

Group Chief Financial Officer
2 November 2021

Supplementary financial information

Underlying performance by client segment

	3Q'21			
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Total \$million
Operating income	2,226	1,430	109	3,765
External	2,115	1,348	302	3,765
Inter-segment	111	82	(193)	-
Operating expenses	(1,304)	(1,097)	(193)	(2,594)
Operating profit/(loss) before impairment losses and taxation	922	333	(84)	1,171
Credit impairment	(24)	(74)	(9)	(107)
Other impairment	(30)	-	(5)	(35)
Profit from associates and joint ventures	-	-	46	46
Underlying profit/(loss) before taxation	868	259	(52)	1,075
Restructuring	(32)	(10)	(57)	(99)
Goodwill impairment	-	-	-	-
Other Items	-	-	20	20
Statutory profit/(loss) before taxation	836	249	(89)	996
Total assets	390,837	138,546	287,719	817,102
Of which: loans and advances to customers	197,121	135,375	31,272	363,768
loans and advances to customers	137,936	135,293	29,264	302,493
loans held at fair value through profit or loss (FVTPL)	59,185	82	2,008	61,275
Total liabilities	468,431	180,188	115,148	763,767
Of which: customer accounts ²	320,516	175,999	16,477	512,992
Risk-weighted assets	162,016	52,587	52,952	267,555
Underlying return on tangible equity (%)	10.6	9.9	(6.7)	7.1
Cost-to-income ratio (%)	58.6	76.7	177.1	68.9

	3Q'20			
	Corporate, Commercial & Institutional Banking ¹ \$million	Consumer, Private & Business Banking ¹ \$million	Central & other items \$million	Total \$million
Operating income	2,044	1,462	13	3,519
External	1,975	1,266	278	3,519
Inter-segment	69	196	(265)	-
Operating expenses	(1,281)	(1,039)	(160)	(2,480)
Operating profit/(loss) before impairment losses and taxation	763	423	(147)	1,039
Credit impairment	(230)	(126)	3	(353)
Other impairment	(12)	-	(3)	(15)
Profit from associates and joint ventures	-	-	74	74
Underlying profit/(loss) before taxation	521	297	(73)	745
Restructuring	(18)	(12)	(14)	(44)
Goodwill impairment	-	-	(231)	(231)
Other Items	-	-	(35)	(35)
Statutory profit/(loss) before taxation	503	285	(353)	435
Total assets	371,535	124,901	257,993	754,429
Of which: loans and advances to customers	194,368	122,356	19,087	335,811
loans and advances to customers	140,109	122,196	19,075	281,380
loans held at fair value through profit or loss (FVTPL)	54,259	160	12	54,431
Total liabilities	447,304	171,919	84,636	703,859
Of which: customer accounts ²	297,051	168,300	6,694	472,045
Risk-weighted assets	168,907	51,096	46,661	266,664
Underlying return on tangible equity (%)	6.1	11.5	(9.3)	4.4
Cost-to-income ratio (%)	62.7	71.1	nm ³	70.5

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

2 Customer accounts includes FVTPL and repurchase agreements

3 Not meaningful

Supplementary financial information continued

Corporate, Commercial & Institutional Banking¹

	3Q'21 \$million	3Q'20 \$million	Change ³ %	Constant currency change ^{2,3} %	2Q'21 \$million	Change ³ %	Constant currency change ^{2,3} %	YTD'21 \$million	YTD'20 \$million	Change ³ %	Constant currency change ^{2,3} %
Operating income	2,226	2,044	9	8	2,131	4	5	6,518	6,699	(3)	(4)
Transaction Banking	625	642	(3)	(3)	615	2	2	1,862	2,115	(12)	(13)
Trade	288	244	18	17	278	4	4	831	714	16	16
Cash Management	337	398	(15)	(16)	337	–	–	1,031	1,401	(26)	(27)
Financial Markets	1,315	1,185	11	10	1,270	4	4	3,905	3,955	(1)	(2)
Macro Trading	540	518	4	4	571	(5)	(5)	1,783	2,097	(15)	(16)
Credit Markets	522	464	13	12	495	5	6	1,458	1,207	21	20
Credit Trading	144	129	12	11	102	41	41	377	285	32	31
Financing Solutions & Issuance	378	335	13	13	393	(4)	(3)	1,081	922	17	16
Structured Finance	156	101	54	53	120	30	30	375	281	33	32
Financing & Securities Services	98	124	(21)	(22)	85	15	9	291	288	1	(1)
DVA	(1)	(22)	95	95	(1)	–	50	(2)	82	(102)	(102)
Lending & Portfolio Management	268	217	24	23	243	10	12	734	638	15	13
Wealth Management	1	–	nm ⁷	nm ⁷	–	nm ⁷	nm ⁷	1	–	nm ⁷	nm ⁷
Retail Products	–	–	nm ⁷	nm ⁷	–	nm ⁷	nm ⁷	–	1	(100)	(100)
Deposits	1	–	nm ⁷	nm ⁷	–	nm ⁷	nm ⁷	1	1	–	(100)
Other	17	–	nm ⁷	nm ⁷	3	nm ⁷	nm ⁷	16	(10)	nm ⁷	nm ⁷
Operating expenses	(1,304)	(1,281)	(2)	–	(1,294)	(1)	(1)	(3,886)	(3,665)	(6)	(4)
Operating profit before impairment losses and taxation	922	763	21	22	837	10	10	2,632	3,034	(13)	(13)
Credit impairment	(24)	(230)	90	90	108	(122)	(121)	112	(1,337)	108	108
Other impairment	(30)	(12)	(150)	(164)	(9)	nm	(190)	(55)	103	(153)	(153)
Underlying profit before taxation	868	521	67	70	936	(7)	(7)	2,689	1,800	49	51
Restructuring	(32)	(18)	(78)	(68)	(39)	18	20	(70)	(92)	24	24
Statutory profit before taxation	836	503	66	70	897	(7)	(6)	2,619	1,708	53	56
Total assets	390,837	371,535	5	5	387,689	1	1	390,837	371,535	5	5
Of which: loans and advances to customers ⁴	197,121	194,368	1	1	197,732	–	–	197,121	194,368	1	1
Total liabilities	468,431	447,304	5	5	452,449	4	4	468,431	447,304	5	5
Of which: customer accounts ⁴	320,516	297,051	8	8	307,619	4	5	320,516	297,051	8	8
Risk-weighted assets	162,016	168,907	(4)	nm ⁷	174,613	(7)	nm ⁷	162,016	168,907	(4)	nm ⁷
Underlying return on risk-weighted assets (%) ⁵	2.0	12	80bps	nm ⁷	2.2	(20)bps	nm ⁷	2.1	1.4	70bps	nm ⁷
Underlying return on tangible equity (%) ⁵	10.6	6.1	450bps	nm ⁷	11.2	(60)bps	nm ⁷	11.0	7.1	390bps	nm ⁷
Cost-to-income ratio (%) ⁶	58.6	62.7	4.1	4.7	60.7	2.1	2.1	59.6	54.7	(4.9)	(4.2)

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior periods have been restated

2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

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

6 Change is the percentage points difference between the two periods rather than the percentage change

7 Not meaningful

Supplementary financial information continued

Performance highlights

- Underlying profit before tax of \$868 million was up 67 per cent driven by lower credit impairment and an improvement in income, which included a \$94 million benefit in the quarter relating to a IFRS9 interest income catch-up adjustment, partially offset by higher expenses
- Underlying operating income of \$2,226 million increased 9 per cent and was up 3 per cent excluding both DVA and the IFRS9 interest income catch-up adjustment, both primarily in Financial Markets, mainly due to an increase in Lending and Trade income as global demand continues to recover from COVID-19 related impacts
- Loans and advances to customers were flat since 30 June 2021
- Risk-weighted assets down \$13 billion since 30 June 2021 mainly as a result of decreased credit risk RWA, with asset growth more than offset by reductions from lower RWA density, improvements in asset quality including actions concerning specific stage 3 exposures and FX
- Return on tangible equity (RoTE) increased to 10.6 per cent from 6.1 per cent

Supplementary financial information continued

Consumer, Private & Business Banking¹

	3Q'21 \$million	3Q'20 \$million	Change ³ %	Constant currency change ^{2,3} %	2Q'21 \$million	Change ³ %	Constant currency change ^{2,3} %	YTD'21 \$million	YTD'20 \$million	Change ³ %	Constant currency change ^{2,3} %
Operating income	1,430	1,462	(2)	(3)	1,438	(1)	-	4,399	4,371	1	(1)
Transaction Banking	20	23	(13)	(9)	22	(9)	-	63	71	(11)	(13)
Trade	12	11	9	9	13	(8)	(8)	37	31	19	16
Cash Management	8	12	(33)	(25)	9	(11)	13	26	40	(35)	(35)
Lending & Portfolio Management	10	9	11	-	10	-	-	30	28	7	3
Wealth Management	558	572	(2)	(3)	554	1	1	1,758	1,548	14	12
Retail Products	828	859	(4)	(5)	846	(2)	(1)	2,523	2,717	(7)	(9)
CCPL & other unsecured lending	316	309	2	1	320	(1)	-	956	908	5	3
Deposits	204	301	(32)	(32)	209	(2)	(1)	646	1,185	(45)	(46)
Mortgage & Auto	260	211	23	21	268	(3)	(1)	775	516	50	45
Other Retail Products	48	38	26	21	49	(2)	(6)	146	108	35	33
Other	14	(1)	nm ⁷	nm ⁷	6	133	133	25	7	nm ⁷	nm ⁷
Operating expenses	(1,097)	(1,039)	(6)	(4)	(1,093)	-	(1)	(3,195)	(3,080)	(4)	(1)
Operating profit before impairment losses and taxation	333	423	(21)	(21)	345	(3)	(2)	1,204	1,291	(7)	(7)
Credit impairment	(74)	(126)	41	41	(46)	(61)	(57)	(167)	(576)	71	72
Other impairment	-	-	nm ⁷	nm ⁷	-	nm ⁷	nm ⁷	-	(1)	100	100
Underlying profit before taxation	259	297	(13)	(13)	299	(13)	(12)	1,037	714	45	46
Restructuring	(10)	(12)	17	-	(13)	23	8	(32)	(18)	(78)	(94)
Statutory profit before taxation	249	285	(13)	(13)	286	(13)	(12)	1,005	696	44	45
Total assets	138,546	124,901	11	11	137,452	1	2	138,546	124,901	11	11
Of which: loans and advances to customers ⁴	135,375	122,356	11	11	134,291	1	2	135,375	122,356	11	11
Total liabilities	180,188	171,919	5	5	179,967	-	1	180,188	171,919	5	5
Of which: customer accounts ⁴	175,999	168,300	5	4	175,556	-	1	175,999	168,300	5	4
Risk-weighted assets	52,587	51,096	3	nm ⁷	56,164	(6)	nm ⁷	52,587	51,096	3	nm ⁷
Underlying return on risk-weighted assets (%) ⁵	1.9	2.3	(40)bps	nm ⁷	2.1	(20)bps	nm ⁷	2.5	1.9	60bps	nm ⁷
Underlying return on tangible equity (%) ⁵	9.9	11.5	(160)bps	nm ⁷	11.0	(110)bps	nm ⁷	13.0	9.3	370bps	nm ⁷
Cost-to-income ratio (%) ⁶	76.7	71.1	(5.6)	(5.4)	76.0	(0.7)	(0.7)	72.6	70.5	(2.1)	(1.8)

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior periods have been restated

2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

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

6 Change is the percentage points difference between the two periods rather than the percentage change

7 Not meaningful

Performance highlights

- Underlying profit before tax of \$259 million was down 13 per cent driven by lower income and higher expenses, partially offset by lower credit impairment, but was up 6 per cent excluding a \$53 million accelerated recognition of an annual Bancassurance bonus in 3Q'20
- Underlying operating income of \$1,430 million was down 2 per cent, mainly due to the impact of lower interest rates on Retail Deposits, offset by the continued strong performance in Mortgage & Auto income in Asia, but was up 1 per cent excluding a \$53 million accelerated recognition of an annual Bancassurance bonus in 3Q'20
- Loans and advances to customers increased 1 per cent (up 2 per cent on a constant currency basis) since 30 June 2021
- Return on tangible equity (RoTE) decreased from 11.5 per cent to 9.9 per cent

Supplementary financial information continued

Central & other items (segment)

	3Q'21 \$million	3Q'20 \$million	Change ² %	Constant currency change ¹² %	2Q'21 \$million	Change ² %	Constant currency change ¹² %	YTD'21 \$million	YTD'20 \$million	Change ² %	Constant currency change ¹² %
Operating income	109	13	nm ⁶	nm ⁶	120	(9)	(3)	466	496	(6)	(7)
Treasury	149	40	nm ⁶	nm ⁶	137	9	9	543	543	-	(1)
Other	(40)	(27)	(48)	(6)	(17)	(135)	(71)	(77)	(47)	(64)	(69)
Operating expenses	(193)	(160)	(21)	(15)	(211)	9	4	(605)	(448)	(35)	(20)
Operating profit/(loss) before impairment losses and taxation	(84)	(147)	43	49	(91)	8	5	(139)	48	nm ⁶	nm ⁶
Credit impairment	(9)	3	nm ⁶	nm ⁶	5	nm ⁶	nm ⁶	(5)	(7)	29	-
Other impairment	(5)	(3)	(67)	(100)	-	nm ⁶	nm ⁶	(5)	(5)	-	-
Profit from associates and joint ventures	46	74	(38)	(38)	87	(47)	(47)	180	150	20	21
Underlying profit/(loss) before taxation	(52)	(73)	29	43	1	nm ⁶	nm ⁶	31	186	(83)	(78)
Restructuring	(57)	(14)	nm ⁶	nm ⁶	(38)	(50)	(50)	(120)	(24)	nm ⁶	nm ⁶
Goodwill impairment	-	(231)	100	100	-	nm ⁶	nm ⁶	-	(489)	100	100
Other items	20	(35)	157	157	-	nm ⁶	nm ⁶	20	(15)	nm ⁶	nm ⁶
Statutory profit/(loss) before taxation	(89)	(353)	75	76	(37)	(141)	(156)	(69)	(342)	80	82
Total assets	287,719	257,993	12	12	270,769	6	7	287,719	257,993	12	12
Of which: loans and advances to customers ³	31,272	19,087	64	63	23,153	35	37	31,272	19,087	64	63
Total liabilities	115,148	84,636	36	36	110,637	4	4	115,148	84,636	36	36
Of which: customer accounts ³	16,477	6,694	146	146	8,417	96	97	16,477	6,694	146	146
Risk-weighted assets	52,952	46,661	13	nm ⁶	49,450	7	nm ⁶	52,952	46,661	13	nm ⁶
Underlying return on risk-weighted assets (%) ⁴	(0.4)	(0.6)	20bps	nm ⁶	-	(40)bps	nm ⁶	0.1	0.5	(40)bps	nm ⁶
Underlying return on tangible equity (%) ⁴	(6.7)	(9.3)	260bps	nm ⁶	(9.3)	260bps	nm ⁶	(4.7)	(5.0)	30bps	nm ⁶
Cost-to-income ratio (%) (excluding UK bank levy) ⁵	177.1	nm ⁶	nm ⁶	nm ⁶	170.8	(6.3)	(2.8)	128.5	90.3	(38.2)	(29.2)

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

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

5 Change is the percentage points difference between the two periods rather than the percentage change

6 Not meaningful

Performance highlights

- Underlying loss before tax of \$52 million compared to 3Q'20 loss of \$73 million primarily due to increased Treasury income partly offset by lower Associates profit share as well as increased expenses and impairment
- Expenses increased 21 per cent with an increase in performance-related pay accruals
- Profit from associates and joint ventures, was down 38 per cent to \$46 million primarily reflecting the reduction in the Group's reduced shareholding in China Bohai Bank from 19.99 per cent to 16.26 per cent

Supplementary financial information continued

Underlying performance by region

	3Q'21				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,629	657	514	(35)	3,765
Operating expenses	(1,661)	(401)	(350)	(182)	(2,594)
Operating profit/(loss) before impairment losses and taxation	968	256	164	(217)	1,171
Credit impairment	(84)	(33)	11	(1)	(107)
Other impairment	(2)	(1)	(14)	(18)	(35)
Profit from associates and joint ventures	45	–	–	1	46
Underlying profit/(loss) before taxation	927	222	161	(235)	1,075
Restructuring	(36)	(7)	(27)	(29)	(99)
Goodwill impairment	–	–	–	–	–
Other items	–	–	–	20	20
Statutory profit/(loss) before taxation	891	215	134	(244)	996
Total assets	475,407	56,609	275,427	9,659	817,102
Of which: loans and advances to customers	263,296	28,415	72,057	–	363,768
loans and advances to customers	246,226	25,914	30,353	–	302,493
loans held at fair value through profit or loss (FVTPL)	17,070	2,501	41,704	–	61,275
Total liabilities	428,911	40,276	228,363	66,217	763,767
Of which: customer accounts ²	343,425	33,307	136,260	–	512,992
Risk-weighted assets	172,205	49,040	48,476	(2,166)	267,555
Cost-to-income ratio (%)	63.2	61.0	68.1	nm ³	68.9

	3Q'20				
	Asia ¹ \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,505	590	423	1	3,519
Operating expenses	(1,601)	(426)	(360)	(93)	(2,480)
Operating profit/(loss) before impairment losses and taxation	904	164	63	(92)	1,039
Credit impairment	(157)	(154)	(37)	(5)	(353)
Other impairment	–	1	11	(27)	(15)
Profit from associates and joint ventures	74	–	–	–	74
Underlying profit/(loss) before taxation	821	11	37	(124)	745
Restructuring	(22)	(11)	(8)	(3)	(44)
Goodwill impairment	–	–	–	(231)	(231)
Other items	(35)	–	–	–	(35)
Statutory profit/(loss) before taxation	764	–	29	(358)	435
Total assets	449,081	61,472	233,772	10,104	754,429
Of which: loans and advances to customers	237,138	31,408	67,265	–	335,811
loans and advances to customers	224,338	29,567	27,475	–	281,380
loans held at fair value through profit or loss (FVTPL)	12,800	1,841	39,790	–	54,431
Total liabilities	397,411	40,275	225,332	40,841	703,859
Of which: customer accounts ²	316,667	32,630	122,748	–	472,045
Risk-weighted assets	172,986	52,524	43,818	(2,664)	266,664
Cost-to-income ratio (%)	63.9	72.2	85.1	nm ³	70.5

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

2 Customer accounts includes FVTPL and repurchase agreements

3 Not meaningful

Supplementary financial information continued

Asia¹

	3Q'21 \$million	3Q'20 \$million	Change ³ %	Constant currency change ^{2,3} %	2Q'21 \$million	Change ³ %	Constant currency change ^{2,3} %	YTD'21 \$million	YTD'20 \$million	Change ³ %	Constant currency change ^{2,3} %
Operating income	2,629	2,505	5	4	2,646	(1)	–	8,092	8,025	1	(1)
Operating expenses	(1,661)	(1,601)	(4)	(2)	(1,726)	4	3	(4,959)	(4,628)	(7)	(4)
Operating profit before impairment losses and taxation	968	904	7	7	920	5	6	3,133	3,397	(8)	(9)
Credit impairment	(84)	(157)	46	46	11	nm ⁶	nm ⁶	(131)	(1,284)	90	90
Other impairment	(2)	–	nm ⁶	nm ⁶	(15)	87	88	(17)	150	(111)	(111)
Profit from associates and joint ventures	45	74	(39)	(39)	89	(49)	(48)	181	148	22	22
Underlying profit before taxation	927	821	13	13	1,005	(8)	(7)	3,166	2,411	31	30
Restructuring	(36)	(22)	(64)	(48)	(22)	(64)	(48)	(63)	(72)	13	15
Other items	–	(35)	100	100	–	nm ⁶	nm ⁶	–	(35)	100	100
Statutory profit before taxation	891	764	17	17	983	(9)	(8)	3,103	2,304	35	34
Total assets	475,407	449,081	6	6	467,933	2	3	475,407	449,081	6	6
Of which: loans and advances to customers ⁴	263,296	237,138	11	11	255,630	3	4	263,296	237,138	11	11
Total liabilities	428,911	397,411	8	8	418,583	2	3	428,911	397,411	8	8
Of which: customer accounts ⁴	343,425	316,667	8	8	334,639	3	4	343,425	316,667	8	8
Risk-weighted assets	172,205	172,986	–	nm ⁶	182,172	(5)	nm ⁶	172,205	172,986	–	nm ⁶
Cost-to-income ratio (%) ⁵	63.2	63.9	0.7	1.1	65.2	2.0	2.1	61.3	57.7	(3.6)	(3.3)

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior periods have been restated

2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

5 Change is the percentage points difference between the two periods rather than the percentage change

6 Not meaningful

Performance highlights

- Underlying profit before tax of \$927 million was up 13 per cent as significantly lower credit impairment and higher income more than offset the higher expenses
- Underlying operating income of \$2,629 million was up 5 per cent, with the benefit from the IFRS9 interest income catch-up broadly offset by the non-repeat of the accelerated recognition of an annual Bancassurance bonus in 3Q'20.
- Loans and advances to customers were up 3 per cent since 30 June 2021, driven by growth in Trade in Hong Kong and Korea, Lending in Hong Kong and Mortgages in Korea, Hong Kong, and Singapore
- Risk-weighted assets were down \$10 billion since 30 June 2021, mainly from Korea and India driven by model changes and improvements in asset quality following client repayments

Supplementary financial information continued

Africa & Middle East

	3Q'21 \$million	3Q'20 \$million	Change ² %	Constant currency change ¹² %	2Q'21 \$million	Change ² %	Constant currency change ¹² %	YTD'21 \$million	YTD'20 \$million	Change ² %	Constant currency change ¹² %
Operating income	657	590	11	12	660	–	–	1,907	1,845	3	4
Operating expenses	(401)	(426)	6	7	(422)	5	4	(1,216)	(1,219)	–	1
Operating profit before impairment losses and taxation	256	164	56	65	238	8	7	691	626	10	15
Credit impairment	(33)	(154)	79	81	47	(170)	(167)	7	(524)	101	102
Other impairment	(1)	1	(200)	(200)	–	nm ⁵	nm ⁵	(1)	(1)	–	–
Underlying profit before taxation	222	11	nm ⁵	nm ⁵	285	(22.1)	(21)	697	101	nm ⁵	nm ⁵
Restructuring	(7)	(11)	36	11	(2)	nm	(167)	(10)	(20)	50	44
Statutory profit before taxation	215	–	nm ⁵	nm ⁵	283	(2.1)	(0.9)	687	81	nm	nm
Total assets	56,609	61,472	(8)	(8)	57,797	(2)	(1)	56,609	61,472	(8)	(8)
Of which: loans and advances to customers ³	28,415	31,408	(10)	(10)	29,825	(5)	(4)	28,415	31,408	(10)	(10)
Total liabilities	40,276	40,275	–	–	39,464	2	3	40,276	40,275	–	–
Of which: customer accounts ³	33,307	32,630	2	2	32,847	1	3	33,307	32,630	2	2
Risk-weighted assets	49,040	52,524	(7)	nm ⁵	52,596	(7)	nm ⁵	49,040	52,524	(7)	nm ⁵
Cost-to-income ratio (%) ⁴	61.0	72.2	11.2	12.5	63.9	2.9	2.6	63.8	66.1	2.3	3.3

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

4 Change is the percentage points difference between the two periods rather than the percentage change

5 Not meaningful

Performance highlights

- Underlying profit before tax of \$222 million was significantly higher driven by reduced credit impairment, higher income, and lower expenses
- Underlying operating income of \$657 million was 11 per cent higher and was up 5 per cent on a constant currency basis excluding the \$41 million benefit in the quarter relating to the IFRS9 interest income catch-up adjustment, mainly due to growth in Financial Markets and Wealth Management
- Loans and advances to customers were down 5 per cent, while customer accounts were up 1 per cent since 30 June 2021
- Risk-weighted assets were down \$4 billion since 30 June 2021

Supplementary financial information continued

Europe & Americas

	3Q'21 \$million	3Q'20 \$million	Change ² %	Constant currency change ¹² %	2Q'21 \$million	Change ² %	Constant currency change ¹² %	YTD'21 \$million	YTD'20 \$million	Change ² %	Constant currency change ¹² %
Operating income	514	423	22	21	443	16	17	1,507	1,518	(1)	(2)
Operating expenses	(350)	(360)	3	4	(359)	3	2	(1,075)	(1,021)	(5)	(3)
Operating profit before impairment losses and taxation	164	63	160	165	84	95	95	432	497	(13)	(12)
Credit impairment	11	(37)	130	126	15	(27)	(29)	73	(117)	162	161
Other impairment	(14)	11	nm ⁵	nm ⁵	5	nm ⁵	nm ⁵	(7)	13	(154)	(154)
Underlying profit before taxation	161	37	nm ⁵	nm ⁵	104	55	54	498	393	27	29
Restructuring	(27)	(8)	nm ⁵	nm ⁵	(1)	nm ⁵	nm ⁵	(47)	(18)	(161)	(161)
Statutory profit before taxation	134	29	nm ⁵	nm ⁵	103	30	27	451	375	20	23
Total assets	275,427	233,772	18	18	261,041	6	6	275,427	233,772	18	18
Of which: loans and advances to customers ³	72,057	67,265	7	7	69,721	3	4	72,057	67,265	7	7
Total liabilities	228,363	225,332	1	1	213,713	7	7	228,363	225,332	1	1
Of which: customer accounts ³	136,260	122,748	11	11	124,106	10	10	136,260	122,748	11	11
Risk-weighted assets	48,476	43,818	11	nm ⁵	48,556	–	nm ⁵	48,476	43,818	11	nm ⁵
Cost-to-income ratio (%) ⁴	68.1	85.1	17.0	17.3	81.0	12.9	12.8	71.3	67.3	(4.0)	(3.3)

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

4 Change is the percentage points difference between the two periods rather than the percentage change

5 Not meaningful

Performance highlights

- Underlying profit before tax quadrupled to \$161 million, driven by higher income, lower expenses, and lower impairment
- Underlying operating income of \$514 million was up 22 per cent driven by increased Financial Markets income and Trade as global trade activity continues to improve from the peak of the pandemic
- Loans and advances to customers grew 3 per cent since 30 June 2021, while customer accounts grew 10 per cent

Supplementary financial information continued

Central & other items (region)

	3Q'21 \$million	3Q'20 \$million	Change ² %	Constant currency change ¹² %	2Q'21 \$million	Change ² %	Constant currency change ¹² %	YTD'21 \$million	YTD'20 \$million	Change ² %	Constant currency change ¹² %
Operating income	(35)	1	nm ⁴	nm ⁴	(60)	42	46	(123)	178	(169)	(169)
Operating expenses	(182)	(93)	(96)	(71)	(91)	(100)	(111)	(436)	(325)	(34)	(12)
Operating loss before impairment losses and taxation	(217)	(92)	(136)	(103)	(151)	(44)	(47)	(559)	(147)	nm ⁴	(162)
Credit impairment	(1)	(5)	80	100	(6)	83	100	(9)	5	nm ⁴	nm ⁴
Other impairment	(18)	(27)	33	36	1	nm ⁴	nm ⁴	(35)	(65)	46	46
Profit from associates and joint ventures	1	-	nm ⁴	200	(2)	150	200	(1)	2	(150)	(200)
Underlying loss before taxation	(235)	(124)	(90)	(66)	(158)	(49)	(52)	(604)	(205)	(195)	(121)
Restructuring	(29)	(3)	nm	nm	(65)	55	53	(102)	(24)	nm ⁴	nm ⁴
Goodwill impairment	-	(231)	100	100	-	nm ⁴	nm ⁴	-	(489)	100	100
Other items	20	-	nm ⁴	nm ⁴	-	nm ⁴	nm ⁴	20	20	-	-
Statutory loss before taxation	(244)	(358)	32	35	(223)	(9)	(12)	(686)	(698)	2	10
Total assets	9,659	10,104	(4)	(4)	9,139	6	6	9,659	10,104	(4)	(4)
Total liabilities	66,217	40,841	62	62	71,293	(7)	(7)	66,217	40,841	62	62
Risk-weighted assets	(2,166)	(2,664)	19	nm ⁴	(3,097)	30	nm ⁴	(2,166)	(2,664)	19	nm ⁴
Cost-to-income ratio (%) (excluding UK bank levy) ³	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴	nm ⁴

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)

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

4 Not meaningful

Performance highlights

- Underlying loss before tax of \$235 million compared to 3Q'20 loss of \$124 million, with income declining \$36 million due to lower returns paid to Treasury on the equity provided to the regions in a lower interest rate environment and increased expenses reflecting an increase in performance-related pay accruals and an increase in investment spend in digital ventures

Supplementary financial information continued

Underlying performance by key market

	3Q'21								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	846	270	271	435	392	51	144	190	214
Operating expenses	(507)	(173)	(184)	(264)	(186)	(44)	(90)	(163)	(126)
Operating profit before impairment losses and taxation	339	97	87	171	206	7	54	27	88
Credit impairment	(4)	(15)	(4)	21	(20)	(1)	1	11	3
Other impairment	-	-	-	(1)	-	-	-	22	-
Profit from associates and joint ventures	-	-	46	-	-	-	-	(1)	-
Underlying profit before taxation	335	82	129	191	186	6	55	59	91
Total assets employed	177,271	65,976	36,182	92,456	29,200	4,947	18,896	185,498	75,029
Of which: loans and advances to customers ¹	88,452	45,993	17,698	57,575	16,234	2,038	9,373	49,901	17,478
Total liabilities employed	167,434	57,062	33,501	90,726	21,144	3,794	14,462	138,547	76,600
Of which: customer accounts ¹	138,644	44,687	25,566	69,508	15,597	2,583	11,542	84,562	43,502
Cost-to-income ratio (%)	59.9	64.1	67.9	60.7	47.4	86.3	62.5	85.8	58.9

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

	2Q'21								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	895	296	268	361	301	47	139	187	197
Operating expenses	(495)	(202)	(192)	(285)	(181)	(48)	(87)	(166)	(140)
Operating profit/(loss) before impairment losses and taxation	400	94	76	76	120	(1)	52	21	57
Credit impairment	(16)	(5)	(23)	34	53	5	30	(8)	(1)
Other impairment	(16)	-	-	-	-	-	-	28	-
Profit from associates and joint ventures	-	-	88	-	-	-	-	-	-
Underlying profit before taxation	368	89	141	110	173	4	82	41	56
Total assets employed	172,431	66,476	39,738	88,779	28,882	4,877	18,961	180,913	64,471
Of which: loans and advances to customers ¹	86,230	43,537	18,499	56,440	14,611	2,058	9,998	48,283	16,733
Total liabilities employed	162,983	57,206	34,658	86,302	20,674	3,567	13,856	130,551	69,891
Of which: customer accounts ¹	133,956	45,637	25,635	66,750	14,819	2,523	11,012	76,725	39,189
Cost-to-income ratio (%)	55.3	68.2	71.6	78.9	60.1	102.1	62.6	88.8	71.1

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

Supplementary financial information continued

	3Q'20								
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	842	243	231	380	287	59	137	203	174
Operating expenses	(483)	(183)	(163)	(241)	(174)	(39)	(103)	(184)	(135)
Operating profit before impairment losses and taxation	359	60	68	139	113	20	34	19	39
Credit impairment	(27)	(8)	1	(12)	(18)	(11)	(73)	(46)	11
Other impairment	-	-	-	-	-	-	-	12	-
Profit from associates and joint ventures	-	-	74	-	-	-	-	-	-
Underlying profit/(loss) before taxation	332	52	143	127	95	9	(39)	(15)	50
Total assets employed	167,971	60,223	36,614	84,548	28,139	5,081	21,940	157,167	62,079
Of which: loans and advances to customers ¹	81,175	38,908	16,562	51,674	15,348	2,394	11,074	43,804	19,699
Total liabilities employed	157,611	52,560	30,394	81,822	19,629	3,449	14,224	150,049	64,411
Of which: customer accounts ¹	128,328	40,715	23,727	62,976	14,860	2,513	11,488	79,203	37,350
Cost-to-income ratio (%)	57.4	75.3	70.6	63.4	60.6	66.1	75.2	90.6	77.6

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

Quarterly underlying operating income by product

	3Q'21 \$million	2Q'21 \$million	1Q'21 \$million	4Q'20 \$million	3Q'20 \$million	2Q'20 \$million	1Q'20 \$million	4Q'19 \$million
Transaction Banking	645	637	643	652	665	721	800	834
Trade	300	291	277	249	255	230	260	259
Cash Management	345	346	366	403	410	491	540	575
Financial Markets	1,315	1,270	1,320	957	1,185	1,230	1,540	1,038
Macro Trading	540	571	672	435	518	754	825	458
Credit Markets	522	495	441	414	464	476	267	376
Credit Trading	144	102	131	119	129	181	(25)	83
Financing Solutions & Issuance	378	393	310	295	335	295	292	293
Structured Finance	156	120	99	101	101	88	92	160
Financing & Securities Services	98	85	108	76	124	113	51	116
DVA	(1)	(1)	-	(69)	(22)	(201)	305	(72)
Lending & Portfolio Management	278	253	233	218	226	235	205	207
Wealth Management	559	554	646	442	572	440	536	415
Retail Products	828	846	849	848	859	913	946	960
CCPL & other unsecured lending	316	320	320	303	309	295	304	311
Deposits	205	209	233	271	301	413	472	484
Mortgage & Auto	260	268	247	234	211	169	136	130
Other Retail Products	47	49	49	40	38	36	34	35
Treasury	149	137	257	92	40	178	325	196
Other	(9)	(8)	(19)	(10)	(28)	3	(25)	(53)
Total underlying operating income	3,765	3,689	3,929	3,199	3,519	3,720	4,327	3,597

Supplementary financial information continued

Earnings per ordinary share

	3Q'21 \$million	3Q'20 \$million	Change %	2Q'21 \$million	Change %	YTD'21 \$million	YTD'20 \$million	Change %
Profit/(loss) for the period attributable to equity holders	767	161	nm ¹	829	(7)	2,695	1,227	120
Non-controlling interest	(4)	(7)	43	(6)	33	(18)	(25)	28
Dividend payable on preference shares and AT1 classified as equity	(119)	(31)	nm ¹	(132)	10	(315)	(263)	(20)
Profit/(loss) for the period attributable to ordinary shareholders	644	123	nm ¹	691	(7)	2,362	939	152
Items normalised:								
Provision for regulatory matters	–	–	nm ¹	–	nm ¹	–	(14)	nm ¹
Restructuring	99	44	125	90	10	222	134	66
Goodwill impairment	–	231	nm ¹	–	nm ¹	–	489	nm ¹
Net (gain)/loss on sale of businesses	(20)	35	nm ¹	–	nm ¹	(20)	29	nm ¹
Tax on normalised items	(7)	(5)	(40)	(8)	13	(22)	(11)	(100)
Underlying profit/(loss)	716	428	67	773	(7)	2,542	1,566	62
Basic – Weighted average number of shares (millions)	3,105	3,151	nm ¹	3,121	nm ¹	3,124	3,162	nm ¹
Diluted – Weighted average number of shares (millions)	3,152	3,192	nm ¹	3,169	nm ¹	3,174	3,200	nm ¹
Basic earnings per ordinary share (cents)²	20.7	3.9	16.8	22.1	(1.4)	75.6	29.7	45.9
Diluted earnings per ordinary share (cents)²	20.4	3.9	16.5	21.8	(1.4)	74.4	29.3	45.1
Underlying basic earnings per ordinary share (cents)²	23.1	13.6	9.5	24.8	(1.7)	81.4	49.5	31.9
Underlying diluted earnings per ordinary share (cents)²	22.7	13.4	9.3	24.4	(1.7)	80.1	48.9	31.2

1 Not meaningful

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

Supplementary financial information continued

Return on tangible equity (RoTE)

	3Q'21 \$million	3Q'20 \$million	Change %	2Q'21 \$million	Change %	YTD'21 \$million	YTD'20 \$million	Change %
Average parent company Shareholders' Equity	46,709	45,400	3	46,460	–	46,399	44,845	3
Less Preference share premium	(1,494)	(1,494)	–	(1,494)	–	(1,494)	(1,494)	–
Less Average intangible assets	(5,267)	(4,972)	–	(5,129)	(3)	(5,155)	(5,008)	(3)
Average Ordinary Shareholders' Tangible Equity	39,948	38,934	3	39,837	–	39,750	38,343	4
Profit/(loss) for the period attributable to equity holders	767	161	nm¹	829	(7)	2,695	1,227	120
Non-controlling interests	(4)	(7)	43	(6)	33	(18)	(25)	28
Dividend payable on preference shares and AT1 classified as equity	(119)	(31)	nm ¹	(132)	10	(315)	(263)	(20)
Profit/(loss) for the period attributable to ordinary shareholders	644	123	nm¹	691	(7)	2,362	939	152
Items normalised:								
Provision for regulatory matters	–	–	nm ¹	–	nm ¹	–	(14)	nm ¹
Restructuring	99	44	125	90	10	222	134	66
Goodwill Impairment	–	231	nm ¹	–	nm ¹	–	489	nm ¹
Net (gain)/loss on sale of businesses	(20)	35	nm ¹	–	nm ¹	(20)	29	nm ¹
Tax on normalised items	(7)	(5)	(40)	(8)	13	(22)	(11)	(100)
Underlying profit for the period attributable to ordinary shareholders	716	428	67	773	(7)	2,542	1,566	62
Underlying Return on Tangible Equity	7.1%	4.4%	270bps	7.8%	(70)bps	8.6%	5.5%	310bps
Statutory Return on Tangible Equity	6.4%	1.3%	510bps	7.0%	(60)bps	7.9%	3.3%	460bps

1 Not meaningful

Net tangible asset value per share

	30.09.21 \$million	30.09.20 \$million	Change %	30.06.21 \$million	Change %	31.12.20 \$million	Change %
Parent company shareholders equity	46,666	45,743	2	46,752	–	45,886	2
Less Preference share premium	(1,494)	(1,494)	–	(1,494)	–	(1,494)	–
Less Intangible assets	(5,347)	(4,916)	(9)	(5,187)	(3)	(5,063)	(6)
Net shareholders tangible equity	39,825	39,333	1	40,071	(1)	39,329	1
Ordinary shares in issue, excluding own shares (millions)	3,078	3,149	(2)	3,119	(1)	3,150	(2)
Net Tangible Asset Value per share (cents)¹	1,294	1,249	45	1,285	9	1,249	45

1 Change is cents difference between the two periods rather than percentage change

Underlying versus statutory results reconciliations

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

Operating income by client segment

	3Q'21			
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Total \$million
Underlying operating income	2,226	1,430	109	3,765
Restructuring	(12)	–	(9)	(21)
Other items	–	–	20	20
Statutory operating income	2,214	1,430	120	3,764

	3Q'20			
	Corporate, Commercial & Institutional Banking ¹ \$million	Consumer, Private & Business Banking ¹ \$million	Central & other items \$million	Total \$million
Underlying operating income	2,044	1,462	13	3,519
Restructuring	21	–	1	22
Other items	–	–	(35)	(35)
Statutory operating income	2,065	1,462	(21)	3,506

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Operating income by region

	3Q'21				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Underlying operating income	2,629	657	514	(35)	3,765
Restructuring	–	–	–	(21)	(21)
Other items	–	–	–	20	20
Statutory operating income	2,629	657	514	(36)	3,764

	3Q'20				
	Asia ¹ \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Underlying operating income	2,505	590	423	1	3,519
Restructuring	19	3	–	–	22
Other items	(35)	–	–	–	(35)
Statutory operating income	2,489	593	423	1	3,506

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Underlying versus statutory results reconciliations continued

Profit before taxation

3Q'21						
	Underlying \$million	Provision for regulatory matters \$million	Restructuring \$million	Goodwill impairment \$million	Net gain on businesses disposed/ held for sale \$million	Statutory \$million
Operating income	3,765	–	(21)	–	20	3,764
Operating expenses	(2,594)	–	(53)	–	–	(2,647)
Operating profit/(loss) before impairment losses and taxation	1,171	–	(74)	–	20	1,117
Credit impairment	(107)	–	(1)	–	–	(108)
Other impairment	(35)	–	(24)	–	–	(59)
Profit from associates and joint ventures	46	–	–	–	–	46
Profit/(loss) before taxation	1,075	–	(99)	–	20	996

3Q'20						
	Underlying \$million	Provision for regulatory matters \$million	Restructuring \$million	Goodwill impairment \$million	Net loss on businesses disposed/ held for sale \$million	Statutory \$million
Operating income	3,519	–	22	–	(35)	3,506
Operating expenses	(2,480)	–	(35)	–	–	(2,515)
Operating profit/(loss) before impairment losses and taxation	1,039	–	(13)	–	(35)	991
Credit impairment	(353)	–	(5)	–	–	(358)
Other impairment	(15)	–	(18)	(231)	–	(264)
Profit from associates and joint ventures	74	–	(8)	–	–	66
Profit/(loss) before taxation	745	–	(44)	(231)	(35)	435

Underlying versus statutory results reconciliations continued

Profit before taxation by client segment

	3Q'21			
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Total \$million
Operating income	2,226	1,430	109	3,765
External	2,115	1,348	302	3,765
Inter-segment	111	82	(193)	–
Operating expenses	(1,304)	(1,097)	(193)	(2,594)
Operating profit/(loss) before impairment losses and taxation	922	333	(84)	1,171
Credit impairment	(24)	(74)	(9)	(107)
Other impairment	(30)	–	(5)	(35)
Profit from associates and joint ventures	–	–	46	46
Underlying profit/(loss) before taxation	868	259	(52)	1,075
Restructuring	(32)	(10)	(57)	(99)
Goodwill impairment	–	–	–	–
Other items	–	–	20	20
Statutory profit/(loss) before taxation	836	249	(89)	996

	3Q'20			
	Corporate, Commercial & Institutional Banking ¹ \$million	Consumer, Private & Business Banking ¹ \$million	Central & other items \$million	Total \$million
Operating income	2,044	1,462	13	3,519
External	1,975	1,266	278	3,519
Inter-segment	69	196	(265)	–
Operating expenses	(1,281)	(1,039)	(160)	(2,480)
Operating profit/(loss) before impairment losses and taxation	763	423	(147)	1,039
Credit impairment	(230)	(126)	3	(353)
Other impairment	(12)	–	(3)	(15)
Profit from associates and joint ventures	–	–	74	74
Underlying profit/(loss) before taxation	521	297	(73)	745
Restructuring	(18)	(12)	(14)	(44)
Goodwill impairment	–	–	(231)	(231)
Other items	–	–	(35)	(35)
Statutory profit/(loss) before taxation	503	285	(353)	435

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Underlying versus statutory results reconciliations continued

Profit before taxation by region

	3Q'21				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,629	657	514	(35)	3,765
Operating expenses	(1,661)	(401)	(350)	(182)	(2,594)
Operating profit/(loss) before impairment losses and taxation	968	256	164	(217)	1,171
Credit impairment	(84)	(33)	11	(1)	(107)
Other impairment	(2)	(1)	(14)	(18)	(35)
Profit from associates and joint ventures	45	–	–	1	46
Underlying profit/(loss) before taxation	927	222	161	(235)	1,075
Restructuring	(36)	(7)	(27)	(29)	(99)
Goodwill impairment	–	–	–	–	–
Other items	–	–	–	20	20
Statutory profit/(loss) before taxation	891	215	134	(244)	996

	3Q'20				
	Asia ¹ \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,505	590	423	1	3,519
Operating expenses	(1,601)	(426)	(360)	(93)	(2,480)
Operating profit/(loss) before impairment losses and taxation	904	164	63	(92)	1,039
Credit impairment	(157)	(154)	(37)	(5)	(353)
Other impairment	–	1	11	(27)	(15)
Profit from associates and joint ventures	74	–	–	–	74
Underlying profit/(loss) before taxation	821	11	37	(124)	745
Restructuring	(22)	(11)	(8)	(3)	(44)
Goodwill impairment	–	–	–	(231)	(231)
Other items	(35)	–	–	–	(35)
Statutory profit/(loss) before taxation	764	–	29	(358)	435

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Underlying versus statutory results reconciliations continued

Return on tangible equity (RoTE)

	3Q'21			
	Corporate, Commercial & Institutional Banking %	Consumer, Private & Business Banking %	Central & other Items %	Total %
Underlying RoTE	10.6	9.9	(6.7)	7.1
Provision for regulatory matters	–	–	–	–
Restructuring				
Of which: Income	(0.2)	–	(0.5)	(0.2)
Of which: Expenses	(0.4)	(0.5)	(1.1)	(0.5)
Of which: Credit impairment	–	–	–	–
Of which: Other impairment	–	–	(1.4)	(0.2)
Of which: Profit from associates and joint ventures	–	–	–	–
Goodwill impairment	–	–	–	–
Net gain on businesses disposed/held for sale	–	–	1.0	0.2
Tax on normalised items	0.2	0.1	–	–
Statutory RoTE	10.2	9.5	(8.7)	6.4

	3Q'20			
	Corporate, Commercial & Institutional Banking ¹ %	Consumer, Private & Business Banking ¹ %	Central & other Items %	Total %
Underlying RoTE	6.1	11.5	(9.3)	4.4
Provision for regulatory matters	–	–	–	–
Restructuring				
Of which: Income	0.3	–	–	0.2
Of which: Expenses	(0.3)	(0.6)	(0.4)	(0.4)
Of which: Credit impairment	(0.1)	–	–	(0.1)
Of which: Other impairment	(0.3)	–	–	(0.2)
Of which: Profit from associates and joint ventures	–	–	(0.5)	(0.1)
Goodwill impairment	–	–	(13.4)	(2.4)
Net loss on businesses disposed/held for sale	–	–	(2.0)	(0.4)
Tax on normalised items	0.1	0.2	(0.1)	0.3
Statutory RoTE	5.8	11.1	(25.7)	1.3

¹ Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Underlying versus statutory results reconciliations continued

Earnings per ordinary share (EPS)

	3Q'21								
	Underlying \$ million	Provision for regulatory matters \$ million	Restructuring \$ million	Profit from joint venture \$ million	Gains arising on repurchase of senior and subordinated liabilities \$ million	Net gain on Sale of Businesses \$ million	Goodwill impairment \$ million	Tax on normalised items \$ million	Statutory \$ million
Profit for the year attributable to ordinary shareholders	716	–	(99)	–	–	20	–	7	644
Basic – Weighted average number of shares (millions)	3,105								3,105
Basic earnings per ordinary share (cents)	23.1								20.7

	3Q'20								
	Underlying \$ million	Provision for regulatory matters \$ million	Restructuring \$ million	Profit from joint venture \$ million	Gains arising on repurchase of senior and subordinated liabilities \$ million	Net loss on Sale of Businesses \$ million	Goodwill impairment \$ million	Tax on normalised items \$ million	Statutory \$ million
Profit for the year attributable to ordinary shareholders	428	–	(44)	–	–	(35)	(231)	5	123
Basic – Weighted average number of shares (millions)	3,151								3,151
Basic earnings per ordinary share (cents)	13.6								3.9

Risk review

Credit quality by client segment

30.09.21

	Customers						
	Banks \$million	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Customer Total \$million	Undrawn commitments \$million	Financial guarantees \$million
Amortised cost							
Stage 1	45,042	123,108	132,872	28,160	284,140	145,383	53,517
- Strong	34,102	73,563	127,499	28,010	229,072	128,243	35,812
- Satisfactory	10,940	49,545	5,373	150	55,068	17,140	17,705
Stage 2	730	13,513	2,080	166	15,759	9,979	2,616
- Strong	115	2,133	1,432	-	3,565	3,180	367
- Satisfactory	42	9,944	295	-	10,239	5,742	1,680
- Higher risk	573	1,436	353	166	1,955	1,057	569
Of which (stage 2):							
- Less than 30 days past due	2	142	291	-	433	-	-
- More than 30 days past due	23	18	357	-	375	-	-
Stage 3, credit-impaired financial assets	-	6,503	1,681	-	8,184	14	939
Gross balance¹	45,772	143,124	136,633	28,326	308,083	155,376	57,072
Stage 1	(11)	(51)	(358)	(2)	(411)	(33)	(8)
- Strong	(3)	(12)	(287)	(2)	(301)	(20)	(2)
- Satisfactory	(8)	(39)	(71)	-	(110)	(13)	(6)
Stage 2	(7)	(367)	(168)	-	(535)	(63)	(30)
- Strong	-	(34)	(89)	-	(123)	(4)	(7)
- Satisfactory	(3)	(234)	(30)	-	(264)	(47)	(13)
- Higher risk	(4)	(99)	(49)	-	(148)	(12)	(10)
Of which (stage 2):							
- Less than 30 days past due	-	(3)	(30)	-	(33)	-	-
- More than 30 days past due	-	(3)	(49)	-	(52)	-	-
Stage 3, credit-impaired financial assets	-	(3,837)	(807)	-	(4,644)	-	(211)
Total credit impairment	(18)	(4,255)	(1,333)	(2)	(5,590)	(96)	(249)
Net carrying value	45,754	138,869	135,300	28,324	302,493		
Stage 1	0.0%	0.0%	0.3%	0.0%	0.1%	0.0%	0.0%
- Strong	0.0%	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%
- Satisfactory	0.1%	0.1%	1.3%	0.0%	0.2%	0.1%	0.0%
Stage 2	1.0%	2.7%	8.1%	0.0%	3.4%	0.6%	1.1%
- Strong	0.0%	1.6%	6.2%	0.0%	3.5%	0.1%	1.9%
- Satisfactory	7.1%	2.4%	10.2%	0.0%	2.6%	0.8%	0.8%
- Higher risk	0.7%	6.9%	13.9%	0.0%	7.6%	1.1%	1.8%
Of which (stage 2):							
- Less than 30 days past due	0.0%	2.1%	10.3%	0.0%	7.6%	0.0%	0.0%
- More than 30 days past due	0.0%	16.7%	13.7%	0.0%	13.9%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	0.0%	59.0%	48.0%	0.0%	56.7%	0.0%	22.5%
Cover ratio	0.0%	3.0%	1.0%	0.0%	1.8%	0.1%	0.4%
Fair value through profit or loss (FVTPL)							
Performing	21,832	59,115	82	2,008	61,205	-	-
- Strong	18,092	40,077	82	2,005	42,164	-	-
- Satisfactory	3,740	19,038	-	3	19,041	-	-
- Higher risk	-	-	-	-	-	-	-
Defaulted (CG13-14)	-	70	-	-	70	-	-
Gross balance (FVTPL)²	21,832	59,185	82	2,008	61,275	-	-
Net carrying value (incl FVTPL)	67,586	198,054	135,382	30,332	363,768	-	-

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$8,836 million under Customers and of \$501 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$51,687 million under Customers and of \$17,723 million under Banks, held at fair value through profit or loss

Risk review continued

30.06.21

	Customers						
	Banks \$million	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Customer Total \$million	Undrawn commitments \$million	Financial Guarantees \$million
Amortised cost							
Stage 1	44,989	124,382	131,690	21,218	277,290	139,795	51,171
- Strong	33,591	74,198	126,179	21,019	221,396	120,626	34,374
- Satisfactory	11,398	50,184	5,511	199	55,894	19,169	16,797
Stage 2	212	15,440	2,194	-	17,634	10,620	2,585
- Strong	120	2,138	1,491	-	3,629	4,181	485
- Satisfactory	62	11,709	323	-	12,032	5,369	1,602
- Higher risk	30	1,593	380	-	1,973	1,070	498
Of which (stage 2):							
- Less than 30 days past due	-	175	319	-	494	-	-
- More than 30 days past due	-	170	384	-	554	-	-
Stage 3, credit-impaired financial assets	-	7,430	1,628	-	9,058	6	920
Gross balance¹	45,201	147,252	135,512	21,218	303,982	150,421	54,676
Stage 1	(11)	(74)	(371)	(2)	(447)	(31)	(20)
- Strong	(3)	(24)	(310)	(2)	(336)	(18)	(13)
- Satisfactory	(8)	(50)	(61)	-	(111)	(13)	(7)
Stage 2	(2)	(357)	(187)	-	(544)	(48)	(27)
- Strong	-	(44)	(90)	-	(134)	(6)	(1)
- Satisfactory	(2)	(217)	(35)	-	(252)	(31)	(14)
- Higher risk	-	(96)	(62)	-	(158)	(11)	(12)
Of which (stage 2):							
- Less than 30 days past due	-	-	(35)	-	(35)	-	-
- More than 30 days past due	-	(8)	(62)	-	(70)	-	-
Stage 3, credit-impaired financial assets	-	(4,230)	(758)	-	(4,988)	(1)	(191)
Total credit impairment	(13)	(4,661)	(1,316)	(2)	(5,979)	(80)	(238)
Net carrying value	45,188	142,591	134,196	21,216	298,003		
Stage 1	0.0%	0.1%	0.3%	0.0%	0.2%	0.0%	0.0%
- Strong	0.0%	0.0%	0.2%	0.0%	0.2%	0.0%	0.0%
- Satisfactory	0.1%	0.1%	1.1%	0.0%	0.2%	0.1%	0.0%
Stage 2	0.9%	2.3%	8.5%	0.0%	3.1%	0.5%	1.0%
- Strong	0.0%	2.1%	6.0%	0.0%	3.7%	0.1%	0.2%
- Satisfactory	3.2%	1.9%	10.8%	0.0%	2.1%	0.6%	0.9%
- Higher risk	0.0%	6.0%	16.3%	0.0%	8.0%	1.0%	2.4%
Of which (stage 2):							
- Less than 30 days past due	0.0%	0.0%	11.0%	0.0%	7.1%	0.0%	0.0%
- More than 30 days past due	0.0%	4.7%	16.1%	0.0%	12.6%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	0.0%	56.9%	46.6%	0.0%	55.1%	16.7%	20.8%
Cover ratio	0.0%	3.2%	1.0%	0.0%	2.0%	0.1%	0.4%

Fair value through profit or loss (FVTPL)

Performing	22,388	56,448	99	547	57,094	-	-
- Strong	18,919	37,076	98	544	37,718	-	-
- Satisfactory	3,469	19,357	1	3	19,361	-	-
- Higher risk	-	15	-	-	15	-	-
Defaulted (CG13-14)	-	79	-	-	79	-	-
Gross balance (FVTPL)²	22,388	56,527	99	547	57,173	-	-
Net carrying value (incl FVTPL)	67,576	199,118	134,295	21,763	355,176	-	-

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$4,584 million under Customers and of \$620 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$46,788 million under Customers and of \$17,563 million under Banks, held at fair value through profit or loss

Risk review continued

Credit impairment charge (restated)¹

	9 months ended 30.09.21			9 months ended 30.09.20		
	Stage 1 & 2 \$million	Stage 3 \$million	Total \$million	Stage 1 & 2 \$million	Stage 3 \$million	Total \$million
Ongoing business portfolio						
Corporate, Commercial & Institutional Banking ¹	(51)	(61)	(112)	446	891	1,337
Consumer, Private & Business Banking ¹	(30)	197	167	322	254	576
Central & others	6	(1)	5	9	(2)	7
Credit impairment charge	(75)	135	60	777	1,143	1,920
Restructuring business portfolio						
Others	(3)	–	(3)	–	14	14
Credit impairment charge	(3)	–	(3)	–	14	14
Total credit impairment charge	(78)	135	57	777	1,157	1,934

¹ Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

COVID-19 relief measures

Segment	Outstanding \$million	% of portfolio ¹	Asia		Africa & Middle East		Europe & Americas	
			Outstanding \$million	% of portfolio ¹	Outstanding \$million	% of portfolio ¹	Outstanding \$million	% of portfolio ¹
Credit card & Personal loans	235	2%	69	1%	166	8%		
Mortgages & Auto	672	1%	660	1%	12	1%		
Business Banking	371	4%	371	4%				
Total Consumer, Private & Business Banking	1,278	1%	1,100	1%	178	6%		
Corporate, Commercial & Institutional Banking	675		457		208		10	
Total at 30 September 2021	1,953	1%	1,557		386		10	

¹ Percentage of portfolio represents the outstanding amount as a percentage of the gross loans and advances to banks and customers by product and segment and total loans and advances to banks and customers

Risk review continued

Vulnerable sectors

Maximum Exposure

30.09.21							
Amortised Cost	Maximum on-balance sheet exposure (net of credit impairment) \$million	Collateral \$million	Net on-balance sheet exposure \$million	Undrawn commitments (net of credit impairment) \$million	Financial guarantees (net of credit impairment) \$million	Net off-balance sheet exposure \$million	Total on & off-balance sheet net exposure \$million
Industry:							
Aviation ¹	3,798	2,164	1,634	1,233	456	1,689	3,323
Commodity Traders	9,708	350	9,358	2,365	6,418	8,783	18,141
Metals & Mining	3,811	558	3,253	2,822	687	3,509	6,762
Commercial Real Estate	18,506	6,395	12,111	6,403	279	6,682	18,793
Hotels & Tourism	2,435	981	1,454	1,258	112	1,370	2,824
Oil & Gas	7,350	1,146	6,204	8,132	5,625	13,757	19,961
Total	45,608	11,594	34,014	22,213	13,577	35,790	69,804
Total Corporate, Commercial & Institutional Banking	138,869	26,268	112,601	93,435	49,344	142,779	255,380
Total Group	348,247	136,005	212,242	155,280	56,823	212,103	424,345

30.06.21							
Amortised Cost	Maximum on-balance sheet exposure (net of credit impairment) \$million	Collateral \$million	Net on-balance sheet exposure \$million	Undrawn commitments (net of credit impairment) \$million	Financial guarantees (net of credit impairment) \$million	Net off-balance sheet exposure \$million	Total on & off-balance sheet net exposure \$million
Industry:							
Aviation ¹	4,033	2,068	1,965	1,422	455	1,877	3,842
Commodity Traders	9,732	594	9,138	1,800	5,554	7,354	16,492
Metals & Mining	4,138	415	3,723	2,774	708	3,482	7,205
Commercial Real Estate	18,904	7,985	10,919	5,197	298	5,495	16,414
Hotels & Tourism	2,585	1,150	1,435	1,262	98	1,360	2,795
Oil & Gas	8,590	981	7,609	7,236	4,925	12,161	19,770
Total	47,982	13,193	34,789	19,691	12,038	31,729	66,518
Total Corporate, Commercial & Institutional Banking	142,591	27,730	114,861	86,568	47,471	134,039	248,900
Total Group	343,191	134,731	208,460	150,341	54,438	204,779	413,239

¹ In addition to the aviation sector loan exposures, the Group owns \$3.3 billion (30 June 2021: \$3.4 billion) of aircraft under operating leases.

Risk review continued

Loans and advances by stage

30.09.21												
	Stage 1			Stage 2			Stage 3			Total		
	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
Amortised Cost												
Industry:												
Aviation	1,636	–	1,636	1,979	(16)	1,963	256	(57)	199	3,871	(73)	3,798
Commodity Traders	9,186	(2)	9,184	208	(5)	203	977	(656)	321	10,371	(663)	9,708
Metals & Mining	3,279	–	3,279	447	(24)	423	225	(116)	109	3,951	(140)	3,811
Commercial Real Estate	16,898	(10)	16,888	1,384	(16)	1,368	442	(192)	250	18,724	(218)	18,506
Hotels & Tourism	1,199	–	1,199	1,124	(27)	1,097	189	(50)	139	2,512	(77)	2,435
Oil & Gas	5,592	(6)	5,586	1,528	(53)	1,475	505	(216)	289	7,625	(275)	7,350
Total	37,790	(18)	37,772	6,670	(141)	6,529	2,594	(1,287)	1,307	47,054	(1,446)	45,608
Total Corporate, Commercial & Institutional Banking	123,108	(51)	123,057	13,513	(367)	13,146	6,503	(3,837)	2,666	143,124	(4,255)	138,869
Total Group	329,182	(422)	328,760	16,489	(542)	15,947	8,184	(4,644)	3,540	353,855	(5,608)	348,247

30.06.21												
	Stage 1			Stage 2			Stage 3			Total		
	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
Amortised Cost												
Industry:												
Aviation	1,992	–	1,992	1,887	(11)	1,876	225	(60)	165	4,104	(71)	4,033
Commodity Traders	9,346	(3)	9,343	240	(2)	238	842	(691)	151	10,428	(696)	9,732
Metals & Mining	3,337	(3)	3,334	714	(25)	689	210	(95)	115	4,261	(123)	4,138
Commercial Real Estate	16,995	(17)	16,978	1,720	(20)	1,700	434	(208)	226	19,149	(245)	18,904
Hotels & Tourism	1,188	(1)	1,187	1,336	(40)	1,296	136	(34)	102	2,660	(75)	2,585
Oil & Gas	6,821	(4)	6,817	1,587	(58)	1,529	469	(225)	244	8,877	(287)	8,590
Total	39,679	(28)	39,651	7,484	(156)	7,328	2,316	(1,313)	1,003	49,479	(1,497)	47,982
Total Corporate, Commercial & Institutional Banking	124,382	(74)	124,308	15,440	(357)	15,083	7,430	(4,230)	3,200	147,252	(4,661)	142,591
Total Group	322,279	(458)	321,821	17,846	(546)	17,300	9,058	(4,988)	4,070	349,183	(5,992)	343,191

Capital review

Capital ratios

	30.09.21	30.06.21	Change ⁴	31.12.20	Change ⁴
CET1	14.6%	14.1%	0.5	14.4%	0.2
Tier 1 capital	17.2%	16.4%	0.8	16.5%	0.7
Total capital	22.0%	21.1%	0.9	21.2%	0.8

CRD Capital base¹

	30.09.21 \$million	30.06.21 \$million	Change ⁵ %	31.12.20 \$million	Change ⁵ %
CET1 instruments and reserves					
Capital instruments and the related share premium accounts	5,528	5,548	–	5,564	(1)
Of which: share premium accounts	3,989	3,989	–	3,989	–
Retained earnings ²	25,210	25,695	(2)	25,723	(2)
Accumulated other comprehensive income (and other reserves)	11,936	12,278	(3)	12,688	(6)
Non-controlling interests (amount allowed in consolidated CET1)	197	191	3	180	9
Independently reviewed interim and year-end profits	2,691	1,924	40	718	275
Foreseeable dividends	(744)	(315)	(136)	(481)	(55)
CET1 capital before regulatory adjustments	44,818	45,321	(1)	44,392	1
CET1 regulatory adjustments					–
Additional value adjustments (prudential valuation adjustments)	(569)	(632)	10	(490)	(16)
Intangible assets (net of related tax liability) ³	(4,164)	(4,072)	(2)	(4,274)	3
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(152)	(109)	(39)	(138)	(10)
Fair value reserves related to net losses on cash flow hedges	24	38	(37)	52	(54)
Deduction of amounts resulting from the calculation of excess expected loss	(696)	(864)	19	(701)	1
Net gains on liabilities at fair value resulting from changes in own credit risk	45	53	(15)	52	(13)
Defined-benefit pension fund assets	(62)	(60)	(3)	(40)	(55)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(45)	(46)	2	(48)	6
Exposure amounts which could qualify for risk weighting of 1250%	(32)	(40)	20	(26)	(23)
Total regulatory adjustments to CET1	(5,651)	(5,732)	1	(5,613)	(1)
CET1 capital	39,167	39,589	(1)	38,779	1
Additional Tier 1 capital (AT1) instruments	6,811	6,313	8	5,632	21
AT1 regulatory adjustments	(20)	(20)	–	(20)	–
Tier 1 capital	45,958	45,882	–	44,391	4
					–
Tier 2 capital instruments	12,943	13,309	(3)	12,687	2
Tier 2 regulatory adjustments	(30)	(30)	–	(30)	–
Tier 2 capital	12,913	13,279	(3)	12,657	2
Total capital	58,871	59,161	–	57,048	3
Total risk-weighted assets	267,555	280,227	(5)	268,834	–

1 CRD capital is prepared on the regulatory scope of consolidation

2 Retained earnings includes IFRS9 capital relief (transitional) of \$278 million, including dynamic relief of \$67 million

3 Deduction for intangible assets includes software deduction relief of \$1,054 million as the CRR 'Quick Fix' measures

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

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

Capital review continued

Movement in total capital

	9 months ended 30.09.21 \$million	Year ended 31.12.20 \$million
CET1 at 1 January	38,779	36,513
Ordinary shares issued in the period and share premium	–	–
Share buy-back	(506)	(242)
Profit for the period	2,691	718
Foreseeable dividends deducted from CET1	(744)	(481)
Difference between dividends paid and foreseeable dividends	(209)	476
Movement in goodwill and other intangible assets	110	1,044
Foreign currency translation differences	(625)	700
Non-controlling interests	17	(543)
Movement in eligible other comprehensive income	(117)	324
Deferred tax assets that rely on future profitability	(14)	(9)
Decrease/(increase) in excess expected loss	5	121
Additional value adjustments (prudential valuation adjustment)	(79)	125
IFRS 9 transitional impact on regulatory reserves including day one	(116)	35
Exposure amounts which could qualify for risk weighting	(6)	36
Fair value gains arising from the institution's own Credit Risk related to derivative liabilities	3	(10)
Other	(22)	(28)
CET1 at 30 September/31 December	39,167	38,779
AT1 at 1 January	5,612	7,164
Net issuances (redemptions)	1,736	(995)
Foreign currency translation difference	(3)	8
Excess on AT1 grandfathered limit (ineligible)	(554)	(565)
AT1 at 30 September/31 December	6,791	5,612
Tier 2 capital at 1 January	12,657	12,288
Regulatory amortisation	(779)	(463)
Net issuances (redemptions)	638	(69)
Foreign currency translation difference	(158)	257
Tier 2 ineligible minority interest	1	82
Recognition of ineligible AT1	554	565
Other	–	(3)
Tier 2 capital at 30 September/31 December	12,913	12,657
Total capital at 30 September/31 December	58,871	57,048

Capital review continued

Risk-weighted assets by business

	30.09.21			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	124,699	16,595	20,722	162,016
Consumer, Private & Business Banking	44,083	8,504	–	52,587
Central & other items	50,846	2,017	89	52,952
Total risk-weighted assets	219,628	27,116	20,811	267,555

	30.06.21			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	134,328	16,595	23,690	174,613
Consumer, Private & Business Banking	47,660	8,504	–	56,164
Central & other items	47,360	2,017	73	49,450
Total risk-weighted assets	229,348	27,116	23,763	280,227

	31.12.20 ¹			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	127,663	15,963	21,465	165,091
Consumer, Private & Business Banking	44,755	8,338	–	53,093
Central & other items	48,023	2,499	128	50,650
Total risk-weighted assets	220,441	26,800	21,593	268,834

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Prior period has been restated.

Risk-weighted assets by geographic region

	30.09.21 \$million	30.06.21 \$million	Change ¹ %	31.12.20 ² \$million	Change ¹ %
Asia	172,205	182,172	(5)	174,283	(1)
Africa & Middle East	49,040	52,596	(7)	51,149	(4)
Europe & Americas	48,476	48,556	–	45,758	6
Central & other items	(2,166)	(3,097)	30	(2,356)	8
Total risk-weighted assets	267,555	280,227	(5)	268,834	–

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

2 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Capital review continued

Movement in risk-weighted assets

	Credit risk						
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Central & other items \$million	Total \$million	Operational risk \$million	Market risk \$million	Total risk \$million
At 31 December 2019	123,667	42,819	49,178	215,664	27,620	20,806	264,090
At 01 January 2020 ¹	123,611	42,875	49,178	215,664	27,620	20,806	264,090
Assets (decline)/growth	(9,743)	520	3,711	(5,512)	-	-	(5,512)
Asset quality	12,190	323	2,409	14,922	-	-	14,922
Risk-weighted assets efficiencies	(71)	-	-	(71)	-	-	(71)
Model, methodology and policy changes	247	134	661	1,042	-	(1,500)	(458)
Disposals	-	-	(7,859)	(7,859)	(1,003)	(159)	(9,021)
Foreign currency translation	1,429	903	(77)	2,255	-	-	2,255
Other, including non-credit risk movements	-	-	-	-	183	2,446	2,629
At 31 December 2020	127,663	44,755	48,023	220,441	26,800	21,593	268,834
Assets (decline)/growth	999	4,729	3,944	9,672	-	-	9,672
Asset quality	(1,790)	(461)	(60)	(2,311)	-	-	(2,311)
Risk-weighted assets efficiencies	(415)	(30)	(657)	(1,102)	-	-	(1,102)
Model, methodology and policy changes	-	(3,701)	-	(3,701)	-	-	(3,701)
Acquisitions/Disposals	-	-	-	-	-	-	-
Foreign currency translation	(1,758)	(1,209)	(781)	(3,748)	-	-	(3,748)
Other, including non-credit risk movements	-	-	377	377	316	(782)	(89)
At 30 September 2021	124,699	44,083	50,846	219,628	27,116	20,811	267,555

¹ Following a reorganisation of certain clients, there has been a reclassification of balances across client segments. 1 January 2020 balances have been restated.

Capital review continued

UK leverage ratio

	30.09.21 \$million	30.06.21 \$million	Change ³ %	31.12.20 \$million	Change ³ %
Tier 1 capital (transitional)	45,958	45,882	–	44,391	4
Additional Tier 1 capital subject to phase out	(557)	(557)	–	(1,114)	50
Tier 1 capital (end point)¹	45,401	45,325	–	43,277	5
Derivative financial instruments	52,668	52,254	1	69,467	(24)
Derivative cash collateral	10,639	9,832	8	11,759	(10)
Securities financing transactions (SFTs)	78,747	69,555	13	67,570	17
Loans and advances and other assets	675,048	664,269	2	640,254	5
Total on-balance sheet assets	817,102	795,910	3	789,050	4
Regulatory consolidation adjustments ²	(72,047)	(67,508)	(7)	(60,059)	(20)
Derivatives adjustments			–		–
Derivatives netting	(33,996)	(33,043)	(3)	(44,257)	23
Adjustments to cash collateral	(18,089)	(16,784)	(8)	(21,278)	15
Net written credit protection	1,551	1,505	3	1,284	21
Potential future exposure on derivatives	51,199	49,471	3	42,410	21
Total derivatives adjustments	665	1,149	(42)	(21,841)	103
Counterparty risk leverage exposure measure for SFTs	14,711	9,178	60	4,969	196
Off-balance sheet items	135,572	133,785	1	128,167	6
Regulatory deductions from Tier 1 capital	(5,584)	(5,682)	2	(5,521)	(1)
UK leverage exposure (end point)	890,419	866,832	3	834,765	7
UK leverage ratio (end point)⁴	5.1%	5.2%	(0.1)	5.2%	(0.1)
UK leverage exposure quarterly average	873,156	879,678	(1)	837,147	4
UK leverage ratio quarterly average⁴	5.2%	5.1%	0.1	5.2%	–
Countercyclical leverage ratio buffer⁴	0.1%	0.1%	–	0.0%	0.1
G-SII additional leverage ratio buffer⁴	0.4%	0.4%	–	0.4%	–

1 Tier 1 Capital (end point) is adjusted only for Grandfathered Additional Tier 1 instruments

2 Includes adjustment for qualifying central bank claims

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

4 Change is the percentage point difference between the two periods, rather than the percentage change

Financial statements

Condensed consolidated interim income statement

For the nine months ended 30 September 2021

	9 months ended 30.09.21 \$million	9 months ended 30.09.20 \$million
Interest income	7,704	9,604
Interest expense	(2,601)	(4,507)
Net interest income	5,103	5,097
Fees and commission income	3,432	2,941
Fees and commission expense	(583)	(465)
Net fee and commission income	2,849	2,476
Net trading income	2,762	3,003
Other operating income	678	1,029
Operating income	11,392	11,605
Staff costs	(5,670)	(5,094)
Premises costs	(282)	(274)
General administrative expenses	(1,025)	(992)
Depreciation and amortisation	(891)	(903)
Operating expenses	(7,868)	(7,263)
Operating profit before impairment losses and taxation	3,524	4,342
Credit impairment	(57)	(1,934)
Goodwill, property, plant and equipment and other impairment	(99)	(487)
Profit from associates and joint ventures	187	141
Profit before taxation	3,555	2,062
Taxation	(860)	(835)
Profit for the period	2,695	1,227
Profit attributable to:		
Non-controlling interests	18	25
Parent company shareholders	2,677	1,202
Profit for the period	2,695	1,227
	cents	cents
Earnings per share:		
Basic earnings per ordinary share	75.6	29.7
Diluted earnings per ordinary share	74.4	29.3

Financial statements continued

Condensed consolidated interim statement of comprehensive income

For the nine months ended 30 September 2021

	9 months ended 30.09.21 \$million	9 months ended 30.09.20 \$million
Profit for the period	2,695	1,227
Other comprehensive (loss)/income		
Items that will not be reclassified to income statement:	227	1
Own credit gains on financial liabilities designated at fair value through profit or loss	7	21
Equity instruments at fair value through other comprehensive income	152	65
Actuarial gains/(losses) on retirement benefit obligations	128	(52)
Taxation relating to components of other comprehensive income	(60)	(33)
Items that may be reclassified subsequently to income statement:	(896)	192
Exchange differences on translation of foreign operations:		
Net losses taken to equity	(781)	(248)
Net gains/(losses) on net investment hedges	151	(20)
Reclassified to income statement on sale of joint venture	-	246
Share of other comprehensive income/(loss) from associates and joint ventures	3	(20)
Debt instruments at fair value through other comprehensive income:		
Net valuation (losses)/gains taken to equity	(202)	852
Reclassified to income statement	(164)	(562)
Net impact of expected credit losses	8	8
Cash flow hedges:		
Net gains/(losses) taken to equity	15	(45)
Reclassified to income statement	17	14
Taxation relating to components of other comprehensive income	57	(33)
Other comprehensive (loss)/income for the period, net of taxation	(669)	193
Total comprehensive income for the period	2,026	1,420
Total comprehensive income attributable to:		
Non-controlling interests	14	19
Parent company shareholders	2,012	1,401
Total comprehensive income for the period	2,026	1,420

Financial statements continued

Condensed consolidated interim balance sheet

As at 30 September 2021

	30.09.21 \$million	31.12.20 \$million
Assets		
Cash and balances at central banks	75,617	66,712
Financial assets held at fair value through profit or loss	112,782	106,787
Derivative financial instruments	52,668	69,467
Loans and advances to banks	45,754	44,347
Loans and advances to customers	302,493	281,699
Investment securities	152,422	153,315
Other assets	57,681	48,688
Current tax assets	629	808
Prepayments and accrued income	2,114	2,122
Interests in associates and joint ventures	2,334	2,162
Goodwill and intangible assets	5,347	5,063
Property, plant and equipment	5,860	6,515
Deferred tax assets	837	919
Assets classified as held for sale	564	446
Total assets	817,102	789,050
Liabilities		
Deposits by banks	34,480	30,255
Customer accounts	453,260	439,339
Repurchase agreements and other similar secured borrowing	11,569	1,903
Financial liabilities held at fair value through profit or loss	76,252	68,373
Derivative financial instruments	52,130	71,533
Debt securities in issue	53,424	55,550
Other liabilities	59,618	47,904
Current tax liabilities	375	660
Accruals and deferred income	4,314	4,546
Subordinated liabilities and other borrowed funds	16,819	16,654
Deferred tax liabilities	748	695
Provisions for liabilities and charges	446	466
Retirement benefit obligations	332	443
Total liabilities	763,767	738,321
Equity		
Share capital and share premium account	7,022	7,058
Other reserves	11,936	12,688
Retained earnings	27,708	26,140
Total parent company shareholders' equity	46,666	45,886
Other equity instruments	6,254	4,518
Total equity excluding non-controlling interests	52,920	50,404
Non-controlling interests	415	325
Total equity	53,335	50,729
Total equity and liabilities	817,102	789,050

Financial statements continued

Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2021

	Ordinary share capital and share premium account \$million	Preference 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 2020	5,584	1,494	17,187	2	197	150	(59)	(5,792)	26,072	44,835	5,513	313	50,661
Profit for the period	–	–	–	–	–	–	–	–	724	724	–	27	751
Other comprehensive income/(loss)	–	–	–	(54)	332	(2)	7	631	11 ²	925	–	(12)	913
Distributions	–	–	–	–	–	–	–	–	–	–	–	(20)	(20)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	992	–	992
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(13)	(13)	(1,987)	–	(2,000)
Treasury shares net movement	–	–	–	–	–	–	–	–	(90)	(90)	–	–	(90)
Share option expense, net of taxation	–	–	–	–	–	–	–	–	133	133	–	–	133
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(395)	(395)	–	–	(395)
Share buy-back ³	(20)	–	20	–	–	–	–	–	(242)	(242)	–	–	(242)
Other movements	–	–	–	–	–	–	–	69	(60) ⁴	9	–	17 ⁵	26
As at 31 December 2020	5,564	1,494	17,207	(52)	529	148	(52)	(5,092)	26,140	45,886	4,518	325	50,729
Profit for the period	–	–	–	–	–	–	–	–	2,677	2,677	–	18	2,695
Other comprehensive income/(loss)	–	–	–	7	(295)	94	28	(625)	126 ²	(665)	–	(4)	(669)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(25)	(25)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	2,728	–	2,728
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(50)	(50)	(992)	–	(1,042)
Treasury shares net movement	–	–	–	–	–	–	–	–	(136)	(136)	–	–	(136)
Share option expense, net of taxation	–	–	–	–	–	–	–	–	128	128	–	–	128
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(375)	(375)	–	–	(375)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(315)	(315)	–	–	(315)
Share buy-back ^{6,7}	(39)	–	39	–	–	–	–	–	(506)	(506)	–	–	(506)
Other movements	3	–	–	–	–	–	–	–	19 ⁸	22	–	101 ⁹	123
As at 30 September 2021	5,528	1,494	17,246	(45)	234	242	(24)	(5,717)	27,708	46,666	6,254	415	53,335

1 Includes capital reserve of \$5 million, capital redemption reserve of \$130 million and merger reserve of \$17,111 million

2 Comprises actuarial gain, net of taxation, and share from associates and joint ventures \$126 million (\$11 million for the year ended 31 December 2020)

3 On 28 February 2020, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$20 million, and the total consideration paid was \$242 million. The total number of shares purchased was 40,029,585 representing 125 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account. On 1 April 2020, the Group announced that, in response to a request from the Prudential Regulation Authority and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, its board had decided after careful consideration to withdraw the recommendation to pay a final dividend for 2019 of 20 cents per ordinary share, and to suspend the buy-back programme

4 Includes \$69 million related to prior period adjustments to reclass FX movements from translation reserve to retained earnings (\$45 million related to FX movements of the hedging instruments for net investment hedges and \$24 million related to FX movements for monetary items, which were considered structural positions), and \$9 million increase related to revenue reserves of PT Bank Permata Tbk

5 Movement related to non-controlling interest from Mox Bank Limited

6 On 25 February 2021, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$19 million, and the total consideration paid was \$255 million (including \$15 million of fees and stamp duty). The total number of shares purchased was 37,148,399 representing 1.18 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

7 On 3 August 2021, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$20 million, and the total consideration paid was \$251 million (including \$15 million of fees and stamp duty). The total number of shares purchased was 39,914,763 representing 1.28 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

8 Movement mainly related to increase in non-controlling interest from SC Digital Solutions (SG) Ltd

9 Movements related to non-controlling interest from Mox Bank Limited (\$21 million), SC Digital Solutions (SG) Ltd (\$55 million), Currency Fair Ltd (\$22 million)

Financial statements continued

Basis of preparation

This statement covers the results of Standard Chartered PLC together with its subsidiaries and equity accounted interest in associates and jointly controlled entities (the Group) for the nine months ended 30 September 2021. The financial information on which this statement is based, and the data set out in the appendix to this statement, are unaudited and have been prepared in accordance with the Group's accounting policies. The Group's significant accounting policies are described in the Annual Report 2020, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union (EU). The Group's Annual Report 2021 will be prepared in accordance with United Kingdom (UK) adopted international accounting standards.

The interim financial information does not constitute a full or condensed set of financial statements under IAS 34 'Interim Financial Reporting' as contained in UK-adopted international accounting standards. The interim financial information has been prepared in accordance with the recognition and measurement principles, but not the disclosure requirements under UK-adopted international accounting standards.

The information in this document does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020, which contained an unqualified audit report under Section 495 of the Companies Act 2006 (which did not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Comparatives

The Group meets the criteria to offset its derivative assets and liabilities and the related variation margin for the Group's (house) trades cleared with LCH Forexclear. The impact of this as at 30 September 2021 is a decrease in the derivative assets and other assets (variation margin) of \$1.6 bn and derivative liabilities of \$1.6bn. Prior period comparative information have not been restated as the effect would not be material. The impact at 31 December 2020 would have been a decrease in the derivative assets of \$1.8bn, derivative liabilities and other liabilities (variation margin) of \$1.8bn.

Going concern

The directors have assessed the Group's ability to continue as a going concern. This assessment has been made having considered the impact of COVID-19, macroeconomic and geopolitical headwinds, including:

- A review of the Group Corporate Plan
- An assessment of the actual performance to date, loan book quality, credit impairment, legal, regulatory and compliance matters, and the annual budget
- Consideration of stress testing performed, including both the Bank of England annual stress test and a Group Recovery and Resolution Plan (RRP) as submitted to the PRA, which demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet minimum regulatory capital and liquidity requirements
- Analysis of the capital, funding and liquidity position of the Group, including the capital, liquidity and leverage ratios
- The level of debt in issue, including redemptions and issuances during the year, debt falling due for repayment in the next 12 months and further planned debt issuances, including the appetite in the market for the Group's debt
- A detailed review of all principal and emerging risks

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for the period from 2 November 2021 to 2 November 2022. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

Other supplementary financial information

Average balance sheets and yields

Average assets

9 months ended 30.09.21					
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	22,945	57,362	69	0.16	0.11
Gross loans and advances to banks	23,512	46,091	369	1.07	0.71
Gross loans and advances to customers	54,632	306,924	5,721	2.49	2.12
Impairment provisions against loans and advances to banks and customers	–	(6,374)	–	–	–
Investment securities	31,746	153,280	1,545	1.35	1.12
Property, plant and equipment and intangible assets	8,916	–	–	–	–
Prepayments, accrued income and other assets	110,815	–	–	–	–
Investment associates and joint ventures	2,297	–	–	–	–
Total average assets	254,863	557,283	7,704	1.85	1.27

6 months ended 30.06.21					
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	23,174	56,473	42	0.15	0.11
Gross loans and advances to banks	22,809	46,623	247	1.07	0.72
Gross loans and advances to customers	53,335	305,302	3,780	2.50	2.13
Impairment provisions against loans and advances to banks and customers	–	(6,451)	–	–	–
Investment securities	31,605	155,268	1,053	1.37	1.14
Property, plant and equipment and intangible assets	8,960	–	–	–	–
Prepayments, accrued income and other assets	113,672	–	–	–	–
Investment associates and joint ventures	2,267	–	–	–	–
Total average assets	255,822	557,215	5,122	1.85	1.27

9 months ended 30.09.20					
	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	17,051	41,386	93	0.30	0.21
Gross loans and advances to banks	28,221	54,750	646	1.58	1.04
Gross loans and advances to customers	50,504	289,387	6,663	3.08	2.62
Impairment provisions against loans and advances to banks and customers	–	(6,341)	–	–	–
Investment securities	27,775	143,069	2,202	2.06	1.72
Property, plant and equipment and intangible assets	10,235	–	–	–	–
Prepayments, accrued income and other assets	113,718	–	–	–	–
Investment associates and joint ventures	2,118	–	–	–	–
Total average assets	249,622	522,251	9,604	2.46	1.66

Other supplementary financial information continued

Average liabilities

9 months ended 30.09.21					
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Deposits by banks	19,094	26,530	104	0.52	0.30
Customer accounts:					
Current accounts and savings deposits	49,937	259,389	608	0.31	0.26
Time and other deposits	52,444	149,719	1,046	0.93	0.69
Debt securities in issue	6,337	60,006	425	0.95	0.86
Accruals, deferred income and other liabilities	115,108	1,164	40	4.59	0.05
Subordinated liabilities and other borrowed funds	–	16,525	378	3.06	3.06
Non-controlling interests	370	–	–	–	–
Shareholders' funds	51,662	–	–	–	–
	294,952	513,333	2,601	0.68	0.43
Adjustment for Financial Markets funding costs			(77)		
Financial guarantee fees on interest earning assets			73		
Total average liabilities and shareholders' funds	294,952	513,333	2,597	0.68	0.43

6 months ended 30.06.21					
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Deposits by banks	17,261	26,599	74	0.56	0.34
Customer accounts:					
Current accounts and savings deposits	48,934	257,233	388	0.30	0.26
Time and other deposits	53,606	151,262	733	0.98	0.72
Debt securities in issue	6,129	61,232	284	0.94	0.85
Accruals, deferred income and other liabilities	118,293	1,093	27	4.98	0.05
Subordinated liabilities and other borrowed funds	–	16,386	246	3.03	3.03
Non-controlling interests	330	–	–	–	–
Shareholders' funds	51,085	–	–	–	–
	295,638	513,805	1,752	0.69	0.44
Adjustment for Financial Markets funding costs			(52)		
Financial guarantee fees on interest earning assets			47		
Total average liabilities and shareholders' funds	295,638	513,805	1,747	0.69	0.44

Other supplementary financial information continued

9 months ended 30.09.20

	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid interest bearing balance %	Rate paid total balance %
Deposits by banks	18,435	26,206	271	1.38	0.81
Customer accounts:					
Current accounts and savings deposits	42,123	219,054	995	0.61	0.51
Time and other deposits	58,750	158,579	2,028	1.71	1.25
Debt securities in issue	7,083	52,493	670	1.70	1.50
Accruals, deferred income and other liabilities	119,134	1,204	45	4.99	0.05
Subordinated liabilities and other borrowed funds	-	16,242	498	4.10	4.10
Non-controlling interests	309	-	-	-	-
Shareholders' funds	50,306	-	-	-	-
	296,140	473,778	4,507	1.27	0.78
Adjustment for Financial Markets funding costs			(148)		
Financial guarantee fees on interest earning assets			-		
Total average liabilities and shareholders' funds	296,140	473,778	4,359	1.23	0.76

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