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Standard Chartered PLC Pillar 3 Disclosures 30 June 2021

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Contents

1. Introduction	1
1.1. Purpose and basis of preparation	1
1.2. Highlights	1
2. Capital	4
2.1. Capital resources	4
2.2. Minimum requirement for own funds and eligible liabilities	8
2.3. Capital requirements	16
2.4. Leverage ratio	20
3. Credit risk	22
3.1. Exposure values	22
3.2. Risk grade profile	35
3.3. Credit risk mitigation	46
3.4. Standardised risk weight profile	48
4. Traded risk	51
4.1. Market risk	51
4.2. Counterparty credit risk	55
5. Forward-looking statements	65
Annex 1 COVID-19 disclosures	66
Acronyms	70
Glossary	71

Tables

1. Key metrics for the Group (KM1)	2	35. IRB credit risk exposure by internal PD grade for corporates SME (CR6)	41
2. Key metrics – TLAC requirements (KM2)	3	36. RB credit exposure by internal PD grade for retail (CR6)	42
3. Reconciliation between financial total equity and regulatory CET1 before regulatory adjustments	4	37. IRB credit exposure by internal PD grade for retail – secured by real estate property (CR6)	43
4. Composition of regulatory capital (CC1)	5	38. IRB credit exposure by internal PD grade for retail – qualifying revolving (CR6)	44
5. Reconciliation of regulatory capital to balance sheet (CC2)	7	39. IRB credit exposure by internal PD grade for retail – SME (CR6)	45
6. TLAC composition for G-SIBs (TLAC1)	9	40. CRM techniques – Overview (CR3)	46
7. Resolution entity – creditor ranking at legal entity level (TLAC3)	10	41. Effect of guarantees and collateral	46
8. Standard Chartered Bank – creditor ranking (TLAC2)	11	42. Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)	47
9. Standard Chartered Bank (Hong Kong) Limited – creditor ranking (TLAC2)	12	43. Standardised approach – exposures by asset classes and risk weights (pre CRM pre CCF) (CR5)	49
10. Standard Chartered Bank Korea Limited – creditor ranking (TLAC2)	13	44. Standardised approach – exposures by asset classes and risk weights (post CRM post CCF) (CR5)	50
11. Standard Chartered Bank (Singapore) Limited – creditor ranking (TLAC2)	14	45. Market risk regulatory capital requirements	52
12. Standard Chartered Bank (China) Limited – creditor ranking (TLAC2)	15	46. Market risk under standardised approach (MR1)	52
13. Overview of RWA (OV1)	16	47. IMA values for trading portfolios (MR3)	53
14. Movement analysis for RWA	17	48. Market risk under internal models approach (MR2-A)	53
15. RWA flow statements of credit risk exposures under IRB (CR8)	18	49. June 2021 Backtesting chart for Internal Model Approach regulatory trading book at Group level with hypothetical profit and loss (P&L) versus VaR (99 per cent, one day) (MR4))	54
16. RWA flow statements of CCR exposures under the IMM (CCR7)	18	50. June 2021 Backtesting chart for Internal Model Approach regulatory trading book at Group level with actual profit and loss (P&L) versus VaR (99 per cent, one day) (MR4)	54
17. RWA flow statements of market risk exposures under an IMA (MR2-B)	19	51. Impact of netting and collateral held on exposure values (CCR5-A)	55
18. UK Leverage and CRR Leverage Ratio	20	52. Analysis of CCR exposure by approach (CCR1)	56
19. Summary reconciliation of accounting assets and leverage ratio exposures	20	53. Exposures to central counterparties (CCPs) (CCR8)	57
20. Leverage ratio common disclosure	21	54. Credit derivatives exposures (CCR6)	57
21. Leverage ratio: Analysis of on-balance sheet exposures	21	55. Credit valuation adjustment (CVA) capital charge (CCR2)	57
22. Credit quality of exposures by exposure class and instrument (CR1-A)	23	56. Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)	58
23. Credit quality of exposures by industry (CR1-B)	25	57. IRB – CCR exposures by exposure class	59
24. Credit quality of exposures by geography (CR1-C)	26	58. IRB – CCR exposures by PD scale for central governments or central banks (CCR4)	60
25. Credit quality of performing and non-performing exposures by past due days	27	59. IRB – CCR exposures by PD scale for institutions (CCR4)	61
26. Credit quality of forborne exposures	29	60. IRB – CCR exposures by PD scale for corporates (CCR4)	62
27. Performing and non-performing exposures and related provisions	30	61. IRB – CCR exposures by PD scale for corporates – specialised lending (CCR4)	63
28. Changes in the stock of general and specific credit risk adjustments (CR2-A)	34	62. IRB – CCR exposures by PD scale for corporates – SME (CCR4)	64
29. Changes in the stock of defaulted and impaired loans and debt securities (CR2-B)	34	63. Information on loans and advances subject to legislative and non-legislative moratoria	66
30. IRB – Credit risk exposures by exposure class	35	64. Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	68
31. IRB credit exposure by internal PD grade for central governments or central banks (CR6)	37	65. Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	69
32. IRB credit exposure by internal PD grade for institutions (CR6)	38		
33. IRB credit exposure by internal PD grade for Corporates (CR6)	39		
34. IRB credit exposure by internal PD grade for corporates specialised lending (CR6)	40		

Standard Chartered Bank is headquartered in London where it is authorised by the UK's Prudential Regulation Authority (PRA), and Standard Chartered PLC Group and Standard Chartered Bank are regulated by the Financial Conduct Authority (FCA) and the PRA. Within this document 'the Group' refers to Standard Chartered PLC together with its subsidiary undertakings. 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. Greater China & North Asia (GCNA) includes China, Hong Kong, Japan, Korea, Macau and Taiwan; ASEAN & South Asia (ASA) includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam; and Africa & Middle East (AME) includes Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia and the United Arab Emirates (UAE). Throughout this document unless specified the disclosures are at Group level. Throughout this document, unless another currency is specified, the word 'dollar' or symbol \$ means United States dollar. Throughout this document IRB refers to internal ratings based models. The Group does not use the Foundation IRB approach..

1. Introduction

1.1 Purpose and basis of preparation

The Pillar 3 Disclosures comprise detailed information on the underlying drivers of risk-weighted assets (RWA), capital, leverage and liquidity ratios as at 30 June 2021 in accordance with the European Union's (EU) Capital Requirements Regulation (CRR) and the Prudential Regulation Authority's (PRA) Rulebook.

The disclosures have been prepared in line with the disclosure templates introduced by the European Banking Authority's (EBA) guidelines on disclosure requirements (EBA/GL/2016/11) published in December 2016.

The Group is also disclosing some of the templates contained within the EBA's Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07) published on 2 June 2020. Annex 1 provides a summary of these disclosures.

This report presents the Pillar 3 Disclosures of Standard Chartered PLC (the Group) as at 30 June 2021 and should be read in conjunction with the Group's Half Year Report 2021.

The information presented in this Pillar 3 report is not required to be, and has not been, subjected to external audit.

1.2 Highlights

- The Group's capital and leverage position is managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity
- The Group's Common Equity Tier 1 (CET1) ratio of 14.1 per cent is well ahead of the current requirement of 9.9 per cent
- The Group is not highly leveraged and its leverage ratio of 5.2 per cent is well ahead of the current leverage requirement of 3.7 per cent
- The Group continues to manage its balance sheet proactively, with a particular focus on the efficient management of RWA

1.2 Highlights continued

Table 1: Key metrics for the Group (KM1)

	30.06.21 \$million	31.03.21 \$million	31.12.20 \$million	30.09.20 \$million	30.06.20 \$million
Available capital amounts¹					
Common Equity Tier 1 (CET1)	39,589	38,711	38,779	38,449	37,625
Common Equity Tier 1 (CET1) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	39,320	38,417	38,385	38,061	37,260
Tier 1	45,882	45,004	44,391	44,060	43,237
Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	45,613	44,710	43,997	43,672	42,872
Total capital	59,161	58,531	57,048	57,051	56,468
Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	58,892	58,237	56,654	56,663	56,103
Risk-weighted assets amounts¹					
Total risk-weighted assets (RWA)	280,227	276,670	268,834	266,664	262,552
Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	280,338	276,806	269,007	266,838	262,659
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio	14.1%	14.0%	14.4%	14.4%	14.3%
Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.0%	13.9%	14.3%	14.3%	14.2%
Tier 1 ratio	16.4%	16.3%	16.5%	16.5%	16.5%
Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.3%	16.2%	16.4%	16.4%	16.3%
Total capital ratio	21.1%	21.2%	21.2%	21.4%	21.5%
Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.0%	21.0%	21.1%	21.2%	21.4%
Additional CET1 buffer requirements as a percentage of RWA¹					
Capital conservation buffer requirement (2.5% from 2019)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement	0.15%	0.14%	0.14%	0.15%	0.14%
Bank G-SIB and/or D-SIB additional requirements	1.00%	1.00%	1.00%	1.00%	1.00%
Total of bank CET1 specific buffer requirements	3.65%	3.64%	3.64%	3.65%	3.64%
CET1 available after meeting the bank's minimum capital requirements	7.88%	7.72%	8.09%	8.05%	7.96%
Total CET1 requirement	9.90%	9.91%	9.96%	10.00%	10.01%
UK leverage ratio					
Total UK leverage ratio exposure measure	866,832	865,644	834,765	819,300	806,596
UK leverage ratio	5.2%	5.1%	5.2%	5.2%	5.2%
UK leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.2%	5.1%	5.1%	5.2%	5.2%
Liquidity Coverage Ratio					
Total HQLA	173,503	168,626	162,019	155,965	152,828
Total net cash outflow	119,357	115,284	111,378	108,095	107,697
LCR ratio	145.5%	146.4%	145.5%	144.3%	142.0%

¹ Capital requirements are presented using transitional provisions

Standard Chartered applies regulatory transitional arrangements to accounting provisions recognised from 1 January 2018 under IFRS 9, as permitted by paragraph 4 of article 473a of the Capital Requirements Regulation, introduced by Regulation (EU) 2017/2395 and amended by Regulation (EU) 2020/873 of the European Parliament and of the Council.

Under this approach, the balance of expected credit loss (ECL) provisions in excess of the regulatory defined expected loss (EL) and additional ECL on standardised portfolios, net of related tax, are phased into the CET1 capital base over

five years. The proportion phased in for the increase in the balance on day one of IFRS 9 adoption, and any subsequent increase to 31 December 2019 is 2020, 30 per cent; 2021, 50 per cent; and 2022, 75 per cent. From 2023 onwards there is no transitional relief on these components. The proportion phased in for any increase in the balance from 1 January 2020 at each reporting date is 2020, 0 per cent; 2021, 0 per cent; 2022, 25 per cent; 2023, 50%; 2024, 75%. From 2025 there is no transitional relief.

The current period includes IFRS9 capital relief (Transitional) of \$269 million including dynamic relief of \$57 million.

1.2 Highlights continued

Table 2 shows information about the Group's total loss-absorbing capacity (TLAC) available, and TLAC requirements, applied at the resolution group level under a Single Point of Entry resolution strategy.

Table 2: Key metrics – TLAC requirements (KM2)

	30.06.21 \$million	31.03.21 \$million	31.12.20 \$million	30.09.20 \$million	30.06.20 \$million
Resolution group					
Total loss-absorbing capacity (TLAC) available	88,844	86,604	83,040	81,079	80,472
Fully loaded ECL accounting model TLAC available	88,575	86,310	82,646	80,714	80,107
Total RWA at the level of the resolution group	280,227	276,670	268,834	266,664	262,552
TLAC as a percentage of RWA	31.7%	31.3%	30.9%	30.4%	30.6%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	31.6%	31.3%	30.7%	30.3%	30.5%
UK Leverage ratio exposure measure at the level of the resolution group	866,832	865,644	834,765	819,300	806,596
TLAC as a percentage of UK Leverage exposure measure	10.2%	10.0%	9.9%	9.9%	10.0%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK Leverage exposure measure	10.2%	10.0%	9.9%	9.9%	10.0%
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes	Yes	Yes	Yes	Yes
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A	N/A	N/A	N/A	N/A

2. Capital

2.1 Capital resources

All capital instruments included in the capital base meet the requirements set out in the CRR for their respective tier of capital, except for those that are subject to a grandfathering

period. Grandfathered capital instruments will be fully phased out of their respective tier of capital by 1 January 2022.

Table 3 summarises the consolidated capital position of the Group.

Table 3: Reconciliation between financial total equity and regulatory CET1 before regulatory adjustments

	30.06.21 \$million	31.12.20 \$million
Total equity per balance sheet (financial view)	52,857	50,729
Consolidation and regulatory adjustments	187	301
Total equity per balance sheet (regulatory view)	53,044	51,030
Foreseeable dividend	(315)	(481)
Other equity instruments (included in AT1)	(7,251)	(6,012)
Non-controlling interests	(157)	(145)
Common Equity Tier 1 capital before regulatory adjustments	45,321	44,392

2.1 Capital resources continued

Table 4: Composition of regulatory capital (CC1)

	30.06.21 Transitional position \$million	30.06.21 End point adjustment \$million	30.06.21 End point position \$million	31.12.20 Transitional position \$million
Common Equity Tier 1 (CET1) capital: instruments and reserves				
Capital instruments and the related share premium accounts	5,548	–	5,548	5,564
Of which: Share premium accounts	3,989	–	3,989	3,989
Retained earnings ¹	25,695	–	25,695	25,723
Accumulated other comprehensive income (and other reserves)	12,278	–	12,278	12,688
Non-controlling interests (amount allowed in consolidated CET1)	191	–	191	180
Independently reviewed interim and year-end profits/(loss) ²	1,924	–	1,924	718
Foreseeable dividends ³	(315)	–	(315)	(481)
Common Equity Tier 1 capital before regulatory adjustments	45,321	–	45,321	44,392
Common Equity Tier 1 capital: regulatory adjustments				
Additional value adjustments	(632)	–	(632)	(490)
Intangible assets	(4,072)	–	(4,072)	(4,274)
Deferred tax assets that rely on future profitability	(109)	–	(109)	(138)
Fair value reserves related to gains or losses on cash flow hedges	38	–	38	52
Negative amounts resulting from the calculation of expected loss amounts	(864)	–	(864)	(701)
Gains or losses on liabilities at fair value resulting from changes in own credit	53	–	53	52
Defined-benefit pension fund assets	(60)	–	(60)	(40)
Fair value gains and losses from own credit risk related to derivative liabilities	(46)	–	(46)	(48)
Exposure amounts which could qualify for risk weight of 1250%	(40)	–	(40)	(26)
Of which: securitisation positions	(33)	–	(33)	(18)
Of which: free deliveries	(7)	–	(7)	(8)
Total regulatory adjustments to Common Equity Tier 1 capital	(5,732)	–	(5,732)	(5,613)
Common Equity Tier 1 capital	39,589	–	39,589	38,779
Additional Tier 1 (AT1) capital: instruments				
Capital Instruments and the related share premium accounts	6,313	(557)	5,756	5,632
Of which: classified as equity under applicable accounting standards	6,228	(472)	5,756	5,463
Of which: classified as liabilities under applicable accounting standards	85	(85)	–	169
Additional Tier 1 (AT1) capital before regulatory adjustments⁴	6,313	(557)	5,756	5,632
Additional Tier 1 capital: regulatory adjustments				
Direct and indirect holdings by an institution of own Additional Tier 1 (AT1) instruments and subordinated loans	(20)	–	(20)	(20)
Total regulatory adjustments to Additional Tier 1 capital	(20)	–	(20)	(20)
Additional Tier 1 capital	6,293	(557)	5,736	5,612
Tier 1 capital (T1 = CET1 + AT1)	45,882	(557)	45,325	44,391
Tier 2 (T2) capital: instruments and provisions				
Capital instruments and the related share premium accounts	11,869	1,764	13,633	11,811
Qualifying items and the related share premium accounts subject to phase out from T2	1,241	(1,241)	–	679
Qualifying own funds instruments included in consolidated T2 issued by subsidiaries and held by third parties	199	–	199	197
Tier 2 capital before regulatory adjustments⁴	13,309	523	13,832	12,687
Tier 2 capital: regulatory adjustments				
Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans	(30)	–	(30)	(30)
Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	N/A	N/A	N/A	N/A
Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	N/A	N/A	N/A	N/A
Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	N/A	N/A	N/A	N/A

2.1 Capital resources continued

Table 4: Composition of regulatory capital (CC1) continued

	30.06.21 Transitional position \$million	30.06.21 End point adjustment \$million	30.06.21 End point position \$million	31.12.20 Transitional position \$million
Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	N/A	N/A	N/A
Total regulatory adjustments to Tier 2 capital	(30)	-	(30)	(30)
Tier 2 capital	13,279	523	13,802	12,657
Total capital (TC = T1 + T2)	59,161	(34)	59,127	57,048
Total risk-weighted assets⁵	280,227	-	280,227	268,834
Amounts below the thresholds for deduction (before risk weighting)				
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,166	-	1,166	891
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,360	-	2,360	2,208
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	704	-	704	750
Applicable caps on the inclusion of provisions in Tier 2				
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-	-	-
Cap on inclusion of provisions in Tier 2 under standardised approach	553	-	553	515
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,055	-	1,055	1,031
Risk-weighted assets				
Credit risk	226,079	-	226,079	218,006
Credit valuation adjustment risk	3,269	-	3,269	2,435
Operational risk	27,116	-	27,116	26,800
Market risk	23,763	-	23,763	21,593
Total risk-weighted assets⁵	280,227	-	280,227	268,834
Capital ratios				
Common Equity Tier 1 capital	14.1%	-	14.1%	14.4%
Tier 1 capital	16.4%	(0.2)%	16.2%	16.5%
Total capital	21.1%	-	21.1%	21.2%
Capital buffers				
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirement, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount.)	9.9%	-	9.9%	10.0%
Of which: capital conservation buffer requirement	2.50%	-	2.50%	2.50%
Of which: countercyclical buffer requirement	0.15%	-	0.15%	0.14%
Of which systemic risk buffer requirement	-	-	-	-
Of which: Global systemically important institution (G-SII) or Other systemically important institution (O-SII) buffer	1.0%	-	1.0%	1.0%
Common Equity Tier 1 available to meet buffers (as percentage of risk exposure amount)	7.9%	-	7.9%	8.1%

1 Retained earnings under CRD IV include the effect of regulatory consolidation adjustments

2 Independently reviewed year-end profits are in accordance with regulatory consolidation rules

3 Foreseeable dividends as at H1 2021 represent ordinary dividends and preference dividends

4 End point Tier 2 capital includes ineligible AT1 capital subject to grandfathering including any excess over AT1 limit

5 RWA are not covered by the scope of the Audit

2.1 Capital resources continued

The main movements in capital in the period were:

- CET1 increased by \$0.8 billion as retained profits of \$1.9 billion and \$0.3 billion lower deduction for software assets (part of the CRR II Quick fix measures) were only partly offset by the completion of the FY'20 share buy-back of \$0.3 billion, foreign exchange translation losses of \$0.3 billion, other comprehensive income movements coming lower and higher regulatory deductions.
- Additional Tier 1 increased to \$0.7 billion following the issuance of \$1.25 billion of new 4.75 per cent securities, which was partly offset by \$0.6 billion of further derecognition of legacy Tier 1 securities.

- Tier 2 capital increased by \$0.6 billion as issuance of \$1.2 billion new Tier 2 instruments and the recognition of ineligible AT1 as Tier 2, partly offset by regulatory amortisation and the redemption of \$0.5 billion of Tier 2 securities during the period.

The Group's current CET1 requirement is 9.9 per cent, comprising:

- A minimum Pillar 1 CET1 requirement of 4.5 per cent
- A Pillar 2A CET1 requirement of 1.7 per cent being 56 per cent of the total Pillar 2A requirement of 3.1 per cent
- A capital conservation buffer of 2.5 per cent
- A G-SII buffer of 1.0 per cent
- A countercyclical capital buffer of 0.2 per cent

Table 5: Reconciliation of regulatory capital to balance sheet (CC2)

	30.06.21		31.12.20	
	Balance sheet as in published financial statements \$million	Under regulatory scope of consolidation \$million	Balance sheet as in published financial statements \$million	Under regulatory scope of consolidation \$million
Assets				
Cash and balances at central banks	72,985	72,974	66,712	66,717
Financial assets held at fair value through profit or loss	110,186	110,186	106,787	106,787
Derivative financial instruments	52,254	52,254	69,467	69,467
Loans and advances to banks	45,188	45,188	44,347	44,347
Loans and advances to customers	298,003	298,003	281,699	281,699
Reverse repurchase agreements and other similar secured lending	–	–	–	–
Investment securities	149,029	149,029	153,315	153,315
Other assets	50,661	50,676	48,688	48,679
Current tax assets	598	598	808	808
Prepayments and accrued income	2,233	2,230	2,122	2,122
Interests in associates and joint ventures	2,293	2,335	2,162	2,181
Goodwill and intangible assets	5,187	5,196	5,063	5,073
Of which: goodwill	2,614	2,614	2,616	2,616
Of which: other intangibles (excluding MSRs)	2,573	2,582	2,447	2,457
Of which: MSRs	–	–	–	–
Property, plant and equipment	6,053	6,053	6,515	6,515
Deferred tax assets	811	811	919	919
Assets classified as held for sale	429	429	446	446
Total assets	795,910	795,962	789,050	789,075
Liabilities				
Deposits by banks	30,567	30,567	30,255	30,255
Customer accounts	441,147	441,147	439,339	439,339
Repurchase agreements and other similar secured borrowing	3,411	3,411	1,903	1,903
Financial liabilities held at fair value through profit or loss	73,663	73,663	68,373	68,373
Derivative financial instruments	52,152	52,152	71,533	71,533
Debt securities in issue	59,696	59,696	55,550	55,550
Other liabilities	59,439	59,645	47,904	48,074
Current tax liabilities	390	390	660	659
Accruals and deferred income	4,118	4,047	4,546	4,495
Subordinated liabilities and other borrowed funds	16,957	16,957	16,654	16,654
of which: considered as Additional Tier 1 capital	270	270	267	267
of which: considered as Tier 2 capital	16,687	16,687	16,387	16,387
Deferred tax liabilities	736	736	695	695
Of which: DTLs related to goodwill	726	726	681	681
Of which: DTLs related to intangible assets (excluding MSRs)	10	10	14	14
Of which: DTLs related to MSRs	–	–	–	–

2.1 Capital resources continued

Table 5: Reconciliation of regulatory capital to balance sheet (CC2) continued

	30.06.21		31.12.20	
	Balance sheet as in published financial statements \$million	Under regulatory scope of consolidation \$million	Balance sheet as in published financial statements \$million	Under regulatory scope of consolidation \$million
Provisions for liabilities and charges	421	421	466	466
Retirement benefit obligations	356	357	443	443
Liabilities included in disposal groups held for sale	–	–	–	–
Total liabilities	743,053	743,189	738,321	738,439
Shareholders' Equity				
Share capital and share premium account	7,042	7,042	7,058	7,058
Of which: amount eligible for CET1	1,286	1,286	2,541	2,541
Of which: amount eligible for AT1	5,756	5,756	4,517	4,517
Other reserves & Retained earnings	39,710	39,626	38,828	38,735
Total parent company shareholders' equity	46,752	46,668	45,886	45,793
Other equity instruments	5,757	5,757	4,518	4,518
Total equity excluding non-controlling interests	52,509	52,425	50,404	50,311
Non-controlling interest	348	348	325	325
Total equity	52,857	52,773	50,729	50,636
Total equity and liabilities	795,910	795,962	789,050	789,075

2.2 Minimum requirement for own funds and eligible liabilities

The framework on minimum requirement for own funds and eligible liabilities (MREL) is intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss. The framework is complemented with disclosure requirements based on the formats provided in the Basel Committee Standards for Pillar 3 Phase 2 disclosures requirements.

The Group's fully phased minimum total requirement for own funds and eligible liabilities (MREL) will be 25.9 per cent of RWA from 1 January 2022 based on RWA at HY'21. This is comprised of a minimum requirement of 22.2 per cent and the Group's combined buffer (comprising the capital conservation buffer, the GSII buffer and the countercyclical buffer). The Group's MREL position was 31.7 per cent of RWA and 10.2 per cent of leverage exposure at 30 June 2021.

Details of the Group's MREL eligible instruments are set out in the Standard Chartered PLC Main Features of Capital Instruments document available on the Group's website at <https://www.sc.com/en/investors/credit-ratings-fixed-income/#capitalsecurities>.

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 6 shows details of the composition of the Groups MREL.

Table 6: TLAC composition for G-SIBs (TLAC1)

	30.06.21 \$million	31.12.20 \$million
Regulatory capital elements of TLAC and adjustments		
Common Equity Tier 1 capital (CET1)	39,589	38,779
Additional Tier 1 capital (AT1) before TLAC adjustments	6,294	5,612
AT1 ineligible as TLAC as issued out of subsidiaries to third parties	–	–
Other adjustments	–	–
AT1 instruments eligible under the TLAC framework	6,294	5,612
Tier 2 capital (T2) before TLAC adjustments	13,279	12,657
Amortised portion of T2 instruments where remaining maturity > 1 year	2,586	3,063
T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	–	–
Other adjustments	–	–
T2 instruments eligible under the TLAC framework	15,864	15,720
TLAC arising from regulatory capital	61,747	60,111
Non-regulatory capital elements of TLAC		
External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	–	–
External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	27,105	22,937
Of which: amount eligible as TLAC after application of the caps	27,105	22,937
External TLAC instruments issued by funding vehicles prior to 1 January 2022	–	–
Eligible ex ante commitments to recapitalise a G-SIB in resolution	–	–
TLAC arising from non-regulatory capital instruments before adjustments	27,105	22,937
Non-regulatory capital elements of TLAC: adjustments		
TLAC before deductions	88,852	83,048
Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	–	–
Deduction of investments in own other TLAC liabilities	(8)	(8)
Other adjustments to TLAC	–	–
TLAC after deductions	88,844	83,040
Risk-weighted assets and leverage exposure measure for TLAC purposes		
Total risk-weighted assets adjusted as permitted under the TLAC regime	280,227	268,834
UK Leverage exposure measure	866,832	834,765
TLAC ratios and buffers		
TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	31.7%	30.9%
TLAC (as a percentage of leverage exposure)	10.2%	9.9%
CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	7.9%	8.1%
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.6%	3.6%
Of which: capital conservation buffer requirement	2.5%	2.5%
Of which: bank specific countercyclical buffer requirement	0.2%	0.1%
Of which: higher loss absorbency requirement	1.0%	1.0%

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 7 shows information regarding the ranking of the Group's liabilities at the resolution group level.

Table 7: Resolution entity – creditor ranking at legal entity level (TLAC3)

	30.06.21			
	Creditor ranking			Total \$million
	1 \$million	2 \$million	3 \$million	
Description of creditor ranking	Tertiary non- preferential debt ²	Tertiary non- preferential debt – Tier 2 securities	Ordinary non- preferential debt ³	
Total capital and liabilities net of credit risk mitigation ¹	7,521	16,206	28,189	51,916
Of which: are excluded liabilities	–	–	(166)	(166)
Total capital and liabilities less excluded liabilities	7,521	16,206	28,023	51,750
Of which: are potentially eligible as TLAC	7,521	16,206	26,580	50,307
Of which: with 1 year ≤ residual maturity < 2 years	–	2,964	4,750	7,714
Of which: with 2 years ≤ residual maturity < 5 years	–	1,618	9,362	10,980
Of which: with 5 years ≤ residual maturity < 10 years	–	3,484	9,582	13,066
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	6,962	2,886	9,848
Of which: perpetual securities	7,521	177	–	7,698

	31.12.20			
	Creditor ranking			Total \$million
	1 \$million	2 \$million	3 \$million	
Description of creditor ranking	Tertiary non- preferential debt ²	Tertiary non- preferential debt – Tier 2 securities	Ordinary non- preferential debt ³	
Total capital and liabilities net of credit risk mitigation ¹	6,284	15,876	31,906	54,066
Of which: are excluded liabilities	–	–	(360)	(360)
Total capital and liabilities less excluded liabilities	6,284	15,876	31,546	53,706
Of which: are potentially eligible as TLAC	6,284	15,876	21,830	43,990
Of which: with 1 year ≤ residual maturity < 2 years	–	1,956	2,750	4,706
Of which: with 2 years ≤ residual maturity < 5 years	–	3,853	9,584	13,437
Of which: with 5 years ≤ residual maturity < 10 years	–	4,054	6,360	10,414
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	5,836	3,136	8,972
Of which: perpetual securities	6,284	177	–	6,461

1 Excludes CET1 and is based on accounting carrying values

2 AT1 Preference shares and Contingent Convertible Capital Instruments

3 Senior bonds, derivative liabilities, tax claims etc

TLAC 2 is a G-SII disclosure requirement to provide the ranking of the liability structure of all of the Group's material sub-groups as defined by the FSB TLAC Term Sheet. The group has 5 material sub-groups; Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank Korea Limited, Standard Chartered Bank (China) Limited, and Standard Chartered Bank (Singapore) Limited for which disclosure would be required.

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 8: Standard Chartered Bank – creditor ranking (TLAC2)

	30.06.21					
	Creditor ranking					Total \$million
	1 \$million	2 \$million	2 \$million	3 \$million	3 \$million	
Is the resolution entity the creditor/ investor?	No ¹	Yes	No	Yes	Yes	
Description of creditor ranking	Tertiary non- preferential debt – common shares	Tertiary non- preferential debt – AT1 cocos	Tertiary non- preferential debt – Tier 2 securities	Tertiary non- preferential debt – Tier 2 securities	Secondary non- preferential debt	
Total capital and liabilities net of credit risk mitigation ²	19,024	5,750	342	13,612	5,337	44,065
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	19,024	5,750	342	13,612	5,337	44,065
Of which: are potentially eligible as TLAC	19,024	5,750	342	13,612	5,337	44,065
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	2,960	2,431	5,391
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	2,071	2,071
Of which: with 5 years ≤ residual maturity < 10 years	–	–	–	3,134	835	3,969
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	291	7,340	–	7,631
Of which: is perpetual securities	19,024	5,750	51	179	–	25,003

	31.12.20					
	Creditor ranking					Total \$million
	1 \$million	2 \$million	2 \$million	3 \$million	3 \$million	
Is the resolution entity the creditor/ investor?	No ¹	Yes	No	Yes	Yes	
Description of creditor ranking	Tertiary non- preferential debt – common shares	Tertiary non- preferential debt – AT1 cocos	Tertiary non- preferential debt – Tier 2 securities	Tertiary non- preferential debt – Tier 2 securities	Secondary non- preferential debt	
Total capital and liabilities net of credit risk mitigation ²	19,024	4,500	342	13,612	3,837	41,315
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	19,024	4,500	342	13,612	3,837	41,315
Of which: are potentially eligible as TLAC	19,024	4,500	342	13,612	3,837	41,315
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	960	2,431	3,391
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	2,000	–	2,000
Of which: with 5 years ≤ residual maturity < 10 years	–	–	–	3,134	1,406	4,540
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	291	7,340	–	7,631
Of which: is perpetual securities	19,024	4,500	51	179	–	23,753

1 Held by Standard Chartered Holdings Limited

2 Excludes CET1 (except common shares) and is based on accounting carrying values

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 9: Standard Chartered Bank (Hong Kong) Limited – creditor ranking (TLAC2)

	30.06.21				
	Creditor ranking				Total \$million
	1 \$million	2 \$million	3 \$million	4 \$million	
Is the resolution entity the creditor/investor?	Yes	Yes	Yes	Yes	
Description of creditor ranking	Common Shares	Securities and preference shares qualifying as AT1	Dated subordinated notes qualifying as Tier 2	Loss absorbing non- preferred notes	
Total capital and liabilities net of credit risk mitigation ²	8,373	2,154	2,683	3,031	16,241
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,373	2,154	2,683	3,031	16,241
Of which: are potentially eligible as TLAC	8,373	2,154	2,683	3,031	16,241
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	939	939
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	600	600
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,500	1,492	2,992
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	1,183	–	1,183
Of which: is perpetual securities	8,373	2,154	–	–	10,527

	31.12.20				
	Creditor ranking				Total \$million
	1 \$million	2 \$million	3 \$million	4 \$million	
Is the resolution entity the creditor/investor?	Yes ¹	Yes	Yes	Yes	
Description of creditor ranking	Common Shares	Securities and preference shares qualifying as AT1	Dated subordinated notes qualifying as Tier 2	Loss absorbing non- preferred notes	
Total capital and liabilities net of credit risk mitigation ²	8,386	2,158	1,500	3,139	15,183
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,386	2,158	1,500	3,139	15,183
Of which: are potentially eligible as TLAC	8,386	2,158	1,500	3,139	15,183
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	1,600	1,600
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	1,539	1,539
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,250	–	1,250
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	250	–	250
Of which: is perpetual securities	8,386	2,158	–	–	10,544

1 Includes preference shares held by Standard Chartered Bank which have been redeemed December 2020 via payment out of distributable profits and for which the amount was transferred from retained earnings to share capital in accordance with the requirements of the Hong Kong Companies Ordinance

2 Excludes CET1 (except common shares) and is based on accounting carrying values

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 10: Standard Chartered Bank Korea Limited – creditor ranking (TLAC2)

	30.06.21			
	Creditor ranking			Total \$million
	1 \$million	2 \$million	3 \$million	
Is the resolution entity the creditor/investor?	No ¹	No ²	No ³	
Description of creditor ranking	Common Shares	Additional Tier 1 securities	Tier 2 securities	
Total capital and liabilities net of credit risk mitigation ⁴	1,302	266	533	2,101
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	266	533	2,101
Of which: are potentially eligible as TLAC	1,302	266	533	2,101
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	533	533
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: is perpetual securities	1,302	266	–	1,568

	31.12.20			
	Creditor ranking			Total \$million
	1 \$million	2 \$million	3 \$million	
Is the resolution entity the creditor/investor?	No ¹	No ²	No ³	
Description of creditor ranking	Common Shares	Additional Tier 1 securities	Tier 2 securities	
Total capital and liabilities net of credit risk mitigation ⁴	1,302	–	552	1,854
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	–	552	1,854
Of which: are potentially eligible as TLAC	1,302	–	552	1,854
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	552	552
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: is perpetual securities	1,302	–	–	1,302

1 Held by Standard Chartered NEA Limited

2 Held by Standard Chartered Bank (Hong Kong) Limited

3 Held by Standard Chartered Bank

4 Excludes CET1 (except common shares) and is based on accounting carrying values

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 11: Standard Chartered Bank (Singapore) Limited – creditor ranking (TLAC2)

	30.06.21				
	Creditor ranking				Total \$million
	1 \$million	2 \$million	3 \$million	3 \$million	
Is the resolution entity the creditor/investor?	No ¹	Yes	Yes	No ²	
Description of creditor ranking	Common Shares	AT1 Non- cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation ³	3,963	1,058	540	400	5,961
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	3,963	1,058	540	400	5,961
Of which: are potentially eligible as TLAC	3,963	1,058	540	400	5,961
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	540	400	940
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	3,963	1,058	–	–	5,021

	31.12.20				
	Creditor ranking				Total \$million
	1 \$million	2 \$million	3 \$million	3 \$million	
Is the resolution entity the creditor/investor?	No ¹	Yes	Yes	No ²	
Description of creditor ranking	Common Shares	AT1 Non- cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation ³	3,963	1,067	540	400	5,970
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	3,963	1,067	540	400	5,970
Of which: are potentially eligible as TLAC	3,963	1,067	540	400	5,970
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	–	540	400	940
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: is perpetual securities	3,963	1,067	–	–	5,030

1 Held by Standard Chartered Holdings (Singapore) Private Limited

2 Held by Standard Chartered Bank

3 Excludes CET1 (except common shares) and is based on accounting carrying values

2.2 Minimum requirement for own funds and eligible liabilities continued

Table 12: Standard Chartered Bank (China) Limited – creditor ranking (TLAC2)

	30.06.21		
	Creditor ranking		Total \$million
	1 \$million	2 \$million	
Is the resolution entity the creditor/investor?	No ¹	Yes	
Description of creditor ranking	Common Shares	Tier-2 capital	
Total capital and liabilities net of credit risk mitigation ²	1,446	619	2,065
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	619	2,065
Of which: are potentially eligible as TLAC	1,446	619	2,065
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	619	619
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: is perpetual securities	1,446	–	1,446

	31.12.20		
	Creditor ranking		Total \$million
	1 \$million	2 \$million	
Is the resolution entity the creditor/investor?	No ¹	Yes	
Description of creditor ranking	Common Shares	Tier-2 capital	
Total capital and liabilities net of credit risk mitigation ²	1,446	611	2,057
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	611	2,057
Of which: are potentially eligible as TLAC	1,446	611	2,057
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–
Of which: with 5 years ≤ residual maturity < 10 years	–	611	611
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: is perpetual securities	1,446	–	1,446

1 Held by Standard Chartered Bank (Hong Kong) Limited

2 Excludes CET1 (except common shares) and is based on accounting carrying values

2.3 Capital Requirements

The table below presents the Group's RWA and capital requirements (calculated as 8 per cent of RWA).

Further information on credit RWAs can be found in Table 30 for credit risk exposures under IRB (which include counterparty

credit risk); Table 15 for the RWA flow statements for credit risk exposures under IRB (which includes securitisation balances below); Table 42 for exposures under the SA (which include amounts below the threshold for deduction) and section 4.2 for exposures subject to counterparty credit risk.

Table 13: Overview of RWA (OV1)

	30.06.21		31.03.21		31.12.20	
	Risk-weighted assets \$million	Regulatory capital requirement ¹ \$million	Risk-weighted assets \$million	Regulatory capital requirement ¹ \$million	Risk-weighted assets \$million	Regulatory capital requirement ¹ \$million
1 Credit risk (excluding counterparty credit risk)²	194,870	15,590	194,589	15,567	189,258	15,141
4 Of which advanced IRB approach (Table 30)	159,567	12,765	159,975	12,798	156,191	12,495
2 Of which standardised approach (Table 42)	35,303	2,825	34,614	2,769	33,067	2,645
6 Counterparty credit risk³	21,167	1,693	19,534	1,564	18,986	1,519
7 Of which mark to market method	4,608	368	3,697	296	3,731	298
10 Of which internal model method (IMM)	9,647	771	9,906	793	10,335	827
Of which securities financing transactions	3,348	268	2,995	240	2,257	181
11 Of which risk exposure amount for contributions to the default fund of a CCP	295	24	198	16	228	18
12 Of which CVA (Table 55)	3,269	262	2,738	219	2,435	195
13 Settlement risk	1	-	2	-	1	-
14 Securitisation exposures in the banking book	5,649	452	5,185	415	4,803	384
15 Of which Sec IRBA	2,336	187	2,251	180	1,998	160
16 Of which Sec ERBA	3,313	265	2,927	234	2,805	224
18 Of which standardised approach	-	-	7	1	-	-
19 Market risk (Table 45)	23,763	1,901	22,765	1,821	21,593	1,727
21 Of which internal model approaches	14,971	1,198	13,648	1,092	13,608	1,089
20 Of which standardised approach	8,792	703	9,117	729	7,985	639
22 Large exposures	-	-	-	-	-	-
23 Operational risk⁴	27,116	2,169	27,116	2,169	26,800	2,144
25 Of which standardised approach	27,116	2,169	27,116	2,169	26,800	2,144
27 Amounts below the thresholds for deduction (subject to 250% risk weight) (Table 42)	7,661	613	7,479	598	7,393	591
28 Floor Adjustment	-	-	-	-	-	-
29 Total	280,227	22,418	276,670	22,134	268,834	21,507

1 The regulatory capital requirement is calculated as 8 per cent of the RWA, and represents the minimum total capital ratio in accordance with CRR Article 92 (1)

2 Credit risk (excluding counterparty credit risk) includes non-credit obligation assets

3 Counterparty credit risk includes assets which are assessed under IRB and SA

4 To calculate operational risk standardised risk-weighted assets, a regulatory defined beta co-efficient is applied to average gross income for the previous three years, across each of the eight business lines prescribed in the CRR

2.3 Capital Requirements continued

RWA increased by \$11.4 billion, or 4.2 per cent from 31 December 2020 to \$280.2 billion. This was due to increases in credit risk (including counterparty credit risk) RWA of \$8.9 billion.

- Credit risk including counterparty credit increased to \$229.3 billion. The increase was driven by:
 - \$9.9 billion net increase driven by asset balance growth in Commercial, Corporate & Institutional Banking and Commercial Banking and Private Banking
 - \$1.3 billion increase due to deterioration in asset quality from client downgrades mainly in Asia and Africa & Middle East
 - \$1.9 billion decrease from foreign currency translation
- Operational risk RWA increased \$0.3 billion mainly due to an increase in average income as measured over a rolling three-year time horizon, with higher 2020 income replacing lower 2017 income
- Total market risk RWA increased by \$2.2 billion, or 10 per cent from 31 December 2020 to \$23.8 billion. The increase was mainly due to Internal Models Approach (IMA) RWA, with increased IMA positions and charges for IMA Risks not in VaR. Standardised Approach (SA) RWA also increased with a rise in Specific Interest Rate Risk RWA.

Table 14 shows the significant drivers of credit risk, market risk and operational risk RWA movements from 1 January 2021.

Table 14: Movement analysis for RWA

	Credit risk IRB \$million	Credit risk SA \$million	Credit risk Total \$million	Counterparty Credit risk \$million	Total Credit & Counterparty Credit risk \$million	Operational risk \$million	Market risk \$million	Total \$million
As at 1 January 2021	160,994	40,461	201,455	18,986	220,441	26,800	21,593	268,834
Asset size	5,789	1,620	7,409	608	8,017	–	–	8,017
Asset quality	422	–	422	145	567	–	–	567
Model updates	–	–	–	–	–	–	–	–
Methodology and policy	–	–	–	–	–	–	–	–
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	(1,395)	(211)	(1,606)	(205)	(1,811)	–	–	(1,811)
Other, including non-credit risk movements ¹	(657)	232	(425)	–	(425)	316	1,172	1,063
As at 31 March 2021	165,153	42,102	207,255	19,534	226,789	27,116	22,765	276,670
Asset size	(642)	806	164	1,699	1,863	–	–	1,863
Asset quality	818	–	818	(103)	715	–	–	715
Model updates	(27)	–	(27)	–	(27)	–	–	(27)
Methodology and policy	–	–	–	–	–	–	–	–
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	(86)	(28)	(114)	37	(77)	–	–	(77)
Other, including non-credit risk movements ¹	–	85	85	–	85	–	998	1,083
As at 30 June 2021	165,216	42,965	208,181	21,167	229,348	27,116	23,763	280,227

¹ RWA efficiencies are disclosed against 'Other, including non-credit risk movements'

² See Table 13: Overview of RWA (OV1). To note that 'Securitisation', 'Settlement risk' and 'Amounts below the threshold for deduction (subject to 250% risk-weight)' are included in credit risk

2.3 Capital Requirements continued

Table 15 shows the significant drivers of credit risk, IRB RWA movements (excluding counterparty credit risk and standardised credit risk) from 1 January 2021.

Table 15: RWA flow statements of credit risk exposures under IRB (CR8)

	Risk-weighted assets ¹ \$million	Regulatory capital requirement ¹ \$million
As at 1 January 2021	160,994	12,879
Asset size	5,789	463
Asset quality	422	34
Model updates	–	–
Methodology and policy	–	–
Acquisitions and disposals	–	–
Foreign exchange movements	(1,395)	(112)
Other	(657)	(53)
1 As at 31 March 2021	165,153	13,212
2 Asset size	(642)	(51)
3 Asset quality	818	65
4 Model updates	(27)	(2)
5 Methodology and policy	–	–
6 Acquisitions and disposals	–	–
7 Foreign exchange movements	(86)	(7)
8 Other	–	–
9 As at 30 June 2021	165,216	13,217

1 Includes securitisation and non-credit obligation assets, but excludes counterparty credit risk

2 See Table 13: Overview of RWA (OV1). Comprises advanced IRB credit risk \$159,567 million and securitisation of \$5,649 million

IRB credit RWA increased by \$4.2 billion from 31 December 2020 driven by:

- 5.1 billion increase driven by asset balance growth, primarily in Financial Markets across all regions and Transaction Banking across Asia and Africa & Middle East
- \$1.2 billion increase due to deterioration in asset quality driven by client downgrades, mainly in Asia and Africa & Middle East grades in Africa & Middle East

- \$1.5 billion decrease from foreign currency translation

- \$0.7 billion decrease due to efficiencies relating to covered bonds

Table 16 shows the significant drivers of credit counterparty risk under IMM RWA movements from 1 January 2021.

Table 16: RWA flow statements of CCR exposures under the IMM (CCR7)

	Risk-weighted assets \$million	Regulatory capital requirement \$million
As at 1 January 2021	10,335	827
Asset size	(376)	(30)
Asset quality	137	11
Model updates	–	–
Methodology and policy	–	–
Acquisitions and disposals	–	–
Foreign exchange movements	(190)	(15)
Other ¹	–	–
1 As at 31 March 2021	9,906	793
2 Asset size	(287)	(23)
3 Asset quality	(5)	–
4 Model updates	–	–
5 Methodology and policy	–	–
6 Acquisitions and disposals	–	–
7 Foreign exchange movements	33	2
8 Other ¹	–	–
9 As at 30 June 2021	9,647	772

1 RWA efficiencies are disclosed against 'Other'

2.3 Capital Requirements continued

Table 17 shows the RWA flow statements of market risk RWA exposures under the Internal Model Approach (IMA) from 1 January 2021.

Table 17: RWA flow of market risk exposures under an IMA approach (MR2-B)

	VaR \$million	SVaR \$million	IRC \$million	CRM \$million	Other ¹ \$million	Total RWA \$million	Total capital requirement \$million
At 1 January 2021	3,058	4,838	–	–	5,712	13,608	1,089
Regulatory adjustment	–	–	–	–	–	–	–
RWAs post adjustment at 1 January 2021	3,058	4,838	–	–	5,712	13,608	1,089
Movement in risk levels	(561)	425	–	–	176	40	3
Model updates/changes	–	–	–	–	–	–	–
Methodology and policy	–	–	–	–	–	–	–
Acquisitions and disposals	–	–	–	–	–	–	–
Foreign exchange movements	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
1 At 31 March 2021	2,497	5,263	–	–	5,888	13,648	1,092
1a Regulatory adjustment	–	–	–	–	–	–	–
1b RWAs post adjustment at 31 March 2021	2,497	5,263	–	–	5,888	13,648	1,092
2 Movement in risk levels	(307)	971	–	–	659	1,323	106
3 Model updates/changes	–	–	–	–	–	–	–
4 Methodology and policy	–	–	–	–	–	–	–
5 Acquisitions and disposals	–	–	–	–	–	–	–
6 Foreign exchange movements	–	–	–	–	–	–	–
7 Other	–	–	–	–	–	–	–
8a At 30 June 2021	2,190	6,234	–	–	6,547	14,971	1,198
8b Regulatory adjustment	–	–	–	–	–	–	–
8 RWAs post adjustment at 30 June 2021	2,190	6,234	–	–	6,547	14,971	1,198

¹ Other IMA capital add-ons for market risks not fully captured in either VaR or SVaR. More details on Risks not in VaR can be found in the Group's Half Year Report 2021 on page 87

Market risk RWA under an Internal Modelled Approach increased by \$1.4 billion from 31 December 2020 reflecting primarily increased charges for IMA Risks not in VaR and an increase in positions, partially offset by a reduction in RWA due to lower market volatility.

2.4 Leverage ratio

UK banks are currently subject to a minimum leverage ratio of 3.25 per cent. In addition, a supplementary leverage ratio buffer is applicable, set at 35 per cent of the corresponding G-SII capital buffer and the countercyclical capital buffer. Following the FPC's recommendation to the PRA to exclude qualifying claims on central bank exposures from the leverage exposure measure in the UK leverage ratio framework, and the corresponding waiver granted by the PRA, the Group has been reporting the leverage ratio on a UK basis from March 2017.

At 30 June 2021, the Group's current minimum requirement inclusive of leverage buffers was 3.7 per cent:

- (i) The minimum 3.25 per cent
- (ii) A 0.35 per cent G-SII leverage ratio buffer and
- (iii) A 0.05 per cent countercyclical capital leverage ratio buffer, based on half year 2021 countercyclical capital buffer rates

The Group's UK leverage ratio of 5.2% was flat to 31 December 2020 and is above the current minimum requirement of 3.7 per cent. The increase in end point Tier 1 (mainly due to higher CET1 and the issuance of \$1.25 billion of new Additional Tier 1) broadly offset an increase in the exposure measure (mainly due to on and off balance sheet growth and higher overall securities financing transaction charges).

Table 18: UK and CRR leverage ratio

	30.06.21 \$million	31.03.21 \$million	31.12.20 \$million
Tier 1 capital (end point)	45,325	44,447	43,277
UK leverage exposure	866,832	865,644	834,765
UK leverage ratio	5.2%	5.1%	5.2%
CRR leverage exposure	934,609	931,027	895,069
CRR leverage ratio	4.8%	4.8%	4.8%
UK leverage exposure quarterly average	879,678	864,008	837,147
UK leverage ratio quarterly average	5.1%	5.1%	5.2%
Countercyclical leverage ratio buffer	0.1%	0.1%	0.0%
G-SII additional leverage ratio buffer	0.4%	0.4%	0.4%

CRR leverage ratio

Table 19, 20 and 21 present the leverage ratio based on CRR basis requirements.

Table 19: Summary reconciliation of accounting assets and leverage exposure

	30.06.21 \$million	31.12.20 \$million
1 Total assets as per published financial statements	795,910	789,050
2 Adjustment difference between the accounting scope of consolidation and the regulatory scope of consolidation	269	245
4 Adjustments for derivative financial instruments	1,149	(21,841)
5 Adjustments for securities financing transactions (SFTs)	9,178	4,969
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	133,785	128,167
7 Other adjustments	(5,682)	(5,521)
8 Total leverage ratio exposure	934,609	895,069

2.4 Leverage ratio continued

Table 20: Leverage ratio common disclosure

		30.06.21 \$million	31.12.20 \$million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	674,796	652,952
2	(Asset amounts deducted in determining Tier 1 capital)	(5,682)	(5,521)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	669,114	647,431
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9,192	13,560
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	49,471	42,410
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(7,191)	(10,323)
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	78,252	64,002
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(76,747)	(62,718)
11	Total derivative exposures	52,977	46,931
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	73,593	75,490
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(4,038)	(7,919)
14	Counterparty credit risk exposure for SFT assets	9,178	4,969
16	Total securities financing transaction exposures	78,733	72,540
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	431,727	425,851
18	(Adjustments for conversion to credit equivalent amounts)	(297,942)	(297,684)
19	Other off-balance sheet exposures	133,785	128,167
	Capital and total exposures		
20	Tier 1 capital (end point)	45,325	43,277
	Leverage ratio total exposure measure	934,609	895,069
22	Leverage ratio	4.8%	4.8%
	Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in

Table 21: Leverage ratio: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30.06.21 \$million	31.12.20 \$million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	674,796	652,952
EU-2	Trading book exposures	50,759	46,321
EU-3	Banking book exposures, of which:	624,037	606,631
EU-4	Covered bonds	6,235	7,154
EU-5	Exposures treated as sovereigns	207,770	210,935
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	95	71
EU-7	Institutions	69,720	72,246
EU-8	Secured by mortgages of immovable properties	95,421	94,178
EU-9	Retail exposures	28,918	28,337
EU-10	Corporates	157,161	142,161
EU-11	Exposures in default	7,477	7,857
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	50,240	43,692

3. Credit risk

3.1 Exposure values

Credit risk EAD is based on the current outstanding exposure and accrued interest and fees, which are recognised in the Group's balance sheet in accordance with IFRS, plus a proportion of any undrawn facility. For standardised EAD, the proportion of any undrawn facility included is dependent on the facility type and tenor, and for IRB exposure classes this proportion is modelled.

Tables 22 to 24 break down defaulted and non-defaulted exposures by exposure class, as defined in the CRR, and by industry and geography. Exposure values presented in the tables are before the impact of credit conversion factors (CCF) and funded credit risk mitigation (CRM) but after substitution.

All Standard Chartered accounting provisions are categorised as specific credit risk adjustments according to the EBA Regulatory Technical Standards (RTS) on specification of the calculation of specific and general credit risk adjustments (EBA/RTS/2013/04). The column for general credit risk adjustments as included in the prescribed templates of the EBA disclosure guidelines has therefore been removed. Net values equate to EAD after deduction of specific credit risk adjustments.

Values in Tables 25 to 27 are gross carrying values in accordance with IFRS. Tables 25 to 27 depict past-due exposures, broken down by past-due bands and provide further information on non-performing and forborne exposures.

3.1 Exposure values continued

Table 22: Credit quality of exposures by exposure class and instruments (CR1-A)

		30.06.21				
		EAD before the effect of CCF & CRM¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	Net values \$million
		Defaulted exposures \$million	Non-defaulted exposures \$million			
IRB Exposure Class						
1	Central governments or central banks	408	332,020	69	2	332,359
2	Institutions	4	295,256	15	(3)	295,245
3	Corporates	8,690	519,558	4,526	(697)	523,722
4	Of which specialised lending	1,184	34,535	781	(42)	34,938
5	Of which SME	578	5,903	346	(30)	6,135
6	Retail	773	137,298	728	(67)	137,343
7	Secured by real estate collateral	261	81,481	37	(83)	81,705
8	Of which SME	6	411	1	(1)	416
9	Of which Non SME	255	81,070	36	(82)	81,289
10	Qualifying revolving retail	131	32,862	124	(19)	32,869
11	Other retail	381	22,955	567	35	22,769
12	Of which SME	210	3,950	133	(5)	4,027
13	Of which Non SME	171	19,005	434	40	18,742
	Non-credit obligation assets	272	856	–	–	1,128
15	Total IRB²	10,147	1,284,988	5,338	(765)	1,289,797
Standardised Exposure Class						
16	Central governments or central banks	–	76,382	6	3	76,376
19	Multilateral development banks	–	26,444	4	1	26,440
21	Institutions	–	44,341	–	–	44,341
22	Corporates	650	67,366	544	132	67,472
23	Of which SME	381	38,415	256	(1)	38,540
24	Retail	265	22,527	478	(55)	22,314
25	Of which SME	49	6,434	46	5	6,437
26	Secured on real estate property	132	9,079	69	(6)	9,142
27	Of which SME	4	3,384	8	(1)	3,380
29	Items belonging to regulatory high risk categories	848	315	23	9	1,140
33	Equity	–	2,360	–	–	2,360
34	Other Items³	–	21,806	–	–	21,806
35	Total Standardised	1,895	270,620	1,124	83	271,391
	Of which past due items	1,895	–	755	144	1,140
36	Total⁴	12,042	1,555,608	6,462	(683)	1,561,188
37	Of which Loans	7,771	302,200	5,997	(634)	303,974
38	Of which Debt securities	71	137,939	150	5	137,860
39	Of which Off-balance-sheet exposures	3,701	763,136	315	(54)	766,522

1 EAD before the effect of credit conversion factor and collateral but after substitution

2 Excludes securitisation exposures

3 Other items include cash, fixed assets, prepayments and accrued income

4 Amount written off during the year is \$636 million

3.1 Exposure values continued

Table 22: Credit quality of exposures by exposure class and instruments (CR1-A) continued

		31.12.20				Net values \$million
		EAD before the effect of CCF & CRM¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	
		Defaulted exposures \$million	Non-defaulted exposures \$million			
IRB Exposure Class						
1	Central governments or central banks	42	320,799	67	21	320,774
2	Institutions	10	271,493	18	9	271,485
3	Corporates	7,900	509,298	5,223	91	511,975
4	Of which specialised lending	1,105	35,935	823	250	36,217
5	Of which SME	600	6,336	376	39	6,560
6	Retail	826	134,630	795	343	134,661
7	Secured by real estate collateral	252	79,214	120	82	79,346
8	Of which SME	4	348	2	1	351
9	Of which Non SME	248	78,865	118	81	78,996
10	Qualifying revolving retail	144	33,376	143	9	33,377
11	Other retail	430	22,040	532	252	21,938
12	Of which SME	208	3,828	138	57	3,898
13	Of which Non SME	222	18,212	394	195	18,040
	Non-credit obligation assets	340	775	–	–	1,115
15	Total IRB²	9,118	1,236,995	6,103	465	1,240,010
Standardised Exposure Class						
16	Central governments or central banks	–	82,584	3	1	82,581
19	Multilateral development banks	–	26,604	3	(4)	26,600
21	Institutions	–	50,009	–	(2)	50,009
22	Corporates	530	68,473	412	(358)	68,591
23	Of which SME	371	36,184	257	(22)	36,297
24	Retail	104	21,643	533	349	21,213
25	Of which SME	44	6,506	41	1	6,508
26	Secured on real estate property	132	9,753	75	(5)	9,810
27	Of which SME	6	3,346	9	(3)	3,344
29	Items belonging to regulatory high risk categories	850	336	14	(47)	1,171
33	Equity	–	2,208	–	–	2,208
34	Other Items³	–	14,931	–	–	14,931
35	Total Standardised	1,616	276,540	1,041	(65)	277,115
	Of which past due items	1,616	–	610	(213)	1,005
36	Total⁴	10,734	1,513,536	7,145	399	1,517,125
37	Of which Loans	7,921	285,129	6,631	287	286,419
38	Of which Debt securities	56	144,125	145	46	144,037
39	Of which Off-balance-sheet exposures	2,128	743,788	369	66	745,547

1 EAD before the effect of credit conversion factor and collateral but after substitution

2 Excludes securitisation exposures

3 Other items include cash, fixed assets, prepayments and accrued income

4 Amount written off during the year is \$1,897 million

3.1 Exposure values continued

Table 23: Credit quality of exposures by industry types (CR1-B)

	30.06.21				
	EAD before the effect of CCF & CRM ¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	Net values \$million
	Defaulted exposures \$million	Non-defaulted exposures \$million			
Loans to individuals mortgage	384	87,069	98	(8)	87,355
Loans to individuals other	646	67,111	1,003	(111)	66,754
SME	1,707	59,619	823	(41)	60,503
Commerce	1,581	77,489	1,128	(136)	77,942
Manufacturing	2,848	114,734	1,176	(172)	116,406
Commercial real estate	345	25,096	196	34	25,245
Government	408	389,186	70	4	389,524
Financing, insurance and business services	716	570,341	676	(98)	570,381
Transport, storage and communication	1,270	24,524	319	(90)	25,475
Other	2,137	140,439	973	(65)	141,603
Total^{2,3}	12,042	1,555,608	6,462	(683)	1,561,188

	31.12.20				
	EAD before the effect of CCF & CRM ¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	Net values \$million
	Defaulted exposures \$million	Non-defaulted exposures \$million			
Loans to individuals mortgage	378	84,648	106	9	84,919
Loans to individuals other	541	66,747	1,114	629	66,175
SME	1,722	58,161	864	87	59,018
Commerce	1,645	77,346	1,264	175	77,727
Manufacturing	2,081	117,167	1,348	(129)	117,900
Commercial real estate	370	22,393	162	24	22,601
Government	42	383,091	66	21	383,067
Financing, insurance and business services	592	542,351	774	84	542,169
Transport, storage and communication	1,196	27,146	409	(174)	27,934
Other	2,168	134,485	1,038	(326)	135,615
Total^{2,3}	10,734	1,513,536	7,145	399	1,517,125

1 EAD before the effect of credit conversion factor and collateral but after substitution

2 Refer to Table 22(CR1-A) for total net values

3 Accumulated write-off for the year is \$636 million (2020: \$1,728 million)

3.1 Exposure values continued

Table 24: Credit quality of exposures by geography (CR1-C)

	30.06.21				
	EAD before the effect of CCF & CRM ¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	Net values \$million
	Defaulted exposures \$million	Non-defaulted exposures \$million			
Greater China & North Asia	856	555,024	651	(51)	555,229
ASEAN & South Asia	4,661	278,729	2,588	(420)	280,802
Africa & Middle East	5,362	131,362	2,572	(189)	134,152
Europe & Americas	1,163	590,493	651	(23)	591,005
Total^{2,3}	12,042	1,555,608	6,462	(683)	1,561,188
	31.12.20				
	EAD before the effect of CCF & CRM ¹		Specific credit risk adjustment \$million	Credit risk adjustment changes in the period \$million	Net values \$million
	Defaulted exposures \$million	Non-defaulted exposures \$million			
Greater China & North Asia	923	530,076	702	28	530,297
ASEAN & South Asia	4,770	274,907	3,008	(102)	276,669
Africa & Middle East	3,799	130,575	2,761	451	131,613
Europe & Americas	1,242	577,978	674	22	578,546
Total^{2,3}	10,734	1,513,536	7,145	399	1,517,125

1 EAD before the effect of credit conversion factor and collateral but after substitution

2 Refer to Table 22 format (CR1-A) for total net values

3 Accumulated write-off for the year is \$636 million (2020: \$1,728 million)

3.1 Exposure values continued

Table 25: Credit quality of performing and non-performing exposures by past due days

		30.06.21											
		Gross carrying amount/nominal amount											
		Performing exposures				Non-performing exposures							
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted		
		\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
1	Loans and advances	484,040	483,404	636	9,089	2,657	1,151	1,057	1,409	1,405	711	699	9,089
2	Central banks	95,008	95,008	–	–	–	–	–	–	–	–	–	–
3	General governments	8,755	8,753	2	176	106	–	–	70	–	–	–	176
4	Credit institutions	57,945	57,944	1	121	121	–	–	–	–	–	–	121
5	Other financial corporations	73,370	73,368	2	301	76	26	34	–	27	20	118	301
6	Non-financial corporations	115,701	115,348	354	7,116	1,839	491	971	1,251	1,310	685	569	7,116
7	Of which SMEs	1,688	1,632	56	462	48	97	41	38	122	87	29	462
8	Households	133,260	132,983	277	1,375	515	634	52	88	68	6	11	1,375
9	Debt securities	150,060	150,059	1	110	94	–	–	–	–	16	–	110
10	Central banks	24,160	24,160	–	–	–	–	–	–	–	–	–	–
11	General governments	62,913	62,913	–	–	–	–	–	–	–	–	–	–
12	Credit institutions	40,428	40,428	–	–	–	–	–	–	–	–	–	–
13	Other financial corporations	15,974	15,973	1	–	–	–	–	–	–	–	–	–
14	Non-financial corporations	6,585	6,585	–	110	94	–	–	–	–	16	–	110
15	Off-balance-sheet exposures	204,283	–	–	930	–	–	–	–	–	–	–	930
16	Central banks	309	–	–	–	–	–	–	–	–	–	–	–
17	General governments	1,677	–	–	–	–	–	–	–	–	–	–	–
18	Credit institutions	12,359	–	–	2	–	–	–	–	–	–	–	2
19	Other financial corporations	25,120	–	–	63	–	–	–	–	–	–	–	63
20	Non-financial corporations	105,970	–	–	863	–	–	–	–	–	–	–	863
21	Households	58,848	–	–	2	–	–	–	–	–	–	–	2
22	Total	838,383	633,463	637	10,129	2,751	1,151	1,057	1,409	1,405	727	699	10,129

3.1 Exposure values continued

Table 25: Credit quality of performing and non-performing exposures by past due days continued

		31.12.20											
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
1	Loans and advances	460,300	459,587	714	9,244	2,760	1,541	1,265	751	1,472	761	692	9,244
2	Central banks	84,566	84,566	–	–	–	–	–	–	–	–	–	–
3	General governments	5,293	5,290	3	192	165	–	27	–	–	–	–	192
4	Credit institutions	58,748	58,718	30	107	107	–	–	–	–	–	–	107
5	Other financial corporations	69,504	69,502	2	313	112	–	33	–	29	16	124	313
6	Non-financial corporations	110,769	110,485	284	7,093	1,656	940	1,150	648	1,398	743	558	7,093
7	Of which SMEs	2,217	2,215	2	454	315	14	10	10	80	18	6	454
8	Households	131,421	131,026	395	1,539	721	601	54	104	45	3	11	1,539
9	Debt securities	154,541	154,538	3	114	98	–	–	–	–	16	–	114
10	Central banks	26,463	26,463	–	–	–	–	–	–	–	–	–	–
11	General governments	68,172	68,172	–	–	–	–	–	–	–	–	–	–
12	Credit institutions	37,217	37,217	–	–	–	–	–	–	–	–	–	–
13	Other financial corporations	18,337	18,336	2	–	–	–	–	–	–	–	–	–
14	Non-financial corporations	4,351	4,350	1	114	98	–	–	–	–	16	–	114
15	Off-balance-sheet exposures	206,598	–	–	772	–	–	–	–	–	–	–	772
16	Central banks	212	–	–	–	–	–	–	–	–	–	–	–
17	General governments	1,796	–	–	–	–	–	–	–	–	–	–	–
18	Credit institutions	11,647	–	–	12	–	–	–	–	–	–	–	12
19	Other financial corporations	27,805	–	–	61	–	–	–	–	–	–	–	61
20	Non-financial corporations	107,536	–	–	698	–	–	–	–	–	–	–	698
21	Households	57,603	–	–	1	–	–	–	–	–	–	–	1
22	Total	821,440	614,125	716	10,129	2,858	1,541	1,265	751	1,472	778	692	10,129

3.1 Exposure values continued

Table 26: Credit quality of forbore exposures

		30.06.21							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
		Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		\$million	\$million	Of which defaulted \$million	Of which impaired \$million	\$million	\$million	\$million	\$million
1	Loans and advances	1,153	3,120	2,771	3,051	(14)	(1,563)	706	343
2	Central banks	-	-	-	-	-	-	-	-
3	General governments	-	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-
5	Other financial corporations	-	66	66	66	-	(53)	2	2
6	Non-financial corporations	827	2,729	2,682	2,723	(14)	(1,377)	621	280
7	Households	326	325	23	262	-	(133)	83	60
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	-	-	-	-	-	-	-	-
10	Total	1,153	3,120	2,771	3,051	(14)	(1,563)	706	343

		31.12.20							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
		Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		\$million	\$million	Of which defaulted \$million	Of which impaired \$million	\$million	\$million	\$million	\$million
1	Loans and advances	1,048	2,544	2,222	2,475	(3)	(1,561)	746	361
2	Central banks	-	-	-	-	-	-	-	-
3	General governments	-	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-
5	Other financial corporations	-	80	80	80	-	(65)	2	2
6	Non-financial corporations	709	2,131	2,115	2,126	(3)	(1,329)	657	317
7	Households	339	332	27	268	(1)	(166)	87	42
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	-	-	-	-	-	-	-	-
10	Total	1,048	2,544	2,222	2,475	(3)	(1,561)	746	361

3.1 Exposure values continued

Table 27: Performing and non-performing exposures and related provisions

	30.06.21					
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	\$million	Of which stage 1 \$million	Of which stage 2 \$million	\$million	Of which stage 2 \$million	Of which stage 3 \$million
1 Loans and advances	484,040	466,045	17,995	9,089	–	9,089
2 Central banks	95,008	94,899	109	–	–	–
3 General governments	8,755	7,857	898	176	–	176
4 Credit institutions	57,945	57,754	191	121	–	121
5 Other financial corporations	73,370	72,378	992	301	–	301
6 Non-financial corporations	115,701	101,904	13,797	7,116	–	7,116
7 Of which SMEs	1,688	1,391	297	462	–	462
8 Households	133,260	131,253	2,008	1,375	–	1,375
9 Debt securities	150,060	146,302	3,759	110	–	110
10 Central banks	24,160	22,509	1,650	–	–	–
11 General governments	62,913	61,070	1,843	–	–	–
12 Credit institutions	40,428	40,407	21	–	–	–
13 Other financial corporations	15,974	15,757	217	–	–	–
14 Non-financial corporations	6,585	6,558	27	110	–	110
15 Off-balance-sheet exposures	204,283	191,087	13,196	930	–	930
16 Central banks	309	309	–	–	–	–
17 General governments	1,677	1,213	464	–	–	–
18 Credit institutions	12,359	11,438	920	2	–	2
19 Other financial corporations	25,120	23,668	1,451	63	–	63
20 Non-financial corporations	105,970	97,673	8,297	863	–	863
21 Households	58,848	56,786	2,063	2	–	2
22 Total	838,383	803,433	34,950	10,129	–	10,129

3.1 Exposure values continued

Table 27: Performing and non-performing exposures and related provisions continued

		30.06.21								
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off \$million	On performing exposures \$million	On non-performing exposures \$million
		\$million	Of which stage 1 \$million	Of which stage 2 \$million	\$million	Of which stage 2 \$million	Of which stage 3 \$million			
1	Loans and advances	(1,004)	(458)	(546)	(4,988)	–	(4,988)	(4,019)	133,200	1,846
2	Central banks	–	–	–	–	–	–	–	3,481	–
3	General governments	(6)	(4)	(2)	(8)	–	(8)	(3)	1,752	38
4	Credit institutions	(3)	(3)	–	(96)	–	(96)	(27)	9,696	–
5	Other financial corporations	(8)	(7)	(1)	(208)	–	(208)	(274)	3,987	2
6	Non-financial corporations	(498)	(78)	(420)	(4,171)	–	(4,171)	(3,712)	30,490	1,159
7	Of which SMEs	(6)	(2)	(4)	(365)	–	(365)	–	159	40
8	Households	(489)	(366)	(123)	(505)	–	(505)	(3)	83,793	648
9	Debt securities	(88)	(53)	(35)	(62)	–	(62)	–	423	–
10	Central banks	(15)	(6)	(9)	–	–	–	–	–	–
11	General governments	(31)	(22)	(9)	–	–	–	–	–	–
12	Credit institutions	(6)	(6)	–	–	–	–	–	–	–
13	Other financial corporations	(21)	(12)	(10)	–	–	–	–	9	–
14	Non-financial corporations	(15)	(8)	(7)	(62)	–	(62)	–	414	–
15	Off-balance-sheet exposures	(125)	(50)	(75)	(191)	–	(191)	–	5,568	73
16	Central banks	–	–	–	–	–	–	–	–	–
17	General governments	(2)	–	(2)	–	–	–	–	190	–
18	Credit institutions	(2)	(1)	–	(1)	–	(1)	–	491	1
19	Other financial corporations	(7)	(3)	(4)	–	–	–	–	821	7
20	Non-financial corporations	(107)	(40)	(67)	(190)	–	(190)	–	3,606	65
21	Households	(8)	(6)	(2)	–	–	–	–	459	–
22	Total	(1,217)	(562)	(656)	(5,241)	–	(5,241)	(4,019)	139,191	1,919

3.1 Exposure values continued

Table 27: Performing and non-performing exposures and related provisions continued

		31.12.20					
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
		\$million	Of which stage 1 \$million	Of which stage 2 \$million	\$million	Of which stage 2 \$million	Of which stage 3 \$million
1	Loans and advances	460,300	437,166	23,134	9,244	–	9,244
2	Central banks	84,566	84,489	77	–	–	–
3	General governments	5,293	4,187	1,106	192	–	192
4	Credit institutions	58,748	58,455	293	107	–	107
5	Other financial corporations	69,504	68,630	874	313	–	313
6	Non-financial corporations	110,769	92,649	18,119	7,093	–	7,093
7	Of which SMEs	2,217	1,724	493	454	–	454
8	Households	131,421	128,756	2,665	1,539	–	1,539
9	Debt securities	154,541	151,008	3,533	114	–	114
10	Central banks	26,463	24,806	1,656	–	–	–
11	General governments	68,172	66,666	1,506	–	–	–
12	Credit institutions	37,217	37,149	68	–	–	–
13	Other financial corporations	18,337	18,149	188	–	–	–
14	Non-financial corporations	4,351	4,237	114	114	–	114
15	Off-balance-sheet exposures	206,598	193,327	13,271	772	–	772
16	Central banks	212	211	1	–	–	–
17	General governments	1,796	1,482	314	–	–	–
18	Credit institutions	11,647	11,199	448	12	–	12
19	Other financial corporations	27,805	26,506	1,299	61	–	61
20	Non-financial corporations	107,536	98,219	9,317	698	–	698
21	Households	57,603	55,710	1,893	1	–	1
22	Total	821,440	781,501	39,938	10,129	–	10,129

3.1 Exposure values continued

Table 27: Performing and non-performing exposures and related provisions continued

31.12.20										
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								Collateral and financial guarantees received		
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off \$million	On performing exposures \$million	On non-performing exposures \$million
		\$million	Of which stage 1 \$million	Of which stage 2 \$million	\$million	Of which stage 2 \$million	Of which stage 3 \$million			
1	Loans and advances	(1,294)	(548)	(746)	(5,341)	–	(5,341)	(3,913)	130,546	1,705
2	Central banks	(4)	(1)	(4)	–	–	–	–	995	–
3	General governments	(5)	(2)	(3)	(6)	–	(6)	(3)	1,704	45
4	Credit institutions	(9)	(8)	(1)	(84)	–	(84)	(27)	681	2
5	Other financial corporations	(10)	(4)	(6)	(209)	–	(209)	(274)	2,537	36
6	Non-financial corporations	(623)	(78)	(545)	(4,413)	–	(4,413)	(3,606)	26,455	1,015
7	Of which SMEs	(20)	(4)	(16)	(435)	–	(435)	–	992	18
8	Households	(642)	(456)	(186)	(628)	–	(628)	(3)	98,174	607
9	Debt securities	(82)	(56)	(26)	(58)	–	(58)	–	482	4
10	Central banks	(18)	(8)	(10)	–	–	–	–	–	–
11	General governments	(36)	(24)	(12)	–	–	–	–	–	–
12	Credit institutions	(3)	(3)	–	–	–	–	–	–	–
13	Other financial corporations	(14)	(10)	(4)	–	–	–	–	–	–
14	Non-financial corporations	(12)	(11)	(1)	(58)	–	(58)	–	482	4
15	Off-balance-sheet exposures	(174)	(61)	(115)	(194)	–	(194)	–	6,360	39
16	Central banks	–	–	–	–	–	–	–	–	–
17	General governments	(1)	–	(1)	–	–	–	–	185	–
18	Credit institutions	(2)	(1)	(1)	–	–	–	–	441	–
19	Other financial corporations	(4)	(3)	(1)	(16)	–	(16)	–	1,005	6
20	Non-financial corporations	(160)	(51)	(111)	(178)	–	(178)	–	4,510	33
21	Households	(7)	(5)	(2)	–	–	–	–	219	–
22	Total	(1,550)	(665)	(888)	(5,593)	–	(5,593)	(3,913)	137,388	1,748

3.1 Exposure values continued

Table 28: Changes in the stock of general and specific credit risk adjustments (CR2-A)

	30.06.21	
	Accumulated specific credit risk adjustment \$million	Accumulated general credit risk adjustment \$million
1 Opening balance	7,137	N/A
2 Increases due to amounts set aside for estimated loan losses during the period	418	N/A
3 Decreases due to amounts reversed for estimated loan losses during the period	(320)	N/A
4 Decreases due to amounts taken against accumulated credit risk adjustments	(543)	N/A
5 Transfers between credit risk adjustments	–	N/A
6 Impact of exchange rate differences	(135)	N/A
7 Business combinations, including acquisitions and disposals of subsidiaries	–	N/A
8 Other adjustments	(100)	N/A
9 Closing balance	6,457	N/A
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(149)	N/A
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	98	N/A

	31.12.20	
	Accumulated specific credit risk adjustment \$million	Accumulated general credit risk adjustment \$million
1 Opening balance	6,591	N/A
2 Increases due to amounts set aside for estimated loan losses during the period	2,825	N/A
3 Decreases due to amounts reversed for estimated loan losses during the period	(256)	N/A
4 Decreases due to amounts taken against accumulated credit risk adjustments	(1,914)	N/A
5 Transfers between credit risk adjustments	–	N/A
6 Impact of exchange rate differences	57	N/A
7 Business combinations, including acquisitions and disposals of subsidiaries	(364)	N/A
8 Other adjustments	198	N/A
9 Closing balance	7,137	N/A
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(242)	N/A
11 Specific credit risk adjustments directly recorded to the statement of profit or loss	2,569	N/A

Table 29: Changes in the stock of defaulted and impaired loans and debt securities (CR2-B)

	30.06.21	31.12.20
	Gross carrying value of defaulted exposures \$million	Gross carrying value of defaulted exposures \$million
1 Opening balance	10,100	8,446
2 Loans and debt securities that have defaulted or impaired since the last reporting period	1,844	5,135
3 Returned to non-defaulted status	(178)	(153)
4 Amounts written off	(543)	(1,913)
5 Other changes	(1,127)	(1,415)
6 Closing balance	10,096	10,100

3.2 Risk grade profile

Exposures by internal credit grading

Table 30 sets out credit and counterparty risk EAD within the IRB portfolios by regulatory exposure classes. EAD has been calculated after taking into account the impact of credit risk mitigation. Where an exposure is guaranteed or covered by credit derivatives, it is shown against the exposure class of the guarantor or derivative issuer. A further split of the major exposure classes by credit grade can be seen in Tables 31 to 39.

IRB credit risk excluding counterparty credit risk EAD increased by \$14 billion and RWA increased by \$3.4 billion (Tables 31 to 39):

- IRB Corporates EAD increased \$9.7 billion and RWA increased by \$4.0 billion driven by an increase in on balance sheet exposure against term loans, nostro balances and financing
- IRB Retail EAD increased \$2.5 billion driven by increases in loans and mortgages, in GCNA and ASEAN
- Institutions EAD increased \$1.5 billion driven by an increase in off balance sheet exposures facing bills and bonds

Table 30: IRB – Credit risk exposure by exposure class

	30.06.21											
	Original on-balance sheet gross exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
IRB Exposure Class												
Central governments or central banks	158,403	161,136	1	161,071	0.31	0.3	45	1.35	25,261	16	181	69
Institutions	77,949	172,464	8	88,867	0.28	1.6	35	1.02	15,266	17	66	13
Corporates	142,579	288,622	21	200,759	4.44	24.5	41	1.33	93,163	46	4,694	4,512
Of which Specialised lending	19,237	19,904	21	19,164	8.39	1.2	31	1.62	10,430	54	760	767
Of which SME	3,902	2,970	29	4,438	14.53	5.5	27	1.33	2,222	50	368	346
Retail	96,153	42,200	50	117,079	1.41	4,272.6	33		24,749	21	1,122	728
Of which secured by real estate	77,845	3,903	100	81,728	0.55	365.5	12		4,536	6	69	37
– SME	368	50	62	399	3.77	1.7	–		–	–	1	1
– Non SME	77,477	3,853	100	81,329	0.53	363.8	12		4,536	6	68	36
Of which qualifying revolving retail	2,930	30,063	44	16,079	2.10	3,308.9	83		4,131	26	226	124
Of which other retail	15,378	8,234	51	19,272	4.52	598.3	78		16,082	83	828	567
– SME	2,217	2,220	6	2,072	10.52	29.7	57		1,158	56	167	133
– Non SME	13,161	6,014	67	17,200	3.79	568.6	80		14,924	87	661	434
Non-credit obligation assets	1,128	–	–	1,128	–	–	–		1,128	100	–	–
Total IRB⁴	476,213	664,422	14	568,905	1.97	4,299.0	40	1.01	159,567	28	6,064	5,322

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties for central governments or central banks, institutions and corporates and on individual pools of clients for retail

3 Corporates of which specialised lending includes exposures for specialised lending subject to supervisory slotting criteria

4 Refer to Table 13 (OV1) for RWA

3.2 Risk grade profile continued

Table 30: IRB – Credit risk exposure by exposure class continued

	31.12.20												
	Original on-balance sheet gross exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million	
IRB Exposure Class													
Central governments or central banks	158,431	151,528	1	160,811	0.27	0.2	45	1.31	25,807	16	187	67	
Institutions	77,634	160,870	8	87,334	0.24	1.6	38	1.04	15,237	17	56	18	
Corporates	131,758	291,914	21	191,066	4.89	22.8	41	1.41	89,184	47	5,185	5,208	
Of which Specialised lending ³	19,171	20,443	20	19,821	8.29	1.2	30	1.72	9,916	50	781	812	
Of which SME	4,192	3,090	28	4,741	14.57	5.8	27	1.32	2,407	51	384	376	
Retail	94,187	41,572	50	114,625	1.55	4,285.1	33		24,847	22	1,162	795	
Of which secured by real estate	76,298	3,172	99	79,445	0.64	364.5	13		5,074	6	182	120	
– SME	300	52	50	326	4.33	1.7	–		–	–	1	2	
– Non SME	75,999	3,121	100	79,118	0.63	362.8	13		5,074	6	181	118	
Of which qualifying revolving retail	3,085	30,435	44	16,474	2.16	3,315.5	83		4,233	26	235	143	
Of which other retail	14,804	7,964	53	18,706	4.88	605.1	78		15,540	83	745	532	
– SME	2,264	2,070	8	2,125	10.63	29.5	58		1,183	56	176	138	
– Non SME	12,540	5,894	69	16,581	4.14	575.6	80		14,357	87	569	394	
Non-credit obligation assets	1,115	–	–	1,115	–				1,115	100		–	
Total IRB ⁴	463,125	645,884	15	554,952	2.10	4,310.0	40	1.03	156,191	28	6,590	6,088	

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties for central governments or central banks, institutions and corporates and on individual pools of clients for retail

3 Corporates of which specialised lending includes exposures for specialised lending subject to supervisory slotting criteria

4 Refer to Table 13 (OV1) for RWA

3.2 Risk grade profile continued

Table 31: IRB credit risk exposure by internal PD grade for central governments or central banks (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	137,411	143,114	1	141,699	0.02	0.1	45	1.36	9,580	7	12	
0.15 to <0.25	6,767	3,191	–	6,813	0.22	–	45	1.45	2,613	38	7	
0.25 to <0.50	778	226	–	778	0.51	–	45	1.61	494	64	2	
0.50 to <0.75	1,429	1,364	1	1,483	0.67	–	45	0.86	919	62	4	
0.75 to <2.50	8,650	9,821	1	8,324	1.92	–	45	1.25	8,420	101	72	
2.50 to <10.00	3,066	3,112	1	1,722	5.75	–	46	0.91	2,529	147	45	
10.00 to <100.00	138	17	1	138	54.91	–	55	1.22	344	250	20	
100.00 (default)	165	293	–	115	100.00	–	42	1.00	363	316	19	
Total	158,403	161,136	1	161,071	0.31	0.3	45	1.35	25,261	16	181	69
31.12.20												
PD range %	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	137,587	134,780	1	141,347	0.02	0.1	45	1.30	9,910	7	13	
0.15 to <0.25	7,436	3,669	1	7,475	0.22	–	45	1.69	3,042	41	7	
0.25 to <0.50	659	353	6	679	0.49	–	46	1.37	415	61	2	
0.50 to <0.75	1,551	1,158	–	1,592	0.67	–	45	0.81	986	62	5	
0.75 to <2.50	8,001	8,457	1	7,684	2.20	–	45	1.31	8,224	107	76	
2.50 to <10.00	2,875	2,785	2	1,765	5.59	–	45	1.04	2,558	145	44	
10.00 to <100.00	249	307	–	249	32.99	–	45	1.00	621	250	37	
100.00 (default)	73	21	–	22	100.00	–	26	1.00	50	230	2	
Total	158,431	151,528	1	160,811	0.27	0.2	45	1.31	25,807	16	187	67

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 32: IRB credit risk exposure by internal PD grade for institutions (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	60,401	134,518	7	71,898	0.04	0.8	37	1.13	7,721	11	12	
0.15 to <0.25	3,055	9,800	12	4,211	0.22	0.1	34	0.40	1,106	26	3	
0.25 to <0.50	4,011	9,436	8	4,021	0.46	0.2	24	0.51	1,143	28	4	
0.50 to <0.75	1,297	3,856	9	1,306	0.68	0.1	36	1.41	885	68	3	
0.75 to <2.50	7,881	12,097	17	6,311	1.69	0.3	25	0.49	3,435	54	26	
2.50 to <10.00	1,167	2,620	19	1,002	4.97	0.1	20	0.34	663	66	10	
10.00 to <100.00	137	132	6	116	16.28	–	51	2.38	313	270	9	
100.00 (default)	–	4	47	2	100.00	–	8	0.14	–	26	–	
Total	77,949	172,464	8	88,867	0.28	1.6	35	1.02	15,266	17	66	13
PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	62,961	125,102	6	72,701	0.04	0.8	39	1.15	8,476	12	12	
0.15 to <0.25	3,211	8,403	12	4,123	0.22	0.1	37	0.35	1,193	29	3	
0.25 to <0.50	2,994	9,287	9	3,341	0.45	0.2	27	0.51	1,128	34	4	
0.50 to <0.75	1,130	3,749	8	1,055	0.68	0.1	38	0.78	594	56	3	
0.75 to <2.50	6,368	12,028	14	5,194	1.68	0.4	27	0.56	3,184	61	23	
2.50 to <10.00	944	2,133	19	888	5.05	0.1	20	0.31	635	72	10	
10.00 to <100.00	26	158	11	25	26.86	–	19	0.47	25	102	1	
100.00 (default)	–	10	78	8	100.00	–	7	0.35	2	22	1	
Total	77,634	160,870	8	87,334	0.24	1.6	38	1.04	15,237	17	56	18

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 33: IRB credit risk exposure by internal PD grade for Corporates (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	46,879	122,825	16	78,918	0.07	4.3	46	1.35	13,838	18	25	
0.15 to <0.25	16,168	37,738	23	25,434	0.22	2.2	41	1.25	8,547	34	23	
0.25 to <0.50	21,709	53,378	25	34,414	0.44	3.6	38	1.24	16,072	47	57	
0.50 to <0.75	7,265	17,970	25	10,525	0.67	1.3	39	1.25	6,029	57	28	
0.75 to <2.50	24,870	35,770	24	26,732	1.52	4.7	33	1.43	18,307	68	135	
2.50 to <10.00	9,246	13,130	20	9,596	6.05	4.1	36	1.28	11,449	119	216	
10.00 to <100.00	4,817	3,782	27	3,273	20.42	2.7	30	1.97	4,690	143	198	
100.00 (default)	6,583	2,919	33	6,682	101.00	1.4	50	1.19	9,793	147	3,940	
Total	137,537	287,513	21	195,572	4.43	24.4	41	1.33	88,726	45	4,624	4,512
PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	41,308	128,526	17	75,019	0.07	3.9	45	1.39	13,501	18	25	
0.15 to <0.25	15,828	33,670	23	23,369	0.22	2.1	40	1.39	8,161	35	21	
0.25 to <0.50	18,401	52,707	24	30,961	0.45	3.6	39	1.42	15,051	49	54	
0.50 to <0.75	7,172	16,665	25	9,919	0.67	1.3	39	1.35	5,892	59	26	
0.75 to <2.50	22,951	40,617	24	27,219	1.50	4.8	33	1.50	18,455	68	134	
2.50 to <10.00	8,679	12,900	18	8,474	5.69	4.2	34	1.44	9,478	112	167	
10.00 to <100.00	5,529	3,831	34	3,949	22.60	1.4	29	1.64	5,984	152	751	
100.00 (default)	6,884	1,636	46	6,997	100.00	1.5	49	1.15	8,503	122	3,961	
Total	126,752	290,552	21	185,907	4.89	22.7	41	1.41	85,026	46	5,138	5,208

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 34: IRB credit risk exposure by internal PD grade for corporates – specialised lending (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	1,624	3,944	15	2,014	0.09	0.1	33	2.77	426	21	–	
0.15 to <0.25	2,829	1,899	26	2,699	0.22	0.1	21	1.15	419	16	1	
0.25 to <0.50	2,207	3,557	20	2,609	0.43	0.2	33	1.49	970	37	4	
0.50 to <0.75	919	2,715	18	1,271	0.67	0.1	38	0.84	616	48	3	
0.75 to <2.50	4,433	5,566	22	3,595	1.54	0.5	27	1.51	1,925	54	15	
2.50 to <10.00	812	779	25	593	5.22	0.1	34	2.69	697	118	11	
10.00 to <100.00	254	44	21	186	20.38	–	32	3.26	344	185	13	
100.00 (default)	1,116	292	63	1,010	100.00	0.1	44	0.85	596	59	641	
Total	14,195	18,795	21	13,976	8.31	1.2	30	1.58	5,993	43	689	767
PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	1,880	4,023	15	2,562	0.08	0.2	34	2.54	485	19	1	
0.15 to <0.25	3,008	2,691	19	2,830	0.22	0.1	25	1.17	558	20	2	
0.25 to <0.50	2,493	3,354	16	2,603	0.44	0.2	33	1.56	927	36	4	
0.50 to <0.75	836	1,691	19	1,058	0.67	0.1	40	0.88	578	55	3	
0.75 to <2.50	3,479	5,961	27	3,681	1.49	0.5	22	1.85	1,729	47	12	
2.50 to <10.00	970	999	14	581	4.83	0.1	27	2.88	555	96	8	
10.00 to <100.00	359	146	7	323	25.88	–	27	3.48	516	160	21	
100.00 (default)	1,141	217	79	1,022	100.00	0.1	45	0.80	408	40	687	
Total	14,165	19,082	20	14,662	8.29	1.2	30	1.72	5,757	39	736	812

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 35: IRB credit risk exposure by internal PD grade for corporates – SME (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	185	191	21	100	0.10	–	53	0.64	24	24	–	
0.15 to <0.25	220	324	34	316	0.24	0.3	17	6.11	36	12	–	
0.25 to <0.50	263	394	22	344	0.49	0.7	22	1.12	68	20	–	
0.50 to <0.75	109	349	15	157	0.70	0.2	22	0.35	36	23	–	
0.75 to <2.50	1,234	1,005	35	1,555	1.70	1.3	23	1.43	563	36	6	
2.50 to <10.00	1,124	473	33	1,212	6.21	1.9	23	1.35	667	55	18	
10.00 to <100.00	290	135	34	264	18.71	0.5	31	0.43	289	110	16	
100.00 (default)	479	99	12	490	100.00	0.5	57	0.17	539	110	327	
Total	3,902	2,970	29	4,438	14.53	5.5	27	1.33	2,222	50	368	346

PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	107	189	16	35	0.12	–	59	0.21	10	28	–	
0.15 to <0.25	290	279	40	418	0.23	0.4	22	5.14	59	14	–	
0.25 to <0.50	406	498	29	544	0.49	0.7	22	1.01	97	18	1	
0.50 to <0.75	139	346	16	189	0.70	0.2	17	0.55	34	18	–	
0.75 to <2.50	1,292	1,030	33	1,531	1.71	1.4	23	1.35	544	36	6	
2.50 to <10.00	1,148	562	28	1,253	6.14	2.0	24	1.47	694	55	19	
10.00 to <100.00	290	107	27	234	19.63	0.5	35	0.45	296	126	17	
100.00 (default)	521	79	21	537	100.00	0.5	57	0.16	673	125	342	
Total	4,192	3,090	28	4,741	14.57	5.8	27	1.32	2,407	51	384	376

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 36: IRB credit risk exposure by internal PD grade for retail (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	68,617	23,071	58	82,012	0.06	1,568.8	25		3,203	4	13	
0.15 to <0.25	5,269	4,833	45	7,409	0.23	292.8	26		809	11	6	
0.25 to <0.50	4,821	1,922	54	5,820	0.41	198.7	26		1,710	29	11	
0.50 to <0.75	2,774	3,586	48	4,472	0.68	229.8	60		1,539	34	18	
0.75 to <2.50	7,253	5,300	40	9,243	1.72	665.5	56		7,267	79	113	
2.50 to <10.00	5,815	2,628	22	6,331	5.75	915.6	56		7,369	116	271	
10.00 to <100.00	909	782	24	1,086	27.72	348.2	67		1,765	163	192	
100.00 (default)	694	79	16	707	100.00	53.1	50		1,088	154	498	
Total	96,153	42,200	50	117,079	1.41	4,272.6	33		24,749	21	1,122	728

PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	62,311	22,747	57	75,320	0.07	1,578.8	23		2,586	3	13	
0.15 to <0.25	8,641	4,673	44	10,659	0.23	304.4	30		1,247	12	8	
0.25 to <0.50	5,006	1,985	55	6,053	0.40	209.2	48		1,716	28	11	
0.50 to <0.75	2,601	3,771	46	4,302	0.68	225.9	62		1,504	35	18	
0.75 to <2.50	7,949	4,936	41	9,851	1.71	673.6	65		7,458	76	115	
2.50 to <10.00	5,969	2,643	25	6,561	5.71	892.3	70		7,440	113	262	
10.00 to <100.00	951	748	22	1,111	30.10	338.0	66		1,767	159	351	
100.00 (default)	759	68	14	768	100.00	62.8	55		1,128	147	383	
Total	94,187	41,572	50	114,625	1.55	4,285.1	33		24,847	22	1,162	795

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 37: IRB credit risk exposure by internal PD grade for retail – secured by real estate property (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	66,815	2,940	100	69,748	0.06	281.4	12		2,306	3	6	
0.15 to <0.25	4,598	586	99	5,183	0.21	23.3	15		413	8	2	
0.25 to <0.50	2,607	152	99	2,758	0.44	22.0	18		408	15	2	
0.50 to <0.75	1,491	76	99	1,566	0.66	15.3	18		284	18	2	
0.75 to <2.50	1,563	134	95	1,690	1.43	13.4	14		422	25	3	
2.50 to <10.00	336	7	86	342	5.52	4.2	14		175	51	3	
10.00 to <100.00	178	3	92	181	35.89	2.4	18		178	99	11	
100.00 (default)	257	4	–	261	100.00	3.3	25		350	134	40	
Total	77,845	3,903	100	81,728	0.55	365.5	12		4,536	6	69	37

PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	60,750	2,366	100	63,116	0.07	265.3	11		1,718	3	6	
0.15 to <0.25	7,967	473	98	8,431	0.22	31.7	18		858	10	3	
0.25 to <0.50	2,859	132	98	2,988	0.42	17.0	17		417	14	2	
0.50 to <0.75	1,284	54	100	1,338	0.67	11.8	15		203	15	1	
0.75 to <2.50	2,209	85	89	2,286	1.49	22.5	17		688	30	6	
2.50 to <10.00	758	59	94	813	5.61	9.6	24		659	81	10	
10.00 to <100.00	219	3	93	222	41.51	3.1	19		208	94	95	
100.00 (default)	251	1	94	252	100.00	3.4	33		323	128	58	
Total	76,298	3,172	99	79,445	0.64	364.5	13		5,074	6	182	120

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 38: IRB credit risk exposure by internal PD grade for retail – qualifying revolving (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	844	17,287	48	9,107	0.08	1,193.3	85		383	4	6	
0.15 to <0.25	196	3,355	40	1,534	0.24	251.7	80		169	11	3	
0.25 to <0.50	132	923	51	600	0.44	115.8	75		96	16	2	
0.50 to <0.75	267	3,042	48	1,715	0.68	180.1	88		456	27	10	
0.75 to <2.50	547	2,992	36	1,612	1.74	464.3	82		800	50	23	
2.50 to <10.00	628	1,880	23	1,066	6.20	763.2	79		1,220	115	52	
10.00 to <100.00	184	583	22	314	28.29	312.2	80		661	210	71	
100.00 (default)	130	1	–	130	100.00	28.3	66		346	266	58	
Total	2,930	30,063	44	16,079	2.10	3,308.9	83		4,131	26	226	124

PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	885	17,594	48	9,325	0.08	1,219.4	85		392	4	6	
0.15 to <0.25	216	3,366	40	1,564	0.24	255.1	80		171	11	3	
0.25 to <0.50	147	1,045	50	665	0.43	132.1	76		106	16	2	
0.50 to <0.75	263	3,068	48	1,731	0.68	178.3	88		462	27	10	
0.75 to <2.50	561	2,959	36	1,620	1.74	464.1	81		799	49	23	
2.50 to <10.00	671	1,836	24	1,112	6.17	733.9	79		1,268	114	55	
10.00 to <100.00	199	567	20	314	28.78	302.0	80		651	208	72	
100.00 (default)	143	1	–	143	100.00	30.6	66		384	269	64	
Total	3,085	30,435	44	16,474	2.16	3,315.5	83		4,233	26	235	143

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.2 Risk grade profile continued

Table 39: IRB credit risk exposure by internal PD grade for retail – SME (CR6)

PD range %	30.06.21											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	68	43	12	70	0.11	1.7	65		9	13	–	
0.15 to <0.25	177	426	6	189	0.21	2.0	47		31	16	–	
0.25 to <0.50	223	173	9	198	0.46	3.2	53		57	29	–	
0.50 to <0.75	146	107	5	124	0.67	1.9	56		47	38	–	
0.75 to <2.50	790	756	4	697	1.66	10.9	61		416	60	7	
2.50 to <10.00	574	515	6	546	5.74	7.3	55		391	72	17	
10.00 to <100.00	101	128	8	103	27.09	1.6	56		97	94	16	
100.00 (default)	138	72	10	145	100.00	1.1	60		111	76	125	
Total	2,217	2,220	6	2,072	10.52	29.7	57		1,158	56	167	133

PD range %	31.12.20											
	Original on-balance sheet exposure \$million	Off-balance sheet exposure pre CCF \$million	Average CCF %	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ² thousands	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %	Expected loss \$million	Value adjustments and provisions \$million
0.00 to <0.15	36	32	16	40	0.12	1.0	67		6	14	–	
0.15 to <0.25	167	397	7	179	0.22	2.0	51		31	18	–	
0.25 to <0.50	203	133	25	190	0.45	3.2	55		56	30	–	
0.50 to <0.75	160	301	4	145	0.68	2.0	55		55	38	1	
0.75 to <2.50	860	542	6	767	1.65	11.6	63		470	61	8	
2.50 to <10.00	606	487	6	565	5.62	7.4	55		400	71	17	
10.00 to <100.00	86	114	8	87	32.39	1.3	57		83	96	17	
100.00 (default)	144	64	11	151	100.00	1.0	57		81	54	132	
Total	2,264	2,070	8	2,125	10.63	29.5	58		1,183	56	176	138

1 Weighted averages are based on EAD

2 Number of obligors is based on the number of counterparties within each PD grade

3.3 Credit risk mitigation

Table 40 shows the unfunded credit protection held by the Group, consisting of credit derivatives and guarantees, and funded credit protection, including financial collateral. Exposure class has been defined based on the guarantor of the exposure.

Table 40: CRM techniques – overview (CR3)

	30.06.21				
	Exposures unsecured \$million	Exposures secured \$million	Exposures secured by collateral \$million	Exposures secured by financial guarantees \$million	Exposures secured by credit derivatives \$million
1 Total loans	157,221	151,647	120,115	31,532	–
2 Total debt securities	136,991	1,007	168	838	–
3 Total exposures	294,212	152,654	120,283	32,370	–
4 Of which defaulted	6,111	1,033	1,033	–	–

	31.12.20				
	Exposures unsecured \$million	Exposures secured \$million	Exposures secured by collateral \$million	Exposures secured by financial guarantees \$million	Exposures secured by credit derivatives \$million
1 Total loans	150,408	141,991	112,704	29,287	–
2 Total debt securities	141,419	2,756	2,316	439	–
3 Total exposures	291,827	144,747	115,020	29,726	–
4 Of which defaulted	6,169	1,406	1,406	–	–

Table 41: Effect of guarantees and collateral

	30.06.21		31.12.20	
	Exposures covered by unfunded credit protection \$million	Exposures covered by funded credit protection \$million	Exposures covered by unfunded credit protection \$million	Exposures covered by funded credit protection \$million
IRB Exposure Class				
Central governments or central banks	5,371	5,888	4,717	5,501
Institutions	3,643	37,846	2,923	29,586
Corporates	35,895	105,513	33,515	101,836
Retail ¹	6	81,184	13	78,732
Securitisation positions	–	–	–	–
Total IRB	44,915	230,431	41,168	215,655
Standardised Exposure Class				
Central governments or central banks	3,905	–	3,533	255
Multilateral development banks	2,111	217	2,041	–
Institutions	199	23,701	133	31,583
Corporates	1,512	29,668	1,665	32,388
Retail ¹	4	1,347	3	1,459
Secured on real estate property	–	–	–	–
Exposures in default	–	4	–	2
Items belonging to regulatory high risk categories	–	31	–	56
Other items ²	96	–	71	–
Total Standardised	7,827	54,968	7,446	65,743
Total Exposure	52,742	285,399	48,614	281,398

1 The combined retail IRB exposure class includes both retail mortgages (secured by real estate collateral) and other types of retail exposures. The standardised retail exposure class excludes mortgages which are included in separate class under the heading secured on real estate property

2 Other items include public sector entities

3.3 Credit risk mitigation continued

Table 42 presents the EAD before and after the effect of CRM, including credit substitution and financial collateral, with a further split into on balance-sheet and off-balance sheet exposures. Off-balance sheet exposures are presented before and after the application of standardised CCFs.

Table 42: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

	30.06.21					
	Exposures before CCF and CRM ¹		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet \$million	Off-balance sheet \$million	On-balance sheet \$million	Off-balance sheet \$million	RWA \$million	RWA density %
Standardised Exposure Class						
1 Central governments or central banks	26,807	45,600	29,471	667	2,474	8
2 Multilateral development banks	12,994	10,501	14,629	199	–	–
6 Institutions ²	97	1,973	280	35	69	22
7 Corporates	20,836	27,529	11,723	1,087	10,846	85
8 Retail	11,589	10,779	10,414	1,006	7,944	70
9 Secured on real estate property	8,444	622	8,441	273	4,127	47
10 Exposures in default	354	14	337	7	344	100
11 Items belonging to regulatory high risk categories	539	596	478	196	1,009	150
15 Equity	2,360	–	2,360	–	5,901	250
16 Other items ³	16,752	4,789	16,847	414	10,252	59
17 Total Standardised⁴	100,772	102,402	94,981	3,884	42,964	43

	31.12.20					
	Exposures before CCF and CRM ¹		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet \$million	Off-balance sheet \$million	On-balance sheet \$million	Off-balance sheet \$million	RWA \$million	RWA density %
Standardised Exposure Class						
1 Central governments or central banks	31,820	46,653	34,028	585	2,588	7
4 Multilateral development banks	13,017	10,613	14,678	129	–	–
6 Institutions	3,225	1,989	3,246	45	246	7
7 Corporates	19,576	27,089	10,391	836	9,416	84
8 Retail	11,516	10,832	10,250	927	7,732	69
9 Secured on real estate property	8,425	641	8,425	283	3,980	46
10 Exposures in default	210	17	194	8	202	100
11 Items belonging to regulatory high risk categories	579	558	521	193	1,071	150
15 Equity	2,208	–	2,208	–	5,519	250
16 Other items ³	13,248	1,627	13,296	490	9,708	70
17 Total Standardised⁴	103,822	100,019	97,236	3,495	40,460	40

1 EAD before the effect of collateral and substitution

2 Margin placed with central clearing counterparties is now reported under counterparty credit risk section 4.2

3 Other items include public sector entities

4 Refer to table 13 (OV1): Standardised approach \$35,303 million and amount below threshold for deduction \$7,661 million RWA

3.4 Standardised risk weight profile

External ratings, where available, are used to assign risk weights for standardised approach (SA) exposures. These external ratings must come from EU approved rating agencies, known as External Credit Assessment Institutions (ECAI); which currently include Moody's, Standard & Poor's and Fitch. The Group uses the ECAI ratings from these agencies in its day-to-day business, which are tracked and kept updated. Assessments provided by approved ECAI are mapped to credit quality steps as prescribed by the CRR.

The Group currently does not use assessments provided by export credit agencies for the purpose of evaluating RWA in the standardised approach.

The following tables set out EAD and EAD after CRM associated with each risk weight as prescribed in Part Three, Title II, Chapter 2 of the CRR, including credit and counterparty credit risk regulatory risk weights based on the exposure classes applied to unrated exposures.

Standardised EAD post CRM and post CCF decreased by \$1.9 billion

- Other items EAD increased by \$3.5 billion due to an increase in bonds to public sector entities in the Europe and Americas region
- Corporates EAD increased by \$1.6 billion due to increases in term loans and revolving overdrafts across multiple regions
- Central governments and central banks EAD decreased by \$4.5 billion driven by decreases in Government bonds, Interbank placements and nostro balances
- Institutions EAD decreased by \$3 billion driven by decreases in margin calls in the Europe and Americas region

3.4 Standardised risk weight profile continued

Table 43: Standardised approach – exposures by asset classes and risk weights (pre CRM pre CCF) (CR5)

		30.06.21													
		Risk Weight											Deducted	Total	Of which unrated
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others			
Standardised Exposure Class															
1	Central governments or central banks	70,587	-	-	53	-	518	-	541	4	704	-	-	72,407	-
4	Multilateral development banks	23,495	-	-	-	-	-	-	-	-	-	-	-	23,495	-
6	Institutions ¹	-	-	-	347	-	1,717	-	6	-	-	-	-	2,070	5
7	Corporates	-	-	-	1,384	-	302	-	46,679	-	-	-	-	48,365	45,851
8	Retail	-	-	-	-	-	-	22,368	-	-	-	-	-	22,368	22,276
9	Secured on real estate property	-	-	-	-	7,085	-	-	1,980	-	-	-	-	9,065	9,063
10	Exposures in default	-	-	-	-	-	-	-	368	-	-	-	-	368	360
11	Items belonging to regulatory high risk categories	-	-	-	-	-	-	-	-	1,136	-	-	-	1,136	1,124
15	Equity	-	-	-	-	-	-	-	-	-	2,360	-	-	2,360	2,360
16	Other items ²	11,058	-	-	24	-	-	-	10,262	-	-	197	-	21,541	10,858
17	Total Standardised	105,140	-	-	1,807	7,085	2,537	22,368	59,836	1,140	3,064	197	-	203,174	91,897
		31.12.20													
		Risk Weight											Deducted	Total	Of which unrated
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others			
Standardised Exposure Class															
1	Central governments or central banks	76,409	-	-	55	-	714	-	537	8	750	-	-	78,473	-
4	Multilateral development banks	23,630	-	-	-	-	-	-	-	-	-	-	-	23,630	-
6	Institutions	-	2,420	494	538	-	1,629	-	133	-	-	-	-	5,214	2,896
7	Corporates	-	-	-	1,510	-	292	-	44,862	-	-	-	-	46,664	44,003
8	Retail	-	-	-	-	-	-	22,349	-	-	-	-	-	22,349	22,232
9	Secured on real estate property	-	-	-	-	7,302	-	-	1,764	-	-	-	-	9,066	9,064
10	Exposures in default	-	-	-	-	-	-	-	226	-	-	-	-	226	218
11	Items belonging to regulatory high risk categories	-	-	-	-	-	-	-	-	1,137	-	-	-	1,137	1,125
15	Equity	-	-	-	-	-	-	-	-	-	2,208	-	-	2,208	2,208
16	Other items ²	4,690	-	-	132	-	-	-	9,665	-	-	388	-	14,875	14,198
17	Total Standardised	104,729	2,420	494	2,234	7,302	2,635	22,349	57,187	1,145	2,958	388	-	203,841	95,944

1 Margin placed with central clearing counterparties is now reported under counterparty credit risk section 4.2

2 Other items include cash, equity holdings, fixed assets, prepayments and accrued income

3.4 Standardised risk weight profile continued

Table 44: Standardised approach – exposures by asset classes and risk weights (post CRM post CCF) (CR5)

		30.06.21														
		Risk Weight												Deducted	Total	Of which unrated
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others				
Standardised Exposure Class																
1	Central governments or central banks	28,305	-	-	150	-	593	-	382	4	704	-	-	30,138	-	
4	Multilateral development banks	14,828	-	-	-	-	-	-	-	-	-	-	-	14,828	-	
6	Institutions ¹	-	-	-	297	-	17	-	1	-	-	-	-	315	-	
7	Corporates	-	-	-	1,641	187	160	-	10,821	-	-	-	-	12,809	10,811	
8	Retail	-	-	-	-	-	-	11,420	-	-	-	-	-	11,420	11,420	
9	Secured on real estate property	-	-	-	-	6,913	-	-	1,801	-	-	-	-	8,714	8,714	
10	Exposures in default	-	-	-	-	-	-	-	344	-	-	-	-	344	344	
11	Items belonging to regulatory high risk categories	-	-	-	-	-	-	-	-	674	-	-	-	674	671	
15	Equity	-	-	-	-	-	-	-	-	-	2,360	-	-	2,360	2,360	
16	Other items ²	6,738	-	-	120	-	-	-	10,207	-	-	197	-	17,262	10,803	
17	Total Standardised	49,871	-	-	2,209	7,100	770	11,420	23,556	677	3,064	197	-	98,865	45,125	
		31.12.20														
		Risk Weight												Deducted	Total	Of which unrated
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others				
Standardised Exposure Class																
1	Central governments or central banks	32,590	-	-	212	-	790	-	263	8	750	-	-	34,613	-	
4	Multilateral development banks	14,806	-	-	-	-	-	-	-	-	-	-	-	14,806	-	
6	Institutions	-	2,420	494	231	-	27	-	118	-	-	-	-	3,291	2,788	
7	Corporates	-	-	-	1,393	294	152	-	9,388	-	-	-	-	11,227	9,496	
8	Retail	-	-	-	-	-	-	11,176	-	-	-	-	-	11,176	11,176	
9	Secured on real estate property	-	-	-	-	7,125	-	-	1,583	-	-	-	-	8,708	8,708	
10	Exposures in default	-	-	-	-	-	-	-	202	-	-	-	-	202	202	
11	Items belonging to regulatory high risk categories	-	-	-	-	-	-	-	-	714	-	-	-	714	711	
15	Equity	-	-	-	-	-	-	-	-	-	2,208	-	-	2,208	2,208	
16	Other items ²	3,608	-	-	180	-	-	-	9,610	-	-	388	-	13,786	10,926	
17	Total Standardised	51,004	2,420	494	2,016	7,418	969	11,176	21,164	722	2,957	388	-	100,731	46,215	

1 Margin placed with central clearing counterparties is now reported under counterparty credit risk section 4.2

2 Other items include cash, fixed assets, prepayments and accrued income

4. Traded risk

Traded risk is the potential for loss resulting from activities undertaken by the Group in financial markets. This includes market risk, counterparty credit risk and other risk sub-types.

4.1 Market risk

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Group's exposure to market risk arises predominantly from the following sources:

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

Interest rate risk from non-trading book portfolios is transferred to local Treasury Markets desks under the supervision of local Asset and Liability Committees. Treasury Markets deals in the market in approved financial instruments in order to manage the net interest rate risk, subject to approved Value at Risk (VaR) and risk limits.

The primary categories of market risk for the Group are:

- Interest rate risk: arising from changes in yield curves and implied volatilities on interest rate options
- Foreign exchange rate risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options
- Commodity risk: arising from changes in commodity prices and implied volatilities on commodity options; covering energy, precious metals, base metals and agriculture as well as commodity baskets
- Credit spread risk: arising from changes in the price of debt instruments and credit-linked derivatives, driven by factors other than the level of risk-free interest rates
- Equity risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options

Market risk regulatory capital requirements

The CRR specifies minimum capital requirements against market risk in the trading book. Interest rate risk in the non-trading book is covered separately under the Pillar 2 framework.

The PRA has granted the Group permission to use the internal model approach (IMA) covering the majority of interest rate, foreign exchange, precious metals, base metals, energy and agriculture market risk in the trading book. Positions outside the IMA scope are assessed according to standard PRA rules.

The minimum regulatory market risk capital requirements for the trading book are presented below for the Group.

4.1 Market risk continued

Table 45: Market risk regulatory capital requirements

	30.06.21		31.12.20	
	Risk Weighted Assets \$million	Regulatory capital requirement \$million	Risk Weighted Assets \$million	Regulatory capital requirement \$million
Market risk capital requirements for trading book				
Interest rate ¹	8,189	655	7,425	594
Equity	5	–	5	–
Options	44	3	7	1
Commodity ²	8	1	35	3
Foreign exchange ²	546	44	513	41
Internal Models Approach ³	14,971	1,198	13,608	1,089
Total	23,763	1,901	21,593	1,728

1 Securitisation positions contributed \$8.1 million to the interest rate position risk requirement (PRR) and \$101 million to interest rate RWA as at 30 June 2021 (securitised positions contributed \$13.2million to the interest rate PRR and \$165 million to interest rate RWA as at 31 December 2020)

2 Commodity and foreign exchange cover non-trading book as well as trading book

3 Where the risks are not within the approved scope of the internal models approach, they are captured in the relevant category above based on the Standardised Approach

Table 46: Market risk under standardised approach (MR1)

	30.06.21		31.12.20	
	Risk Weighted Assets \$million	Regulatory capital requirement \$million	Risk Weighted Assets \$million	Regulatory capital requirement \$million
Outright products				
1 Interest rate risk	8,189	655	7,425	594
2 Equity risk	5	–	5	–
3 Foreign exchange risk	545	44	513	41
4 Commodity risk	8	1	35	3
Options				
5 Simplified approach	–	–	7	1
6 Delta-plus method	40	3	2	–
7 Scenario approach	4	–	5	1
8 Securitisation (specific risk) ¹	101	8	165	13
9 Total	8,792	703	7,985	639

1 Securitisation (specific risk) is included in the interest rate risk RWA number

4.1 Market risk continued

Internal Models Approach

The table below shows the average, high and low VaR and Stressed VaR for the period December 2020 to June 2021 and the actual position on 30 June 2021. The results reflect only the Group portfolio covered by the internal model approach and are calculated at a 99 per cent confidence level.

Table 47: IMA values for trading portfolios (MR3)

	30.06.21 \$million	31.12.20 \$million
VaR (10 day 99%)		
1 Maximum value ¹	79	147
2 Average value	55	84
3 Minimum value ¹	39	34
4 Period end ²	40	76
Stressed VaR (10 day 99%)		
5 Maximum value ¹	278	225
6 Average value	136	122
7 Minimum value ¹	95	86
8 Period end ²	108	134
Incremental Risk Charge (99.99%)		
9 Maximum value ¹	-	-
10 Average value	-	-
11 Minimum value ¹	-	-
12 Period end ²	-	-
Comprehensive Risk capital charge (99.9%)		
13 Maximum value ¹	-	-
14 Average value	-	-
15 Minimum value ¹	-	-
16 Period end ²	-	-

1 Highest and lowest VaR for each risk factor are independent and usually occur on different days

2 Actual one day VaR as at period end date

Table 48: Market risk under internal models approach (MR2-A)

	30.06.21		31.12.20	
	Risk Weighted Assets \$million	Regulatory capital requirement \$million	Risk Weighted Assets \$million	Regulatory capital requirement \$million
1 VaR (higher of values a and b)	2,190	175	3,059	245
(a) Previous day's VaR	638	51	1,085	87
(b) Average of the daily VaR	2,190	175	3,059	245
2 SVaR (higher of values a and b)	6,234	499	4,837	387
(a) Latest SVaR	1,649	132	1,878	150
(b) Average of the SVaR	6,235	499	4,837	387
5 Other¹	6,547	524	5,712	457
6 Total²	14,971	1,198	13,608	1,089

1 Other IMA capital add-ons for market risks not fully captured in either VaR or SVaR. More details on Risks not in VaR can be found in the Group's Half Year Report 2021 on page 87

2 There are zero IRC and CRM as the Group has not applied model permission for specific interest rate risk comprehensive risk measure

4.1 Market risk continued

Backtesting

There were no regulatory backtesting exceptions at the Group level in the previous 250 business days which is within the 'green zone' applied internationally to internal models by bank supervisors (Basel Committee on Banking Supervision, Supervisory framework for the use of backtesting in conjunction with the internal models approach to market risk capital requirements, January 1996).

The graphs below illustrate the performance of the VaR model used in the Group capital calculations. They compare the 99 percentile loss confidence level given by the VaR model with the Hypothetical and Actual P&L of each day given the real market movements. Actual backtesting P&L excludes from trading P&L: brokerage expense, fees & commissions, non-market-related accounting valuation adjustments and accounting debit valuation adjustments. Hypothetical backtesting P&L further excludes P&L from new deals and market operations.

Table 49: June 2021 Backtesting chart for Internal Model Approach regulatory trading book at Group level with hypothetical profit and loss (P&L) versus VaR (99 per cent, one day) (MR4)

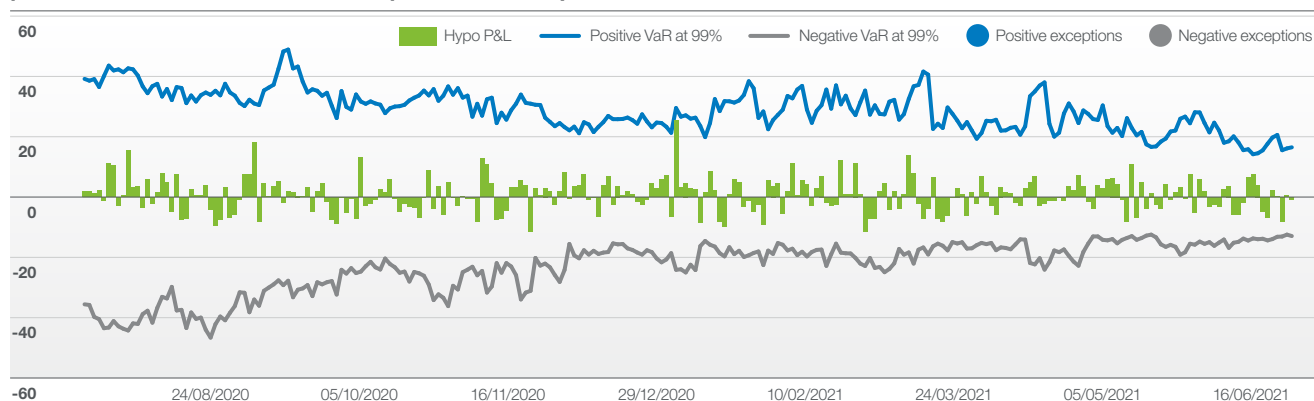
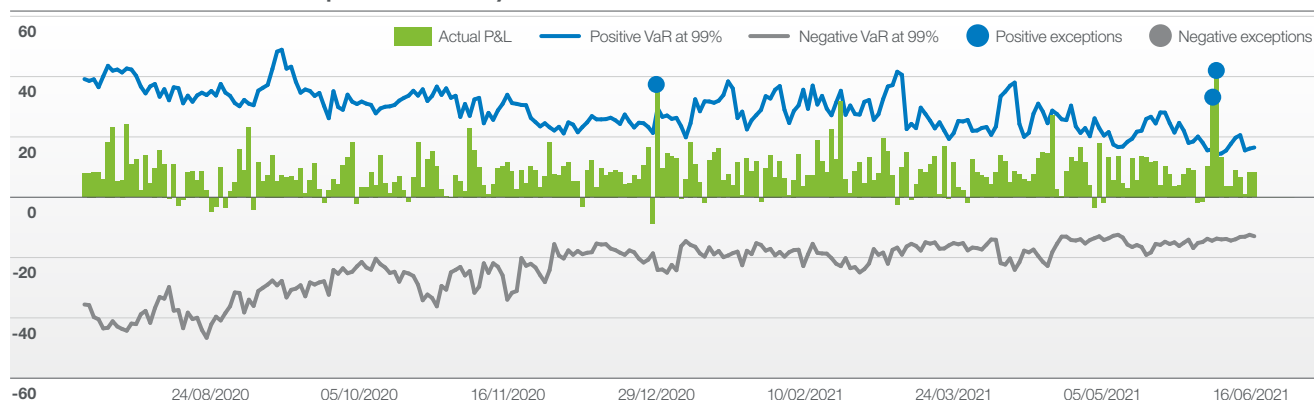


Table 50: June 2021 Backtesting chart for Internal Model Approach regulatory trading book at Group level with actual profit and loss (P&L) versus VaR (99 per cent, one day) (MR4)



4.2 Counterparty credit risk

Counterparty credit risk (CCR) is the risk that the Group's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative or repo contract defaults prior to the maturity date of the contract and that the Group at the time has a claim on the counterparty. CCR arises predominantly in the trading book when hedging with external counterparties is required.

CCR is managed within the overall credit risk appetite for corporate and financial institutions. CCR limits are set for individual counterparties, including central clearing counterparties, and for specific portfolios. Individual limits are calibrated to the credit grade and business model of the counterparties, and are set on Potential Future Exposure (PFE). Portfolio limits are set to contain concentration risk across multiple dimensions, and are set on PFE or other equivalent measures.

The Group reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty. The amount is calculated by netting the mark-to-market (MTM) owed by the counterparty to the Group and the MTM owed by the Group to the counterparty on the transactions covered by the netting agreement. In line with the International Accounting Standard (IAS) 32 principles, the Group's balance sheet will present assets and liabilities on a net basis provided there is a legally enforceable right to set off assets and liabilities, and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Table 51 shows the credit exposure on derivative transactions after taking into account the benefits from legally enforceable netting agreements and collateral held, including transactions cleared through recognised trading exchanges.

Table 51: Impact of netting and collateral held on exposure values (CCR5-A)

		30.06.21				
		EAD before netting benefit \$million	Netting benefits \$million	Netted current credit exposure \$million	Collateral held \$million	Net credit exposure \$million
1	Derivative contracts	109,664	(60,685)	48,979	(2,642)	46,337
2	Repo style transactions	173,322	–	173,322	(158,754)	14,569
4	Total	282,986	(60,685)	222,301	(161,396)	60,906
		31.12.20				
		EAD before netting benefit \$million	Netting benefits \$million	Netted current credit exposure \$million	Collateral held \$million	Net credit exposure \$million
1	Derivative contracts	127,435	(83,608)	43,827	(2,090)	41,737
2	Repo style transactions	166,366	–	166,366	(155,350)	11,016
4	Total	293,801	(83,608)	210,193	(157,440)	52,753

4.2 Counterparty credit risk continued

Table 52: Analysis of CCR exposures by approach (CCR1)

		30.06.21					
	Notional \$million	Replacement cost/current market value \$million	Potential future exposure \$million	EEPE \$million	Multiplier	EAD post CRM \$million	RWA \$million
1 Mark to market		15,043	34,483			8,208	4,359
2 Original exposure	N/A					N/A	N/A
3 Standardised approach				N/A	N/A	N/A	N/A
4 IMM (for derivatives and SFTs)				14,220	1.6	22,753	9,406
5 Of which securities financing transactions				N/A	N/A	N/A	N/A
6 Of which derivatives and long settlement transactions				14,220	1.6	22,753	9,406
8 Financial collateral simple method (for SFTs)						N/A	N/A
9 Financial collateral comprehensive method (for SFTs)						129,892	3,302
10 VaR for SFTs						N/A	N/A
11 Total							17,067

		31.12.20					
	Notional \$million	Replacement cost/current market value \$million	Potential future exposure \$million	EEPE \$million	Multiplier	EAD post CRM ¹ \$million	RWA \$million
1 Mark to market		19,124	29,932			6,987	3,618
2 Original exposure	N/A					N/A	N/A
3 Standardised approach				N/A	N/A	N/A	N/A
4 IMM (for derivatives and SFTs)				15,234	1.6	24,374	10,201
5 Of which securities financing transactions				N/A	N/A	N/A	N/A
6 Of which derivatives and long settlement transactions				15,234	1.6	24,374	10,201
8 Financial collateral simple method (for SFTs)						N/A	N/A
9 Financial collateral comprehensive method (for SFTs)						112,256	2,216
10 VaR for SFTs						N/A	N/A
11 Total							16,035

4.2 Counterparty credit risk continued

Table 53: Exposures to central counterparties (CCPs) (CCR8)

	30.06.21		31.12.20	
	EAD post CRM \$million	RWA \$million	EAD post CRM \$million	RWA \$million
Exposures to QCCPs				
Trade exposure	18,953	536	13,739	287
Of which OTC derivatives	8,119	309	8,741	187
Of which exchange-traded derivatives	4,831	97	2,949	59
Of which SFTs	2,285	46	2,049	41
Collateral posted	3,719	84	2,915	68
Prefunded default fund contributions	518	295	494	228
Total	19,471	831	17,148	583

Table 54: Credit derivatives exposures (CCR6)

	30.06.21			31.12.20		
	Bought \$million	Sold \$million	Total \$million	Bought \$million	Sold \$million	Total \$million
Notionals						
Credit default swaps	81,098	75,632	156,730	67,563	62,741	130,304
Total return swaps	10,788	269	11,057	8,384	858	9,242
Credit options	–	–	–	–	–	–
Other Credit derivatives	446	–	446	891	–	891
Total notionals	92,332	75,901	168,233	76,838	63,599	140,437
Fair values						
Positive fair value (asset)	391	1,683	2,074	179	1,523	1,702
Negative fair value (liability)	2,647	488	3,135	2,902	88	2,990

Table 55: Credit valuation adjustment (CVA) capital charge (CCR2)

	30.06.21		31.12.20	
	Exposure Value \$million	RWA \$million	Exposure Value \$million	RWA \$million
1 Total portfolios subject to the Advanced Method	–	–	–	–
2 (i) VaR component (including the 3x multiplier)	–	–	–	–
3 (ii) Stressed VaR component (including the 3x multiplier)	–	–	–	–
4 All portfolios subject to the Standardised Method	19,723	3,269	18,860	2,435
5 Total subject to the CVA capital charge	19,723	3,269	18,860	2,435

4.2 Counterparty credit risk continued

Table 56 depicts EAD after the effect of collateral associated with each risk weight prescribed in Part Three, Title II, Chapter 2 of the CRR for counterparty credit risk.

Table 56: Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)

		30.06.21													Total	Of which unrated
		Risk Weight														
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others			
Standardised Exposure Class																
1	Central governments or central banks	70	-	-	-	-	-	-	-	-	-	-	-	70	-	
4	Multilateral development banks	766	-	-	-	-	-	-	-	-	-	-	-	766	-	
6	Institutions	-	18,532	473	-	5	-	13	-	-	-	-	-	19,023	-	
7	Corporates	-	-	-	-	112	-	4	-	-	843	-	-	959	923	
8	Retail	-	-	-	-	-	-	-	-	1	-	-	-	1	1	
10a Secured on real estate property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10b Exposures in default		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10c Items belonging to regulatory high risk categories		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10d Other items		165	-	-	-	-	-	-	-	-	4	-	-	169	4	
11 Total Standardised		1,001	18,532	473	-	117	-	17	-	1	847	-	-	20,988	928	
		31.12.20														
		Risk Weight												Total	Of which unrated	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others			
Standardised Exposure Class																
1	Central governments or central banks	333	-	-	-	-	-	-	-	-	-	-	-	333	-	
4	Multilateral development banks	1,116	-	-	-	-	-	-	-	-	-	-	-	1,116	-	
6	Institutions	-	13,858	-	-	8	-	1	-	-	1	-	-	13,868	-	
7	Corporates	-	-	-	-	831	-	5	-	-	271	-	-	1,107	356	
8	Retail	-	-	-	-	-	-	-	-	2	-	-	-	2	2	
10a Secured on real estate property		-	-	-	-	-	-	-	-	-	1	-	-	1	1	
10b Exposures in default		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10c Items belonging to regulatory high risk categories		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10d Other items		7	-	-	-	-	-	-	-	-	-	-	-	7	-	
11 Total Standardised		1,456	13,858	-	-	838	-	6	-	2	273	-	-	16,434	359	

Institutions exposures increased by \$5.5 billion mainly due to an increase in commodity derivatives, FX forwards, interest rate swaps in the Europe and Americas region.

4.2 Counterparty credit risk continued

The following tables provide further detail on the exposure classes subject to counterparty credit risk, in particular for central governments or central banks, institutions, corporates. These have been split by internal credit grade which relate to the PD ranges presented.

- Institutions exposure increased by \$12.2 billion due to increases in security financing transactions (SBL trades increased \$7 billion and repo transactions increased \$4 billion)
- Corporates exposure increased by \$3.7 billion due to increases in repo transactions across multiple regions
- Central Governments and central bank exposures increased by \$2 billion due to increases in repo transactions across multiple regions

Table 57: IRB – CCR exposures by exposure class

	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
IRB exposure class							
Central governments or central banks	11,261	0.36	109	25	0.43	1,248	11
Institutions	46,851	0.19	1,333	14	0.53	4,223	9
Corporates	100,705	0.42	12,766	12	0.42	10,865	11
Of which specialised lending	1,528	3.29	458	37	2.37	897	59
Of which SME	27	4.25	267	57	1.40	23	88
Total IRB	158,818	0.35	14,208	13	0.45	16,336	10

	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
IRB exposure class							
Central governments or central banks	9,266	0.43	109	22	0.54	1,337	14
Institutions	34,652	0.20	1,331	14	0.63	3,298	10
Corporates	97,004	0.28	12,393	12	0.41	10,965	11
Of which specialised lending	1,839	3.28	454	36	2.64	1,146	62
Of which SME	13	10.23	289	49	1.87	12	90
Total IRB	140,922	0.27	13,833	13	0.47	15,600	11

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties

4.2 Counterparty credit risk continued

Table 58: IRB – CCR exposures by PD scale for central governments or central banks (CCR4)

PD range %	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	8,461	0.04	56	21	0.29	248	3
0.15 to < 0.25	1,201	0.22	8	45	0.06	293	24
0.25 to < 0.50	252	0.49	6	45	0.29	119	47
0.50 to < 0.75	1	0.67	4	45	1.00	–	64
0.75 to < 2.50	1,260	2.18	18	28	1.65	474	38
2.50 to < 10.00	87	3.93	11	45	1.70	113	131
10.00 to < 100.00	–	13.77	4	63	1.00	–	294
100.00 (default)	–	–	2	–	–	–	–
Total	11,261	0.36	109	25	0.43	1,248	11

PD range %	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	7,280	0.05	56	16	0.40	239	3
0.15 to < 0.25	859	0.22	6	45	0.04	207	24
0.25 to < 0.50	55	0.49	5	45	0.64	28	51
0.50 to < 0.75	1	0.67	5	45	1.00	1	64
0.75 to < 2.50	779	2.50	15	45	2.04	465	60
2.50 to < 10.00	291	4.56	16	45	1.44	397	136
10.00 to < 100.00	–	33.00	6	45	1.00	–	250
100.00 (default)	–	–	–	–	–	–	–
Total	9,266	0.43	109	22	0.54	1,337	14

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 59: IRB – CCR exposures by PD scale for institutions (CCR4)

PD range %	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	38,103	0.05	668	14	0.51	2,070	5
0.15 to < 0.25	2,774	0.22	102	10	0.52	279	10
0.25 to < 0.50	1,712	0.46	151	13	0.38	334	19
0.50 to < 0.75	1,777	0.67	49	7	0.14	191	11
0.75 to < 2.50	2,416	1.57	269	20	1.23	1,242	51
2.50 to < 10.00	70	4.99	67	42	0.94	108	155
10.00 to < 100.00	–	33.00	22	45	1.00	–	276
100.00 (default)	–	100.00	5	45	1.28	–	100
Total	46,851	0.19	1,333	14	0.53	4,223	9

PD range %	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	26,049	0.05	668	16	0.68	1,807	7
0.15 to < 0.25	2,344	0.22	98	13	0.62	341	15
0.25 to < 0.50	2,868	0.47	151	10	0.35	417	15
0.50 to < 0.75	1,707	0.67	52	7	0.19	185	11
0.75 to < 2.50	1,568	1.38	283	10	0.66	418	27
2.50 to < 10.00	116	4.26	51	35	0.46	130	112
10.00 to < 100.00	–	–	23	–	–	–	–
100.00 (default)	–	100.00	5	45	1.16	–	188
Total	34,652	0.20	1,331	14	0.63	3,298	10

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 60: IRB – CCR exposures by PD scale for corporates (CCR4)

PD range %	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	71,412	0.07	5,052	9	0.30	2,741	4
0.15 to < 0.25	7,039	0.22	1,822	20	0.93	1,494	21
0.25 to < 0.50	15,461	0.45	2,101	11	0.50	2,326	15
0.50 to < 0.75	2,224	0.67	681	28	0.82	977	44
0.75 to < 2.50	2,756	1.25	1,817	40	1.25	2,078	75
2.50 to < 10.00	380	4.44	622	56	1.61	665	175
10.00 to < 100.00	1,309	14.16	316	6	0.35	383	29
100.00 (default)	41	100.00	305	44	1.65	134	325
Total	100,621	0.42	12,716	12	0.42	10,797	11

PD range %	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	67,764	0.06	4,860	9	0.27	2,613	4
0.15 to < 0.25	4,490	0.22	1,738	28	1.32	1,325	30
0.25 to < 0.50	16,286	0.45	2,067	11	0.49	2,410	15
0.50 to < 0.75	4,673	0.67	702	10	0.43	774	17
0.75 to < 2.50	3,266	1.30	1,776	46	1.45	3,057	94
2.50 to < 10.00	280	5.17	623	44	1.36	408	146
10.00 to < 100.00	81	19.70	273	52	2.33	224	276
100.00 (default)	45	100.00	295	36	1.59	56	123
Total	96,884	0.28	12,334	12	0.41	10,867	11

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 61: IRB – CCR exposures by PD scale for corporates – specialised lending (CCR4)

PD range %	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	146	0.12	36	28	3.09	32	22
0.15 to < 0.25	236	0.22	42	39	2.22	83	35
0.25 to < 0.50	396	0.46	92	46	2.18	238	60
0.50 to < 0.75	137	0.67	38	56	1.11	110	81
0.75 to < 2.50	440	1.33	138	29	2.99	223	51
2.50 to < 10.00	25	4.50	23	32	2.86	26	103
10.00 to < 100.00	32	23.04	9	34	1.33	58	182
100.00 (default)	32	100.00	30	36	1.63	58	184
Total	1,444	3.42	408	38	2.40	829	57

PD range %	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	169	0.12	33	32	2.64	39	23
0.15 to < 0.25	320	0.22	47	29	3.46	110	34
0.25 to < 0.50	455	0.44	90	47	2.15	273	60
0.50 to < 0.75	102	0.67	35	48	1.49	74	73
0.75 to < 2.50	575	1.51	133	32	2.99	417	73
2.50 to < 10.00	24	5.11	18	48	2.63	37	153
10.00 to < 100.00	35	20.06	10	34	2.15	60	172
100.00 (default)	39	100.00	29	34	1.45	38	99
Total	1,719	3.45	395	37	2.68	1,048	61

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

4.2 Counterparty credit risk continued

Table 62: IRB – CCR exposures by PD scale for corporates – SME (CCR4)

PD range %	30.06.21						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	5	0.04	6	54	1.00	1	11
0.15 to < 0.25	–	0.23	26	70	1.00	–	43
0.25 to < 0.50	–	0.43	30	48	1.00	–	42
0.50 to < 0.75	1	0.67	17	66	1.97	1	109
0.75 to < 2.50	16	1.51	73	57	1.43	17	102
2.50 to < 10.00	3	4.33	63	69	1.06	4	157
10.00 to < 100.00	–	–	5	–	–	–	–
100.00 (default)	1	100.00	47	5	4.08	–	63
Total	27	4.25	267	57	1.40	23	88

PD range %	31.12.20						
	EAD post CRM and post CCF \$million	Average PD ¹ %	Number of obligors ²	Average LGD ¹ %	Average maturity ¹ years	RWA \$million	RWA density ¹ %
0.00 to < 0.15	–	–	5	–	–	–	–
0.15 to < 0.25	1	0.24	35	81	1.11	–	49
0.25 to < 0.50	–	0.49	47	45	1.04	–	36
0.50 to < 0.75	–	0.67	14	66	1.00	–	69
0.75 to < 2.50	8	1.45	74	43	1.89	5	66
2.50 to < 10.00	3	3.61	51	72	1.20	5	149
10.00 to < 100.00	–	13.77	11	1	1.00	–	4
100.00 (default)	1	100.00	52	9	4.32	1	109
Total	13	10.23	289	49	1.87	12	90

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties within each PD grade

5. Forward-looking statements

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or other words of similar meaning. By their very nature, such statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

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Annex 1

COVID-19 Disclosures

On 2 June 2020 the EBA issued Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07). These Guidelines followed the implementation of a broad range of measures, such as legislative moratoria on loan repayments and public guarantees in Member States. These additional reporting and disclosure requirements are expected to be

time-limited as they are introduced strictly in the context of the COVID-19 pandemic.

The tables below provide a summary view of the credit quality, volume and maturity of loans and advances subject to moratoria as well as an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

Table 63: Information on loans and advances subject to legislative and non-legislative moratoria

		30.06.21							
		Gross carrying amount							
		Performing exposures				Non-performing			
				Of which: exposures with forbearance measures \$million	Of which: Instruments with significant increase in credit risk since initial recognition but not credit- impaired (Stage 2) \$million		Of which: exposures with forbearance measures \$million	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days \$million	
	\$million	\$million	\$million	\$million	\$million	\$million	\$million		
1	Loans and advances subject to moratorium	1,653	1,352	128	543	301	231	299	
2	of which: Households	753	743	20	272	10	8	8	
3	of which: Collateralised by residential immovable property	529	526	4	266	4	1	2	
4	of which: Non-financial corporations	891	603	108	272	287	219	287	
5	of which: Small and Medium-sized Enterprises	85	77	1	7	8	8	8	
6	of which: Collateralised by commercial immovable property	151	139	59	65	12	10	12	
		30.06.21							
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing exposures				Non-performing			Inflows to non-performing exposures \$million
				Of which: exposures with forbearance measures \$million	Of which: Instruments with significant increase in credit risk since initial recognition but not credit- impaired (Stage 2) \$million		Of which: exposures with forbearance measures \$million	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days \$million	
	\$million	\$million	\$million	\$million	\$million	\$million	\$million		
1	Loans and advances subject to moratorium	(152)	(13)	(2)	(9)	(139)	(96)	(129)	3
2	of which: Households	(17)	(5)	–	(2)	(11)	(3)	(3)	–
3	of which: Collateralised by residential immovable property	(1)	–	–	–	(1)	–	–	–
4	of which: Non-financial corporations	(121)	(8)	(2)	(7)	(113)	(78)	(111)	3
5	of which: Small and Medium-sized Enterprises	(3)	(1)	–	–	(2)	(2)	–	–
6	of which: Collateralised by commercial immovable property	(1)	–	–	–	(1)	(1)	–	–

Table 63: Information on loans and advances subject to legislative and non-legislative moratoria continued

31.12.20								
Gross carrying amount								
	Performing exposures				Non-performing			
	\$million	\$million	Of which: exposures with forbearance measures \$million	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) \$million	\$million	Of which: exposures with forbearance measures \$million	Of which: Unlikely to pay that are not past-due or past-due <= 90 days \$million	
1 Loans and advances subject to moratorium	3,569	3,170	54	554	399	113	354	
2 of which: Households	1,996	1,931	2	133	64	41	34	
3 of which: Collateralised by residential immovable property	1,748	1,730	1	122	18	1	8	
4 of which: Non-financial corporations	1,339	1,009	51	421	330	67	315	
5 of which: Small and Medium-sized Enterprises	257	233	5	36	24	1	18	
6 of which: Collateralised by commercial immovable property	246	235	10	50	10	3	6	

31.12.20								
Accumulated impairment, accumulated negative changes in fair value due to credit risk								Gross carrying amount
	Performing exposures				Non-performing			
	\$million	\$million	Of which: exposures with forbearance measures \$million	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) \$million	\$million	Of which: exposures with forbearance measures \$million	Of which: Unlikely to pay that are not past-due or past-due <= 90 days \$million	
1 Loans and advances subject to moratorium	(221)	(73)	(1)	(28)	(148)	(43)	(113)	246
2 of which: Households	(67)	(35)	–	(12)	(32)	(10)	(6)	–
3 of which: Collateralised by residential immovable property	(9)	(2)	–	–	(8)	–	(1)	–
4 of which: Non-financial corporations	(137)	(38)	(1)	(16)	(100)	(16)	(90)	246
5 of which: Small and Medium-sized Enterprises	(47)	(33)	–	(12)	(14)	–	(5)	6
6 of which: Collateralised by commercial immovable property	(1)	(1)	–	–	–	–	–	2

Table 64: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		30.06.21								
		Gross carrying amount								
		Number of obligors \$million	\$million	Of which: legislative moratoria \$million	Of which: expired \$million	Residual maturity of moratoria				
						<= 3 months \$million	> 3 months <= 6 months \$million	> 6 months <= 9 months \$million	> 9 months <= 12 months \$million	> 1 year \$million
1	Loans and advances for which moratorium was offered	319	16,778							
2	Loans and advances subject to moratorium (granted)	227	14,716	3,290	13,063	979	560	67	24	24
3	of which: Households		5,535	1,910	4,782	403	304	18	12	16
4	of which: Collateralised by residential immovable property		4,805	1,414	4,275	365	135	17	12	–
5	of which: Non-financial corporations		8,355	1,380	7,464	571	251	49	11	8
6	of which: Small and Medium-sized Enterprises		593	233	508	59	18	1	1	6
7	of which: Collateralised by commercial immovable property		2,106	1,147	1,955	146	4	–	–	1
31.12.20										
		Number of obligors \$million	\$million	Of which: legislative moratoria \$million	Of which: expired \$million	Gross carrying amount				
						Residual maturity of moratoria				
						<= 3 months \$million	> 3 months <= 6 months \$million	> 6 months <= 9 months \$million	> 9 months <= 12 months \$million	> 1 year \$million
1	Loans and advances for which moratorium was offered	341	17,654							
2	Loans and advances subject to moratorium (granted)	288	15,287	4,888	11,719	1,980	964	265	238	123
3	of which: Households		5,992	3,109	3,993	1,477	353	52	66	52
4	of which: Collateralised by residential immovable property		5,087	2,477	3,329	1,297	344	50	54	13
5	of which: Non-financial corporations		8,951	1,779	7,631	481	408	207	169	54
6	of which: Small and Medium-sized Enterprises		1,202	351	991	127	77	1	6	–
7	of which: Collateralised by commercial immovable property		1,995	1,400	1,705	163	63	7	55	1

Table 65: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

30.06.21				
	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
	\$million	of which: forborne \$million	Public guarantees received \$million	Inflows to non-performing exposures \$million
1 Newly originated loans and advances subject to public guarantee schemes	127	–	109	1
2 of which: Households	35			–
3 of which: Collateralised by residential immovable property	–			–
4 of which: Non-financial corporations	92	–	74	–
5 of which: Small and Medium-sized Enterprises	92			–
6 of which: Collateralised by commercial immovable property	–			–
31.12.20				
	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
	\$million	of which: forborne \$million	Public guarantees received \$million	Inflows to non-performing exposures \$million
1 Newly originated loans and advances subject to public guarantee schemes	91	–	78	1
2 of which: Households	29			–
3 of which: Collateralised by residential immovable property	–			–
4 of which: Non-financial corporations	62	–	50	–
5 of which: Small and Medium-sized Enterprises	62			–
6 of which: Collateralised by commercial immovable property	–			–

Acronyms

ABS	Asset Backed Securities
AIRB	Advanced Internal Rating Based approach
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision
BOU	Bank of Uganda
BRC	Board Risk Committee
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical capital buffer
CDOs	Collateralised Debt Obligations
CDS	Credit Default Swap
CET1	Common Equity Tier 1
CMBS	Commercial Mortgage Backed Securities
CQS	Credit Quality Step
CPM	Credit & Portfolio Management
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSDG	Capital Structuring & Distribution Group
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Bank
DVA	Debit Valuation Adjustment
EAD	Exposure at default
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
EL	Expected loss
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings Based approach
FPC	Financial Policy Committee
FSB	Financial Stability Board
FSS	Financial Supervisory Service (South Korea)
FVA	Funding valuation adjustments
GCRO	Group Chief Risk Officer
G-SIB	Global Systemically Important Bank
G-SII	Global Systemically Important Institutions
HKMA	Hong Kong Monetary Authority
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMA	Internal Model Approach
IMM	Internal model Method

IRB	Internal Ratings Based
IRC	Incremental Risk Charge
IRR	Interest Rate Risk
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MAC	Model Assessment Committee
MAS	Monetary Authority of Singapore
MDB	Multilateral Development Banks
MR	Market Risk
MREL	Minimum requirements for own funds and eligible liabilities
MTM	Mark-To-Market
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
O-SII	Other Systemically Important Institution
OBSC	Operational Balance Sheet Committee
OTC	Over the counter
PD	Probability of Default
PFE	Potential Future Exposure
PIT	Point in Time
PM	Portfolio Management
PRA	Prudential Regulation Authority
PV01	Present Value 01
PVA	Prudent Valuation Adjustment
QCCP	Qualifying Central Counterparty
QRRE	Qualifying Revolving Retail Exposure
RMB	Renminbi
RMBS	Residential Mortgage Backed Securities
RNIV	Risk not in VaR
RTS	Regulatory Technical Standards
RWAs	Risk-Weighted Assets
SA	Standardised Approach
SFT	Securities Financing Transactions
SIF	Significant Influence Function
SME	Small and Medium - sized Enterprise
SPE	Special Purpose Entity
SVAR	Stressed VaR
T1	Tier 1 capital
T2	Tier 2 capital
TC	Total capital
TLAC	Total loss-absorbing capacity
TM	Treasury Markets
TRS	Total Return Swap
TTC	Through the cycle
VaR	Value at Risk
VBC	Valuation and Benchmarks Committee
XVA	Credit and Funding Valuation Adjustment

Glossary

Additional Tier 1 (AT1) capital	Additional Tier 1 capital consists of instruments issued by the bank and related share premium other than Common Equity Tier 1 that meet the Capital Requirement Regulation (CRR) criteria for inclusion in Tier 1 capital.
Advanced Internal Rating Based (AIRB) approach	The AIRB approach under the Basel framework is used to calculate credit risk capital based on the Group's own estimates of prudential parameters.
Africa & Middle East (AME)	Africa & Middle East (AME) includes Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia and the United Arab Emirates (UAE).
Arrears	A debt or other financial obligation is considered to be in a state of arrears when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed. Also known as 'delinquency'.
Available-for-Sale	Non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables; held to maturity investments, or financial assets at fair value through profit or loss.
ASEAN	Association of South East Asian Nations (ASEAN) which includes the Group's operation in Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
ASEAN & South Asia (ASA)	ASEAN & South Asia (ASA) includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.
Asset Backed Securities (ABS)	Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages and in the case of Collateralised Debt Obligations (CDOs), the reference pool may be ABS.
Attributable profit to ordinary shareholders	Profit for the year after non-controlling interests and the declaration of dividends on preference shares classified as equity.
Backtesting	A statistical technique used to monitor and assess the accuracy of a model, and how that model would have performed had it been applied in the past.
Basel II	The capital adequacy framework issued by the Basel Committee on Banking Supervision (BCBS) in June 2006 in the form of the 'International Convergence of Capital Measurement and Capital Standards'.
Basel III	In December 2010, the BCBS issued the Basel III rules text, which were updated in June 2011, and represents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. The new requirements have been fully implemented. In December 2017, the BCBS published a document setting out the finalisation of the Basel III framework. The new requirements issued in December 2017 will be implemented by 2023.
Basis point (bps)	One hundredth of a per cent (0.01 per cent); 100 basis points is 1 per cent. Used in quoting movements e.g. in interest rates or yields on securities.
Capital conservation buffer	A capital buffer prescribed by regulators under Basel III and designed to ensure banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. Should a bank's CET1 capital fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.
Capital Requirements Directive (CRD)	A capital adequacy legislative package adopted by EU member states. CRD IV comprises the recast Capital Requirements Directive and the Capital Requirements Regulation (CRR). The package implements the Basel III framework together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014. CRR II and CRD V amending the existing package came into force in June 2019 with most changes starting to apply from 28 June 2021.
Central Counterparty (CCP)	A CCP is a clearing house that acts as an intermediary between counterparties for certain products that are traded in one or more financial markets.
Common Equity Tier 1 (CET1) capital	Common Equity Tier 1 capital consists of the common shares issued by the bank and related share premium, retained earnings, accumulated other comprehensive income and other disclosed reserves, eligible non-controlling interests and regulatory adjustments required in the calculation of Common Equity Tier 1.
Common Equity Tier 1 ratio	Common Equity Tier 1 capital as a percentage of risk-weighted assets.
Countercyclical capital buffer (CCyB)	The countercyclical capital buffer is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets in a given jurisdiction. The Bank of England's Financial Policy Committee has the power to set CCyB rate for the United Kingdom. Each bank must calculate its 'institution-specific' CCyB rate, defined as the weighted average of the CCyB rates in effect across the jurisdictions in which it has credit exposures. The institution-specific CCyB rate is then applied to a bank's total risk weighted assets.
Counterparty credit risk (CCR)	The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.
Credit Conversion Factor (CCF)	Either prescribed by CRR or modelled by the bank, an estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default.

Credit Default Swap (CDS)	A derivative contract where a buyer pays a fee to a seller in return for receiving a payment in the event of a credit event (for example bankruptcy, payment default on a reference asset or assets, or downgrades by an rating agency) on an underlying obligation.
Credit quality step (CQS)	Credit Quality Steps (CQS) are used to derive the risk-weight to be applied to exposures treated under the Standardised approach to credit risk.
Credit risk	Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Group in accordance with agreed terms.
Credit risk mitigation (CRM)	Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.
Credit support annex (CSA)	A legal document that regulates the exchange of collateral between the parties of OTC derivative transactions.
Credit Valuation Adjustment (CVA)	In the context of prudential requirements, additional regulatory capital charge that covers the risk of mark-to-market losses associated with changes in the credit worthiness of counterparties to derivative transactions.
Debit Valuation Adjustment (DVA)	In the context of prudential requirements, adjustment required to Tier 1 capital to derecognise any unrealised fair value gains and losses associated with fair valued liabilities that are attributable to the market's perception of the Group's credit worthiness.
Domestic systemically important banks (D-SIB)	Domestic systemically important banks are deemed systemically relevant for the domestic financial system in which they operate. The FSB and the BCBS have developed a framework for identifying and dealing with D-SIBs. The D-SIB framework has been implemented in the EU via CRD IV which refers to D-SIBs as Other Systemically Important Institutions ('O-SIIs').
Equity price risk	The financial risk involved in holding equity in a particular investment. Arises from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.
Expected Loss (EL)	The Group measure of anticipated loss for exposures captured under an internal ratings based credit risk approach for capital adequacy calculations. It is measured as the Group-modelled view of anticipated loss based on Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), with a one-year time horizon.
Exposure	Credit exposures represent the amount lent to a customer, together with any undrawn commitment.
Exposure at default (EAD)	The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit.
External Credit Assessment Institutions (ECAI)	For the Standardised Approach to credit risk for sovereigns, corporates and institutions, external ratings are used to assign risk-weights. These external ratings must come from credit rating agencies that are registered or certified in accordance with the credit rating agencies (CRA) regulation or from a central bank issuing credit ratings which is exempt from the application this regulation.
Fair value	The value of an asset or liability when it is transacted on an arm's length basis between knowledgeable and willing parties.
Financial Policy Committee (FPC)	The Financial Policy Committee is an independent committee at the Bank of England that has the primary objective of identifying, monitoring and taking action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The FPC's secondary objective is to support the economic policy of the Government.
Foreseeable dividends net of scrip	Includes both ordinary and preference share dividends reasonably expected to be paid out of any future residual interim or year-end profits. In the case of ordinary dividends, the amount of foreseeable dividends deducted from the interim or year-end profits is equal to the amount of interim or year-end profits multiplied by the dividend payout ratio. In the case of preference share dividends, the amount of foreseeable dividends is equal to the amount accrued during the relevant reporting period payable at a future date.
Foundation Internal RatingsBased (FIRB) Approach	A method of calculating credit risk capital requirements using internal PD models but with supervisory estimates of LGD and conversion factors for the calculation of EAD.
Free delivery	When a bank takes receipt of a debt or equity security, a commodity or foreign exchange without making immediate payment, or where a bank delivers a debt or equity security, a commodity or foreign exchange without receiving immediate payment.
Funding valuation adjustments (FVA)	FVA reflects an adjustment to fair value in respect of derivative contracts associated with the funding costs that the market participant would incorporate when determining an exit price.
Greater China	Greater China includes the Group's operation in the People's Republic of China, the Hong Kong Special Administrative Region of the People's Republic of China and Taiwan.
Greater China & North Asia (GCNA)	Greater China & North Asia (GCNA) includes China, Hong Kong, Japan, Korea, Macau and Taiwan.
Global Systemically Important Bank (G-SIB)	Global financial institutions whose size, complexity and systemic interconnectedness mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS) have established a methodology to identify G-SIBs based on 12 principal indicators. The list of G-SIBs is re-assessed through annual re-scoring of banks and a triennial review of the methodology. The G-SIB framework established by the FSB and the BCBS is implemented in the EU via CRD IV and G-SIBs are referred to as Global Systemically Important Institutions ('G-SIIs').

G-SIB buffer	A CET1 capital buffer which results from designation as a G-SIB. The G-SIB buffer is between 1 per cent and 3.5 per cent, dependent on the allocation to one of five buckets based on the annual scoring. In the EU, the G-SIB buffer is implemented via CRD IV as Global Systemically Important Institutions ('G-SII') buffer requirement.
Haircut	A haircut, or volatility adjustment, ensures the value of exposures and collateral are adjusted to account for the volatility caused by foreign exchange or maturity mismatches, when the currency and maturity of an exposure differ materially to the currency and maturity of the associated collateral.
Held-to-maturity	Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity.
Impaired loans	Loans where individually identified impairment provisions have been raised. Also includes loans which are collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.
Individually assessed loan impairment provisions (IIP)	Impairment is measured for assets that are individually significant to the Group. Typically assets within the Corporate & Institutional Banking segment of the Group are assessed individually.
Individual capital guidance	Guidance given by the PRA to the Group about the amount and quality of capital resources to maintain.
Individual impairment charge	The amount of individually assessed loan impairment provisions that are charged to the income statement in the reporting period.
Individual liquidity guidance	Guidance given by the PRA to the Group about the amount, quality and funding profile of liquidity resources to maintain.
Institution	A credit institution or an investment firm as defined under the Capital Requirement Regulation (CRR).
Internal Capital Adequacy Assessment Process (ICAAP)	A requirement on institutions under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks.
Internal Liquidity Adequacy Assessment Process (ILAAP)	A requirement on institutions under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of liquidity to be held against these risks.
Internal Model Approach (IMA)	The approach used to calculate market risk capital and RWA with an internal market risk model approved by the PRA under the terms of CRD IV/CRR.
Internal Model Method (IMM)	One of three approaches defined in the Basel Framework to determine exposure values for counterparty credit risk.
Interest Rate Risk (IRR)	Interest rate risk arises due to the investment into rate-sensitive assets, as well as from mismatches between debt issuance and placements.
Internal ratings-based approach ('IRB')	Risk-weighting methodology in accordance with the Basel Capital Accord where capital requirements are based on a firm's own estimates of prudential parameters.
Items belonging to regulatory high-risk categories	In relation to the Standardised Approach to credit risk, items which attract a risk-weight of 150 per cent. This includes exposures arising from venture capital business and certain positions in collective investment schemes.
Leverage ratio	A ratio introduced under Basel III / CRD IV that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk based backstop measure.
Liquidity Coverage Ratio (LCR)	The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.
Loans and advances	This represents lending made under bilateral agreements with customers entered into in the normal course of business and is based on the legal form of the instrument.
Loss Given Default (LGD)	The percentage of an exposure that a lender expects to lose in the event of obligor default.
Mark-to-market approach	One of the approaches available to banks to calculate the exposure value associated with derivative transactions. The approach calculates the current replacement cost of derivative contracts, by determining the market value of the contract and considering any potential future exposure.
Market risk	The potential for loss of earnings or economic value due to adverse changes in financial market rates or prices.
Maturity	The time from the reporting date to the contractual maturity date of an exposure, capped at five years. Maturity is considered as part of the calculation of risk-weights for the Group's exposures treated under the IRB approach to credit risk.
Minimum capital requirement	Minimum capital required to be held for credit, market and operational risk.
Model validation	The process of assessing how well a model performs using a predefined set of criteria including the discriminatory power of the model, the appropriateness of the inputs, and expert opinion.
MREL or minimum requirement for own fund and eligible liabilities	A requirement under the Bank Recovery and Resolution Directive for EU resolution authorities to set a minimum requirement for own funds and eligible liabilities for banks, implementing the FSB's Total Loss-Absorbing Capacity (TLAC) standard. MREL is intended to ensure there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions and avoids exposing taxpayers to loss.
Multilateral Development Banks (MDB)	An institution created by a group of countries to provide financing for the purpose of development. Under the Standardised approach to credit risk, eligible multilateral development banks attract a zero per cent risk-weight.

Net stable funding ratio (NSFR)	The ratio of available stable funding to required stable funding over a one year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one year time horizon.
North East (NE) Asia	North East (NE) Asia includes the Group's operation in the Republic of Korea and Japan.
Operational risk	The potential for loss arising from the failure of people, process, or technology, or the impact of external events.
Over-the-Counter (OTC) traded products/OTC derivatives	A bilateral transaction that is not exchange traded and is valued using valuation models.
Pillar 1	The first Pillar of the three pillars of Basel framework which provides the approach to the calculation of the minimum capital requirements for credit, market and operational risk. Minimum capital requirements are 8 per cent of the Group's risk-weighted assets.
Pillar 2	The second pillar of the three pillars of Basel framework which requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.
Pillar 3	The third pillar of the three pillars of Basel framework which aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk practices.
Point in time (PIT)	Considers the economic conditions at the point in the economic cycle at which default occurs when estimating the probability of default.
Portfolio Impairment Provision (PIP)	The amount of loan impairment provisions assessed on the collective portfolio that are charged to the income statement in the reporting period.
Potential Future Exposure (PFE)	An estimate of the potential increase in exposure that may arise on a derivative contract prior to default, used to derive the exposure amount.
Probability of Default (PD)	PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation within 12 months.
Present Value 01 (PV01)	This represents the change in present value of an asset or liability for a 1 basis point change in the nominal yield curve.
Prudential Regulatory Authority (PRA)	The Prudential Regulation Authority is the statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and a small number of significant investment firms in the UK. The PRA is a part of the Bank of England.
Prudent Valuation Adjustment (PVA)	An adjustment to CET1 capital, to reflect the difference between the accounting fair value and the regulatory prudent value of positions, where the application of prudence results in a lower absolute carrying value than recognised in the financial statements.
Qualifying Central Counterparty (QCCP)	Central counterparty that is either authorised (when established in the EU) or recognised (when established in a third-country) in accordance with the rules laid down in the European Market Infrastructure Regulation (EMIR).
Qualifying Revolving Retail Exposure (QRRE)	Retail IRB exposures that are revolving, unsecured, and, to the extent they are not drawn, immediately and unconditionally cancellable, such as credit cards.
Regulatory capital	Sum of Tier 1 and Tier 2 capital after regulatory adjustments.
Repurchase agreement (repo) / reverse repurchase agreement (reverse repo)	A short term funding agreement which allows a borrower to sell a financial asset, such as ABS or Government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.
Residential Mortgage-Backed Securities (RMBS)	Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal).
Residual maturity	The remaining maturity of a facility from the reporting date until either the contractual maturity of the facility or the effective maturity date.
Retail Internal Ratings Based (Retail IRB) Approach	In accordance with the PRA handbook and CRR, the approach to calculating credit risk capital requirements for eligible retail exposures.
Risk Appetite	Risk Appetite is defined by the Group and approved by the Board. It is the maximum amount and type of risk the Group is willing to assume in pursuit of its strategy.
Risk Capacity	The maximum level of risk the Group can assume, given its current capabilities and resources, before breaching constraints determined by capital and liquidity requirements and internal operational capability (including but not limited to technical infrastructure, risk management capabilities, expertise), or otherwise failing to meet the expectations of regulators and law enforcement agencies.
Risk-weighted assets (RWA)	A measure of a bank's assets adjusted for their associated risks, expressed as a percentage of an exposure value in accordance with the applicable Standardised or IRB approach provisions.
RWA density	The risk-weighted asset as a percentage of exposure at default (EAD).
Scrip dividends	Dividends paid to existing shareholders in securities instead of cash payment.
Securities Financing Transactions (SFT)	Securities Financing Transactions are secured (i.e. collateralised) transactions that involve the temporary exchange of cash against securities, or securities against other securities, e.g. stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

Securitisation	Securitisation is a process by which credit exposures are aggregated into a pool, which is used to back new securities. Under traditional securitisation transactions, assets are sold to a special purpose entity (SPE) who then issues new securities to investors at different level of seniority (credit tranching). This allows the credit quality of the assets to be separated from the credit rating of the originating institution and transfers risk to external investors in a way that meets their risk appetite. Under synthetic securitisation transactions, the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitized remain exposures of the originating institution.
Securitisation position(s)	The positions assumed by the Group following the purchase of securities issued by Asset-Backed Securitisation programmes or those retained following the origination of a securitisation programme.
Specialised lending	Specialised lending exposures are defined as an exposure to an entity which was created specifically to finance and/or operate physical assets, where the contractual arrangements given the lender a substantial degree of control over the assets and the income that they generate and the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.
Special Purpose Entities (SPEs)	SPEs are entities that are created to accomplish a narrow and well defined objective. There are often specific restrictions or limits around their ongoing activities. Transactions with SPEs take a number of forms, including: the provision of financing to fund asset purchases, or commitments to provide financing for future purchases; derivative transactions to provide investors in the SPE with a specified exposure; the provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties; and direct investment in the notes or equity issued by SPEs.
Standardised Approach (SA)	In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk-weights. In relation to operational risk, a method of calculating the operational risk capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Stressed Value at Risk (SVAR)	A regulatory market risk measure based on potential market movements for a continuous one-year period of stress for a trading portfolio.
Through the cycle (TTC)	Reduces the volatility in the estimation of the probability of default by considering the average conditions over the economic cycle at the point of default, versus the point in time (PIT) approach, which considers economic conditions at the point of the economic cycle at which default occurs.
Tier 1 capital	Tier 1 capital comprises Common Equity Tier 1 capital plus Additional Tier 1 securities and related share premium accounts.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk-weighted assets.
Tier 2 capital	Tier 2 capital comprises qualifying subordinated liabilities and related share premium accounts.
Total Loss Absorbing Capacity (TLAC)	An international standard for TLAC issued by the FSB, which requires G-SIBs to have sufficient loss-absorbing and recapitalisation capacity available in resolution, to minimise impacts on financial stability, maintain the continuity of critical functions and avoid exposing public funds to loss.
Total Return Swap (TRS)	A derivative transaction that swaps the total return on a financial instrument, including cash flows and capital gains or losses, for an interest rate return.
Trading book	The trading book consists of all positions in CRD financial instrument and commodities which are fair valued through the profit and loss account for accounting purposes, which are held either with trading intent or in order to hedge other elements of the trading book and which are either free of any restrictive covenants on their tradability or ability to be hedged.
Value at Risk (VAR)	A quantitative measure of market risk estimating the potential loss that will not be exceeded in a set time period at a set statistical confidence level.
Write downs	After an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write downs will occur when and to the extent that, the whole or part of a debt is considered irrecoverable.
Wrong way risk	Wrong way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor.



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