standard chartered

Pillar 3 Disclosures

31 December 2023

Connecting the world's most dynamic markets

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Contents

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.

Tables

Annex 1. Standard Chartered Significant Subsidiaries

1. Introduction

1.1 Purpose and basis of preparation

The Pillar 3 disclosures comprise information on the underlying drivers of risk-weighted assets (RWA), capital, leverage and liquidity ratios as at 31 December 2023 in accordance with the United Kingdom's (UK) onshored 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 PRA Policy Statement PS22/21 'Implementation of Basel standards: Final rules published in October 2021.

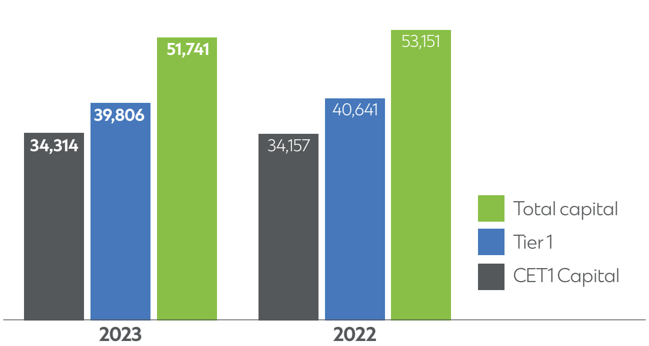
This report presents the annual Pillar 3 disclosures of Standard Chartered PLC ('the Group') as at 31 December 2023 and should be read in conjunction with the Group's Annual Report and Accounts.

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

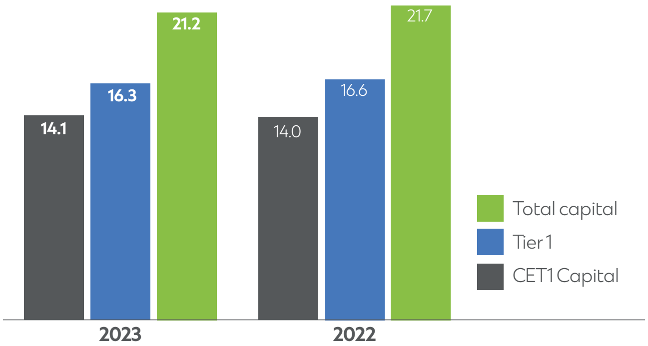
1.2 Highlights

- 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 is well capitalised with a Common Equity Tier 1 (CET1) ratio of 14.1 per cent, well ahead of the current requirement of 10.5 per cent
- The Group is not highly leveraged and its leverage ratio of 4.7 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

Capital base $million



Capital ratios %



RWA by risk type 2023 $million

RWA by risk type 2022 $million

1.3 Key prudential metrics

Table 1: Key metrics template (UK KM1)

		31.12.23 $million	30.09.23 $million	30.06.23 $million	31.03.23 $million	31.12.22 $million
	Available own funds[1]					
1	Common Equity Tier 1 (CET1) capital	**34,314**	33,569	34,896	34,402	34,157
	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**34,314**	33,569	34,896	34,402	34,051
2	Tier 1 capital	**39,806**	39,061	40,388	39,894	40,641
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**39,806**	39,061	40,388	39,894	40,535
3	Total capital	**51,741**	51,112	52,669	52,318	53,151
	Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	**51,741**	51,112	52,669	52,318	53,035
	Risk-weighted exposure amounts[1]					
4	Total risk-weighted exposure amount	**244,151**	241,506	249,117	250,893	244,711
	Total risk-weighted exposure amount if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**244,151**	241,506	249,117	250,893	244,766
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio	**14.1%**	13.9%	14.0%	13.7%	14.0%
	Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**14.1%**	13.9%	14.0%	13.7%	13.9%
6	Tier 1 ratio	**16.3%**	16.2%	16.2%	15.9%	16.6%
	Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.3%**	16.2%	16.2%	15.9%	16.6%
7	Total capital ratio	**21.2%**	21.2%	21.1%	20.9%	21.7%
	Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**21.2%**	21.2%	21.1%	20.9%	21.7%
	Additional CET1 buffer requirements as a percentage of RWA[1]					
8	Capital conservation buffer	**2.50%**	2.50%	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer	**0.39%**	0.37%	0.29%	0.28%	0.27%
10	Global Systemically Important Institution buffer	**1.00%**	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement	**3.89%**	3.87%	3.79%	3.78%	3.77%
UK 11a	Overall capital requirements	**10.51%**	10.48%	10.39%	10.38%	10.37%
12	CET1 available after meeting the total SREP own funds requirements	**7.43%**	7.29%	7.40%	7.09%	7.35%
	UK leverage ratio					
13	Leverage ratio total exposure measure	**847,142**	823,546	844,979	857,214	854,311
14	Leverage ratio	**4.7%**	4.7%	4.8%	4.7%	4.8%
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.7%**	4.7%	4.8%	4.7%	4.8%
14b	Leverage ratio including claims on central banks (%)	**4.2%**	4.2%	4.3%	4.2%	4.4%
14c	Average leverage ratio excluding claims on central banks (%)	**4.6%**	4.7%	4.7%	4.6%	4.7%
14d	Average leverage ratio including claims on central banks (%)	**4.1%**	4.2%	4.2%	4.2%	4.3%
14e	Countercyclical leverage ratio buffer (%)	**0.1%**	0.1%	0.1%	0.1%	0.1%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**185,986**	181,663	177,767	178,289	178,203
UK 16a	Cash outflows – Total weighted value	**182,716**	181,470	180,200	182,573	184,698
UK 16b	Cash inflows – Total weighted value	**66,652**	66,418	66,341	64,371	62,294
16	Total net cash outflows (adjusted value)	**116,064**	115,052	113,859	118,202	122,404
17	Liquidity coverage ratio	**160.4%**	158.0%	156.2%	151.2%	145.9%
	Net Stable Funding Ratio					
18	Total available stable funding	**403,238**	400,424	396,309	392,258	389,120
19	Total required stable funding	**296,467**	296,235	296,814	298,838	300,340
20	NSFR ratio (%)	**136.0%**	135.2%	133.5%	131.3%	129.6%

1 Capital requirements are presented using transitional provisions

1.3 Key prudential metrics continued

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.

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)

	31.12.23 $million	30.09.23 $million	30.06.23 $million	31.03.23 $million	31.12.22 $million
Resolution group					
Total loss-absorbing capacity (TLAC) available	**81,310**	80,460	79,847	78,424	78,480
Fully loaded ECL accounting model TLAC available	**81,310**	80,460	79,847	78,424	78,374
Total RWA at the level of the resolution group	**244,151**	241,506	249,117	250,893	244,711
TLAC as a percentage of RWA	**33.3%**	33.3%	32.1%	31.3%	32.1%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**33.3%**	33.3%	32.1%	31.3%	32.0%
UK Leverage ratio exposure measure at the level of the resolution group	**847,142**	823,546	844,979	857,214	854,311
TLAC as a percentage of UK Leverage exposure measure	**9.6%**	9.8%	9.4%	9.1%	9.2%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model UK Leverage exposure measure	**9.6%**	9.8%	9.4%	9.1%	9.2%
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

1.4 Regulatory disclosure framework

The Group complies with the Basel III framework as implemented in the United Kingdom. The Basel III framework is built on the three pillars of the Basel II framework.

Pillar 1: Sets the minimum capital requirements for credit risk, market risk and operational risk

Pillar 2: Considers through the Supervisory Review and Evaluation Process whether further capital is required in addition to Pillar 1 calculations

Pillar 3: Aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management. Pillar 3 requires all material risks to be disclosed, enabling a comprehensive view of the bank's risk profile

The Pillar 3 Disclosures 2023 comprise all information required to be included in the UK and are prepared at the Group consolidated level. Where disclosure has been withheld as proprietary or non-material, as permitted by the rules, appropriate comment has been included. It is the Group's intention that the Pillar 3 Disclosures be viewed as an integral, albeit separately reported, element of the Annual Report and Accounts. The Group considers a number of factors in determining where disclosure is made between the Annual Report and Accounts and Pillar 3, including International Financial Reporting Standards (IFRS), regulatory requirements and industry best practice. Pages 8 to 11 of this document provide a summary of differences and cross references between the Annual Report and Accounts and the Pillar 3 Disclosures.

Remuneration

The qualitative Pillar 3 remuneration disclosures for the 2023 performance year are set out on pages 182 to 207 of the Directors' remuneration report in the 2023 Annual Report and Accounts. Information is provided on the key components of our remuneration approach and how we develop our approach. The disclosures follow the requirements set out in Part 8 of the CRR and the Basel Committee on Banking Supervision (BCBS) standards issued in March 2017.

G-SIB

The Group has been identified as a Global Systemically Important Bank (G-SIB) by the Financial Stability Board (FSB) since November 2012. The Group's score from the BCBS's methodology for assessing and identifying G-SIBs has resulted in an additional loss-absorbency requirement of 1 per cent of CET1. Article 441 of chapter 4 of the 'Disclosure (CRR)' part of the PRA Rulebook requires the Group to publicly disclose the value of its Global Systemically Important Institution (G-SII) indicators on an annual basis. The terms 'G-SIB' and 'G-SII' are interchangeable – 'G-SIB' is used by the FSB and Basel Committee, whereas the PRA refers to 'G-SII'. The Standard Chartered PLC G-SII disclosure is published on: https://www.sc.com/en/investors/financial-results/.

Frequency

In accordance with Group policy the Pillar 3 Disclosures are made quarterly as at 31 March, 30 June, 30 September and 31 December in line with Article 432 of the CRR. Disclosures are published on the Standard Chartered PLC website aligning with the publication date of the Group's Interim, Half Year and Annual Report and Accounts.

Verification

Whilst the Pillar 3 Disclosures 2023 are not required to be externally audited, the document has been verified internally in accordance with the Group's policies on disclosure and its financial reporting and governance processes. Controls comparable to those for the 2023 Annual Report and Accounts have been applied to confirm compliance with PRA regulations.

- Items excluded on the grounds of materiality:
  - Quantitative disclosures of specialised lending exposures where the simple risk-weight approach is used, non-deducted participations in insurance undertakings, composition of collateral for exposures to derivatives and securities financing transactions, off-balance sheet collateral received, effect on the RWAs of credit derivatives used as CRM techniques and Collateral obtained by taking possession and execution processes
  - Qualitative and quantitative disclosures on exposures to equities not included in the trading book

1.5 Risk management

Effective risk management is essential in delivering consistent and sustainable performance for all our stakeholders and is a central part of the financial and operational management of the Group. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond Credit Risk, we are also exposed to a range of other risk types such as Traded Risk, Treasury Risk, Operational & Technology Risk, Reputational & Sustainability, Compliance Risk, Information and Cyber Security Risk, Financial Crime Risk, Model Risk.

In the Risk management approach section of the 2023 Annual Report and Accounts, we outline our approach and strategy for managing risk. We discuss our risk management practices, monitoring and mitigation, and governance in relation to our main activities and significant risks.

Principal Risks

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

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

Principal Risk Types	Risk Appetite Statement
Credit Risk	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors. (refer to section Credit risk in pages 320 to 322 of the 2023 Annual Report and Accounts)
Traded Risk	The Group should control its financial markets and activities to ensure that market and counterparty credit risk losses do not cause material damage to the Group's franchise. (refer to section Traded risk on pages 323 to 324 of the 2023 Annual Report and Accounts)
Treasury Risk	The Group should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items does not cause material damage to the Group's franchise. In addition, the Group should ensure its Pension plans are adequately funded. (refer to section Treasury risk on pages 325 to 326 of the 2023 Annual Report and Accounts)
Operational and Technology Risk	The Group aims to control operational and technology risks to ensure that operational losses (financial or reputational), including those related to the conduct of business matters, do not cause material damage to the Group's franchise. (refer to section Operational and Technology risk on pages 327 to 328 of the 2023 Annual Report and Accounts)
Financial Crime Risk	The Group has no appetite for breaches of laws and regulations related to Financial Crime, recognising that whilst incidents are unwanted, they cannot be entirely avoided. (refer to section Financial Crime risk on page 329 of the 2023 Annual Report and Accounts)
Compliance Risk	The Group has no appetite for breaches of laws and regulations related to regulatory non-compliance; recognizing that whilst incidents are unwanted, they cannot be entirely avoided. (refer to section Compliance risk on page 330 of the 2023 Annual Report and Accounts)
Information and Cyber Security Risk	The Group aims to mitigate and control ICS risks to ensure that incidents do not cause the Bank material harm, business disruption, financial loss or reputational damage – recognising that whilst incidents are unwanted, they cannot be entirely avoided. (refer to section Information and Cyber Security risk on page 331 of the 2023 Annual Report and Accounts)
Reputational and Sustainability Risk	The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed with the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct in striving to do no significant environmental and social harm. (refer to section Reputational Sustainability risk on pages 332 to 333 of the 2023 Annual Report and Accounts)
Model Risk	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting some model uncertainty. (refer to section Model risk on pages 334 to 335 of the 2023 Annual Report and Accounts)

Credit Risk

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

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. The Credit Risk Function, as a second line control function, performs independent challenge, monitoring and oversight of the credit risk management practices of the Business and Functions engaged in or supporting revenue generating activities which constitute the First Line of defence. Risk appetite is defined by the Group and approved by the Board. It is the maximum amount and type of risk that the Group is willing to assume in pursuit of its strategies. Credit exposure limits are approved within a defined credit approval authority framework.

The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.

The Group uses the Advanced Internal Ratings Based (IRB) approach to calculate credit risk capital requirements with the approval of our relevant regulators. This approach builds on the Group's risk management practices and is the result of a continuing investment in data warehouses and risk models.

For portfolios where the Group does not have IRB approval, or where the exposures are permanently exempt from the IRB approach, the Standardised Approach (SA) is used.

Refer to Credit Risk (pages 320 to 322) in the 2023 Annual Report and Accounts where we describe the main components of credit risk management, including our credit risk profile, credit risk measurement and policies set in line with risk appetite. For the scope and main content of reporting to senior management, refer to page 320 in the 2023 Annual Report and Accounts.

1.5 Risk management continued

Traded Risk

Traded Risk is the potential for loss resulting from activities undertaken by the bank in financial markets. Under the Enterprise Risk Management Framework, the Traded Risk Framework brings together Market Risk, Counterparty Credit Risk and Algorithmic Trading. Traded Risk Management is the core risk management function supporting market-facing businesses, predominantly Financial Markets and Treasury Markets.

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

- Trading book:
  - The Group provides clients access to financial markets, facilitation of which entails the Group taking moderate Market Risk positions. All trading teams support client activity. There are no proprietary trading teams. Hence, income earned from market risk-related activities is primarily driven by the volume of client activity 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

The primary categories of market risk for the Group are interest rate risk, foreign exchange rate risk, commodity risk, credit spread risk and equity risk.

We use a value at risk (VaR) model for the measurement of the market risk capital requirements for part of the trading book exposures where permission to use such model has been granted by the PRA. Where our market risk exposures are not approved for inclusion in a VaR model, the capital requirements are determined using the standard rules set by the regulatory framework.

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

Refer to Traded risk 323 to 324 in the 2023 Annual Report and Accounts where we describe the main components of traded risk management, including our traded risk profile.

1.6 Accounting and regulatory consolidation

The Pillar 3 Disclosures are prepared at the Group consolidated level. The accounting policy for financial consolidation is provided in the notes to the financial statements in the 2023 Annual Report and Accounts. All banking subsidiaries are fully consolidated for both regulatory and accounting purposes. For associates and joint ventures, the regulatory treatment may differ from the accounting policy, which applies the equity accounting method.

The regulatory consolidation approaches used by the Group are shown in the following table, which identifies the principal undertakings, including investments, associates and joint ventures, which are all principally engaged in the business of banking and provision of other financial services.

Table 3: Regulatory consolidation

Type	Description	Regulatory consolidation	Principal undertakings within each category
Investment (non significant)	The Group holds no more than 10 per cent of the issued share capital	The Group risk-weights the investment subject to the CRD threshold calculation	–
Associate	The Group holds more than 10 per cent and less than 20 per cent of the issued share capital	The Group risk-weights the investment subject to the CRD threshold calculation	China Bohai Bank
Joint Venture	The Group enters into a contractual arrangement to exercise joint control over an undertaking	Where the Group's liability to the joint venture is greater than the capital held, full consolidation is undertaken. Otherwise joint ventures are proportionately consolidated	Olea Global Pte. Ltd CurrencyFair Limited Exchange Ireland
Subsidiary	The Group holds more than 50 per cent of the issued share capital of a financial entity	The Group fully consolidates the undertaking	Standard Chartered Bank Standard Chartered Bank Korea Limited Standard Chartered Bank Malaysia Berhad Standard Chartered Bank (Pakistan) Limited Standard Chartered Bank (Taiwan) Limited Standard Chartered Bank (Hong Kong) Limited Standard Chartered Bank (China) Limited Standard Chartered Bank (Singapore) Limited Standard Chartered Bank (Thai) Public Company Limited Standard Chartered Bank Nigeria Limited Standard Chartered Bank Kenya Limited Standard Chartered Private Equity Managers (Hong Kong) Limited
Excluded entities	Insurance or corporate entities excluded from the scope of banking prudential consolidation	The Group risk-weights the investment subject to the CRD threshold calculation	Standard Chartered Assurance Ltd Standard Chartered Insurance Ltd

Table 4: Outline of the differences in the scopes of consolidation (UK LI3)

			2023			
			Method of regulatory consolidation			
Name of the entity	Description of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted
Standard Chartered Assurance Ltd	Insurance entity	Full consolidation			√	
Standard Chartered Insurance Ltd	Insurance entity	Full consolidation			√	

1.7 Significant subsidiaries

Under Part 2, rule 2.3 of the CRR requires the application of disclosure requirements of Large subsidiaries of UK parent institutions, UK parent financial holding companies

These subsidiaries are Standard Chartered – solo consolidated, a UK regulated banking entity, Standard Chartered Bank (Hong Kong) Limited (regulated by the Hong Kong Monetary Authority), Standard Chartered Bank Korea Limited (regulated by the Financial Supervisory Service (FSS) in Korea), and Standard Chartered Bank (Singapore) Limited (regulated by the Monetary Authority of Singapore).

The capital resources of these subsidiaries are calculated in accordance with the regulatory requirements applicable in the countries in which they are incorporated, and therefore cannot be aggregated, but are presented to align with the Group format.

Annex 1 provides a summary of the disclosure for the significant subsidiaries.

The chart below represents a simplified regulatory structure of the Group, including the subsidiaries covered by CRR Part 2.

1.8 Comparison of accounting balance sheet and exposure at default

The differences between the financial and prudential consolidated balance sheets arise primarily from differences in the basis of consolidation and the requirement to not consolidate for prudential purposes insurance entities which are subject to full consolidation for financial purposes.

Table 5 splits the regulatory balance sheet measured under IFRS into each regulatory risk category. The regulatory risk category drives the approach applied in the calculation of regulatory exposures and RWA.

Table 5: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (UK LI1)

	2023						
	Carrying values as reported in published financial statements $million	Carrying values under the scope of regulatory consoli-dation $million	Subject to the credit risk framework $million	Subject to the CCR framework $million	Subject to the securitisation framework $million	Subject to the market risk framework $million	Not subject to own funds requirements or subject to deduction from own funds $million
Assets							
Cash and balances at central banks	69,905	69,957	69,957	–	–	–	–
Financial assets held at fair value through profit or loss	147,222	147,356	9,477	134,799	954	137,745	–
Derivative financial instruments	50,434	50,434	–	50,434	–	50,434	–
Loans and advances to banks	44,977	44,977	44,925	647	–	647	–
Loans and advances to customers	286,975	286,975	275,632	4,789	28,937	4,789	–
Investment securities	161,255	161,254	125,282	35,972	2,443	44,700	–
Other assets	47,594	48,028	23,192	9,815	–	15,022	–
Current tax assets	484	484	484	–	–	–	–
Prepayments and accrued income	3,033	3,031	3,031	–	–	–	–
Interests in associates and joint ventures	966	772	772	–	–	–	–
Goodwill and intangible assets	6,214	6,244	–	–	–	–	6,244
Property, plant and equipment	2,274	2,273	2,273	–	–	–	–
Deferred tax assets	702	702	612	–	–	–	90
Asset classified as held for sale	809	809	809	–	–	–	–
Total assets	822,844	823,296	556,445	236,456	32,334	253,337	6,334
Liabilities							
Deposits by banks	28,030	28,030	–	–	–	–	28,030
Customer accounts	469,418	469,421	–	–	–	–	469,421
Repurchase agreements and other similar secured borrowing	12,258	12,258	–	12,258	–	–	–
Financial liabilities held at fair value through profit or loss	83,096	83,094	–	61,856	–	–	21,238
Derivative financial instruments	56,061	56,061	–	56,061	–	56,061	–
Debt securities in issue	62,546	62,413	–	–	–	–	62,413
Other liabilities	39,221	39,905	6,568	8,440	–	8,440	31,329
Current tax liabilities	811	812	–	–	–	–	812
Accruals and deferred income	6,975	6,859	–	–	–	–	6,859
Subordinated liabilities and other borrowed funds	12,036	12,036	–	–	–	–	12,036
of which: considered as Additional Tier 1 capital	–	–	–	–	–	–	–
of which: considered as Tier 2 capital	12,036	12,036	–	–	–	–	12,036
Deferred tax liabilities	770	770	–	–	–	–	770
Provisions for liabilities and charges	299	302	–	–	–	–	302
Retirement benefit obligation	183	183	–	–	–	–	183
Liabilities included in disposal groups held for sale	787	787	–	–	–	–	787
Total liabilities	772,491	772,931	6,568	138,615	–	64,501	646,216
Equity							
Share capital and share premium account	6,815	6,815	–	–	–	–	–
Other reserves	9,171	9,174	–	–	–	–	–
Retained earnings	28,459	28,469	–	–	–	–	–
Other equity instruments	5,512	5,512	–	–	–	–	–
Non-controlling interest	396	395	–	–	–	–	–
Total equity	50,353	50,365	–	–	–	–	–
Total equity and liabilities	822,844	823,296	6,568	138,615	–	64,501	646,216

1.8 Comparison of accounting balance sheet and exposure at default continued

Table 5: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (UK LI1) continued

	2022						
	Carrying values as reported in published financial statements $million	Carrying values under the scope of regulatory consoli-dation $million	Subject to the credit risk framework $million	Subject to the CCR framework $million	Subject to the securitisation framework $million	Subject to the market risk framework $million	Not subject to own funds requirements or subject to deduction from own funds $million
Assets							
Cash and balances at central banks	58,263	58,270	58,270	–	–	–	–
Financial assets held at fair value through profit or loss	105,812	105,794	7,522	95,053	851	98,290	–
Derivative financial instruments	63,717	63,717	–	63,717	–	63,717	–
Loans and advances to banks	39,519	39,519	39,519	54	–	54	–
Loans and advances to customers	310,647	310,647	285,213	7,900	31,311	7,900	–
Investment securities	172,448	172,465	122,791	43,258	2,248	26,766	–
Other assets	50,383	52,451	23,557	11,801	–	17,094	–
Current tax assets	503	503	503	–	–	–	–
Prepayments and accrued income	3,149	3,146	3,146	–	–	–	–
Interests in associates and joint ventures	1,631	1,499	1,499	–	–	–	–
Goodwill and intangible assets	5,869	5,918	–	–	–	–	5,918
Property, plant and equipment	5,522	5,526	5,526	–	–	–	–
Deferred tax assets	834	834	791	–	–	–	43
Asset classified as held for sale	1,625	1,625	1,625	–	–	–	–
Total assets	819,922	821,914	549,961	221,782	34,410	213,820	5,961
Liabilities							
Deposits by banks	28,789	28,789	–	–	–	–	28,789
Customer accounts	461,677	461,677	–	–	–	–	461,677
Repurchase agreements and other similar secured borrowing	2,108	2,108	–	2,108	–	–	–
Financial liabilities held at fair value through profit or loss	79,903	79,906	–	51,706	–	–	28,200
Derivative financial instruments	69,862	69,862	–	69,862	–	69,862	–
Debt securities in issue	61,242	61,242	–	–	–	–	61,242
Other liabilities	43,527	45,633	7,106	9,206	–	9,206	36,427
Current tax liabilities	583	583	–	–	–	–	583
Accruals and deferred income	5,895	5,810	–	–	–	–	5,810
Subordinated liabilities and other borrowed funds	13,715	13,715	–	–	–	–	13,715
of which: considered as Additional Tier 1 capital	–	–	–	–	–	–	–
of which: considered as Tier 2 capital	13,715	13,715	–	–	–	–	13,715
Deferred tax liabilities	769	769	–	–	–	–	769
Provisions for liabilities and charges	383	383	–	–	–	–	383
Retirement benefit obligation	146	146	–	–	–	–	146
Liabilities included in disposal groups held for sale	1,307	1,307	–	–	–	–	1,307
Total liabilities	769,906	771,930	7,106	132,882	–	79,068	652,763
Equity							
Share capital and share premium account	6,930	6,930	–	–	–	–	–
Other reserves	8,156	8,158	–	–	–	–	–
Retained earnings	28,076	28,043	–	–	–	–	–
Other equity instruments	6,504	6,504	–	–	–	–	–
Non-controlling interest	350	349	–	–	–	–	–
Total equity	50,016	49,984	–	–	–	–	–
Total equity and liabilities	819,922	821,914	7,106	132,882	–	79,068	652,763

1.8 Comparison of accounting balance sheet and exposure at default continued

Table 6 shows the effect of regulatory adjustments required to derive the Group's exposure at default (EAD) for the purposes of calculating its credit risk capital requirements. The differences between the carrying values under regulatory scope of consolidation and amounts considered for regulatory purposes shown in Table 6 are mainly due to derivatives netting benefits, provisions, collateral and off-balance sheet exposures. The standardised credit risk before and after the effect of CRM is presented in Table 69; standardised credit and counterparty credit risk by risk weight is presented in Tables 70 and 89 and IRB credit and counterparty credit risk before and after the effect of Credit Risk Mitigation (CRM) is presented in Table 53. Information on the standardised and IRB counterparty credit risk exposures can be found in section 4.2. Further detail on the EAD under the securitisation framework can be found in Tables 71 to 72.

Table 6: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (UK LI2)

		2023			
		Subject to Credit risk framework $million	Subject to CCR framework $million	Subject to Securitisation framework $million	Subject to Market risk framework $million
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)**	**556,445**	**236,456**	**32,334**	**253,337**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)**	**6,568**	**138,615**	**–**	**64,501**
3	**Total net amount under the regulatory scope of consolidation**	**549,877**	**97,841**	**32,334**	**188,835**
4	**Off-balance-sheet amounts**	**101,137**	**–**	**–**	
5	Differences in valuations	**–**	**64,340**	**–**	
6	Differences due to different netting rules, other than those already included in row[1]	**–**	**–**	**–**	
7	Differences due to consideration of provisions	**4,980**	**–**	**–**	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	**4,724**	**62,626**	**1,588**	
9	Differences due to credit conversion factors	**–**	**–**	**–**	
10	Differences due to Securitisation with risk transfer	**–**	**23,753**	**–**	
11	Other differences	**(505)**	**(1,897)**	**–**	
12	**Regulatory exposure at default pre credit risk mitigation**	**660,213**	**246,662**	**33,922**	**188,835**

		2022			
		Subject to Credit risk framework $million	Subject to CCR framework $million	Subject to Securitisation framework $million	Subject to Market risk framework $million
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)**	549,961	221,782	34,410	213,820
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)**	7,106	132,882	–	79,068
3	**Total net amount under the regulatory scope of consolidation**	542,854	88,900	34,410	134,752
4	**Off-balance-sheet amounts**	104,337	–	–	
5	Differences in valuations	–	73,588	–	
6	Differences due to different netting rules, other than those already included in row[1]	–	–	–	
7	Differences due to consideration of provisions	5,293	–	–	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	12,282	80,826	1,449	
9	Differences due to credit conversion factors	7	–	–	
10	Differences due to Securitisation with risk transfer	–	25,031	–	
11	Other differences	(91)	1,100	367	
12	**Regulatory exposure at default pre credit risk mitigation**	664,682	269,444	36,226	134,752

1 Reflects the effect of master netting agreements in addition to the netting permitted under International Accounting Standard (IAS) 32 requirement

The CRR provisions on prudential valuation require banks to quantify several valuation uncertainties pertaining to the valuation of assets and liabilities recorded at fair value for accounting purposes. The amounts by which the resulting Prudent Valuation Adjustments (PVA) exceed any associated Fair Value Adjustments are referred to as the Additional Valuation Adjustments (AVAs) and their aggregate is deducted from CET1 capital. AVAs arise from uncertainties related to market prices, close-out costs, model risk, unearned credit spreads, investing and funding costs, concentrated positions, future administrative costs, early terminations and operational risks.

1.8 Comparison of accounting balance sheet and exposure at default continued

Table 7: Prudent valuation adjustments (PVA) (UK PV1)

		2023						
		Risk category					Category level AVA – Valuation uncertainty	
		Equity $million	Interest rates $million	FX $million	Credit $million	Commodities $million	Unearned credit spreads AVA $million	Investment and funding costs AVA $million
1	Market price uncertainty	38.1	122.9	17.2	81.1	12.4	20.3	2.1
3	Close-out cost	1.3	79.0	3.7	2.1	7.1	1.0	–
4	Concentrated positions	124.4	143.7	3.1	6.9	1.8	–	–
5	Early termination	–	–	–	–	–	–	–
6	Model risk	–	8.2	–	–	–	0.8	–
7	Operational risk	3.9	20.2	2.1	7.3	1.9	2.1	–
10	Future administrative costs	1.5	1.6	–	11.2	–	–	–
12	**Total Additional Valuation Adjustments (AVAs)**							

		2023		
		Total category level post-diversification $million	Of which: Total core approach in the trading book $million	Of which: Total core approach in the banking book $million
1	Market price uncertainty	294.0	156.2	137.8
3	Close-out cost	94.8	71.3	23.5
4	Concentrated positions	279.9	46.3	233.6
5	Early termination	–	–	–
6	Model risk	9.5	9.5	–
7	Operational risk	37.9	22.8	15.1
10	Future administrative costs	14.4	12.8	1.7
12	**Total Additional Valuation Adjustments (AVAs)**	730.5	318.8	411.7

1.8 Comparison of accounting balance sheet and exposure at default continued

Table 7: Prudent valuation adjustments (PVA) (UK PV1) continued

		2022						
		Risk category					Category level AVA – Valuation uncertainty	
		Equity $million	Interest rates $million	FX $million	Credit $million	Commodities $million	Unearned credit spreads AVA $million	Investment and funding costs AVA $million
1	Market price uncertainty	24.7	168.0	17.9	88.0	19.0	20.8	0.6
3	Close-out cost	–	74.6	3.8	1.2	7.1	0.6	–
4	Concentrated positions	78.8	238.9	3.5	35.2	3.6	–	–
5	Early termination	–	–	–	–	–	–	–
6	Model risk	–	6.1	–	–	0.7	1.0	–
7	Operational risk	2.5	24.4	5.2	7.9	2.6	2.1	–
10	Future administrative costs	1.9	3.6	–	8.7	–	–	–
12	**Total Additional Valuation Adjustments (AVAs)**							

		2022		
		Total category level post-diversification $million	Of which: Total core approach in the trading book $million	Of which: Total core approach in the banking book $million
1	Market price uncertainty	339.0	152.9	186.1
3	Close-out cost	87.8	63.5	24.3
4	Concentrated positions	359.9	55.2	304.6
5	Early termination	–	–	–
6	Model risk	8.2	8.2	–
7	Operational risk	44.8	24.7	20.1
10	Future administrative costs	14.6	12.2	2.4
12	**Total Additional Valuation Adjustments (AVAs)**	854.2	316.6	537.6

2. Capital

2.1 Capital management

The Group's capital, leverage and Minimum Requirements for own funds and Eligible Liabilities (MREL) positions are managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity.

The Risk management approach section of the 2023 Annual Report and Accounts sets out our approach to capital management (pages 325 to 326).

2.2 Capital resources

All capital instruments included in the capital base meet the requirements set out in the CRR for their respective tier of capital.

For regulatory purposes, capital is categorised into two tiers, depending on the degree of permanence and loss-absorbency exhibited. These are Tier 1 and Tier 2 capital which are described below.

Tier 1 capital

- Tier 1 capital is going concern capital and is available for use to cover risks and losses whilst enabling the organisation to continue trading
- Tier 1 capital comprises permanent share capital, profit and loss account and other eligible reserves, equity non-controlling interests and Additional Tier 1 instruments, after the deduction of certain regulatory adjustments
- Permanent share capital is an item of capital issued by an organisation to an investor, which is fully paid-up and where the proceeds of issue are immediately and fully available. It can only be redeemed on the winding-up of the organisation. Profit and loss account and other eligible reserves are accumulated resources included in shareholders' funds in an organisation's balance sheet, with certain regulatory adjustments applied
- Equity non-controlling interests represent the equity stakes held by non-controlling shareholders in the Group's undertakings
- Additional Tier 1 securities are deeply subordinated instruments which have loss-absorbing qualities such as discretionary coupons, principal write-down or conversion to equity and can therefore be included as Tier 1 capital

Tier 2 capital

Tier 2 capital is gone concern capital to help ensure senior creditors and depositors can be repaid if the organisation fails. Tier 2 capital consists of capital instruments which are normally of medium to long-term maturity with an original maturity of at least five years. For regulatory purposes, it is a requirement that these instruments be amortised on a straight-line basis in their final five years of maturity.

Details of the Group's capital instruments (both Tier 1 and 2 capital) 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.

Table 8 summarises the consolidated capital position of the Group..

Table 8: Reconciliation between financial total equity and regulatory CET1 before regulatory adjustments

	2023 $million	2022 $million
Total equity per balance sheet (financial view)	**50,353**	50,016
Consolidation and regulatory adjustments	**12**	75
Total equity per balance sheet (regulatory view)	**50,365**	50,091
Foreseeable dividend	**(768)**	(648)
Other equity instruments (included in AT1)	**(7,006)**	(7,998)
Non-controlling interests	**(178)**	(161)
Common Equity Tier 1 capital before regulatory adjustments	**42,413**	41,284

2.2 Capital resources continued

Table 9: Composition of regulatory own funds (UK CC1)

		2023 $million	2022 $million
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**5,321**	5,436
	Of which: Share premium accounts	**3,989**	3,989
2	Retained earnings[1]	**24,931**	25,154
3	Accumulated other comprehensive income (and other reserves)	**9,170**	8,165
5	Minority interests (amount allowed in consolidated CET1)	**217**	189
5a	Independently reviewed interim and year-end profits/(loss)[2]	**3,542**	2,988
	Foreseeable dividends[3]	**(768)**	(648)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**42,413**	41,284
	Common Equity Tier 1 capital: regulatory adjustments		
7	Additional value adjustments	**(730)**	(854)
8	Intangible assets (net of related tax liability)	**(6,128)**	(5,802)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	**(41)**	(76)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(91)**	564
12	Negative amounts resulting from the calculation of expected loss amounts	**(754)**	(684)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**(100)**	63
15	Defined-benefit pension fund assets	**(95)**	(116)
	Fair value gains and losses from own credit risk related to derivative liabilities	**(116)**	(90)
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**(44)**	(103)
UK-20c	of which: securitisation positions	**(33)**	(26)
UK-20d	of which: free deliveries	**(11)**	(77)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	**–**	(29)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(8,099)**	(7,127)
29	**Common Equity Tier 1 (CET1) capital**	**34,314**	34,157
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	**5,512**	6,504
31	of which: classified as equity under applicable accounting standards	**5,512**	6,504
32	of which: classified as liabilities under applicable accounting standards	**–**	–
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**5,512**	6,504
	Additional Tier 1 capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	**(20)**	(20)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(20)**	(20)
44	**Additional Tier 1 (AT1) capital**	**5,492**	6,484
45	**Tier 1 capital (T1 = CET1 + AT1)**	**39,806**	40,641
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	**11,744**	12,338
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	**–**	–
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	**221**	202
51	**Tier 2 (T2) capital before regulatory adjustments**	**11,965**	12,540
	Tier 2 capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	**(30)**	(30)
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(30)**	(30)
58	**Tier 2 (T2) capital**	**11,935**	12,510
59	**Total capital (TC = T1 + T2)**	**51,741**	53,151
60	**Total Risk exposure amount**	**244,151**	244,711

2.2 Capital resources continued

Table 9: Composition of regulatory own funds (UK CC1) continued

		2023 $million	2022 $million
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**14.1%**	14.0%
62	Tier 1 (as a percentage of total risk exposure amount)	**16.3%**	16.6%
63	Total capital (as a percentage of total risk exposure amount)	**21.2%**	21.7%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	**10.5%**	10.4%
65	of which: capital conservation buffer requirement	**2.50%**	2.50%
66	of which: countercyclical buffer requirement	**0.39%**	0.27%
67	of which: systemic risk buffer requirement	**–**	–
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**1.0%**	1.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**7.4%**	7.4%
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities 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)	**2,035**	2,045
73	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 17.65% thresholds and net of eligible short positions)	**973**	1,552
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**750**	779
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	**–**	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**517**	477
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	**–**	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**852**	899

1 Retained earnings 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 FY 2023 represent ordinary dividends and preference dividends

2.2 Capital resources continued

The main movements in capital in the period were:

- CET1 capital increased by $0.2 billion as retained profits of $3.6 billion, movement in FVOCI of $0.6 billion were partly offset by share buy-backs of $2.0 billion, distributions paid and foreseeable of $1.1 billion, foreign currency translation impact of $0.5 billion and an increase in regulatory deductions and other movements of $0.3 billion
- AT1 capital decreased by $1.0 billion following the redemption of $1.0 billion of 7.75 per cent securities
- Tier 2 capital decreased by $0.6 billion due to the redemption of $2.2 billion of Tier 2 during the year partly offset by the reversal of regulatory amortisation and foreign currency translation impact of $0.2 billion

The Group's current CET1 requirement is 10.5 per cent, comprising:

- A minimum Pillar 1 CET1 requirement of 4.5 per cent
- A Pillar 2A CET1 requirement of 2.1 per cent being 56 per cent of the total Pillar 2A requirement of 3.8 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 0.4 per cent

Capital

Table 10: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2)

	2023		2022	
	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	69,905	69,957	58,263	58,270
Financial assets held at fair value through profit or loss	147,222	147,356	105,812	105,794
Derivative financial instruments	50,434	50,434	63,717	63,717
Loans and advances to banks	44,977	44,977	39,519	39,519
Loans and advances to customers	286,975	286,975	310,647	310,647
Investment securities	161,255	161,254	172,448	172,465
Other assets	47,594	48,028	50,383	52,451
Current tax assets	484	484	503	503
Prepayments and accrued income	3,033	3,031	3,149	3,146
Interests in associates and joint ventures	966	772	1,631	1,499
Goodwill and intangible assets	6,214	6,244	5,869	5,918
Of which: goodwill	6,202	6,223	5,850	5,899
Of which: other intangibles (excluding MSRs)	12	21	19	19
Of which: MSRs	–	–	–	–
Property, plant and equipment	2,274	2,273	5,522	5,526
Deferred tax assets	702	702	834	834
Assets classified as held for sale	809	809	1,625	1,625
Total assets	822,844	823,296	819,922	821,914
Liabilities				
Deposits by banks	28,030	28,030	28,789	28,789
Customer accounts	469,418	469,421	461,677	461,677
Repurchase agreements and other similar secured borrowing	12,258	12,258	2,108	2,108
Financial liabilities held at fair value through profit or loss	83,096	83,094	79,903	79,906
Derivative financial instruments	56,061	56,061	69,862	69,862
Debt securities in issue	62,546	62,413	61,242	61,242
Other liabilities	39,221	39,905	43,527	45,633
Current tax liabilities	811	812	583	583
Accruals and deferred income	6,975	6,859	5,895	5,810
Subordinated liabilities and other borrowed funds	12,036	12,036	13,715	13,715
of which: considered as Additional Tier 1 capital	–	–	–	–
of which: considered as Tier 2 capital	12,036	12,036	13,715	13,715
Deferred tax liabilities	770	770	769	769
Of which: DTLs related to goodwill	770	770	769	769
Of which: DTLs related to intangible assets (excluding MSRs)	–	–	–	–
Of which: DTLs related to MSRs	–	–	–	–

2.2 Capital resources continued

Table 10: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) continued

	2023		2022	
	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	299	302	383	383
Retirement benefit obligations	183	183	146	146
Liabilities included in disposal groups held for sale	787	787	1,307	1,307
Total liabilities	772,491	772,931	769,906	771,930
Shareholders' Equity				
Share capital and share premium account	6,815	6,815	6,930	6,930
Of which: amount eligible for CET1	5,321	5,321	5,436	5,436
Of which: amount eligible for AT1	1,494	1,494	1,494	1,494
Other reserves & Retained earnings	37,630	37,643	36,232	36,201
Total parent company shareholders' equity	44,445	44,458	43,162	43,131
Other equity instruments	5,512	5,512	6,504	6,504
Total equity excluding non-controlling interests	49,957	49,970	49,666	49,635
Non-controlling interest	396	395	350	349
Total equity	50,353	50,365	50,016	49,984
Total equity and liabilities	822,844	823,296	819,922	821,914

2.3 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 new framework is complemented with new disclosure requirements. As the specific UK format for disclosure is yet to be agreed, the disclosures are based on the formats provided in the Basel Committee Standards for Pillar 3 Phase 2 disclosures requirements.

The Group's MREL requirement as at 31 December 2023 was 27.4 per cent of RWA. This is comprised of a minimum requirement of 23.5 per cent of RWA and the Group's combined buffer (comprising the capital conservation buffer, the G-SII buffer and the countercyclical buffer). The Group's MREL position was 33.3 per cent of RWA and 9.6 per cent of leverage exposure at 31 December 2023.

During 2023, the Group successfully raised $8.1 billion of MREL eligible securities from its holding company, Standard Chartered PLC. Issuance was entirely in callable senior debt.

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.

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 11 shows details of the composition of the Groups MREL.

Table 11: TLAC composition for G-SIBs (TLAC1)

	2023 $million	2022 $million
Regulatory capital elements of TLAC and adjustments		
Common Equity Tier 1 capital (CET1)	34,314	34,157
Additional Tier 1 capital (AT1) before TLAC adjustments	5,492	6,484
AT1 ineligible as TLAC as issued out of subsidiaries to third parties	–	–
Other adjustments	–	–
AT1 instruments eligible under the TLAC framework	5,492	6,484
Tier 2 capital (T2) before TLAC adjustments	11,935	12,510
Amortised portion of T2 instruments where remaining maturity > 1 year	464	1,332
T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(217)	(202)
Other adjustments	(112)	(12)
T2 instruments eligible under the TLAC framework	12,070	13,628
TLAC arising from regulatory capital	51,877	54,269
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	29,448	24,219
Of which: amount eligible as TLAC after application of the caps	29,448	24,219
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	29,448	24,219
Non-regulatory capital elements of TLAC: adjustments		
TLAC before deductions	81,324	78,488
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	(14)	(8)
Other adjustments to TLAC	–	–
TLAC after deductions	81,310	78,480
Risk-weighted assets and leverage exposure measure for TLAC purposes		
Total risk-weighted assets adjusted as permitted under the TLAC regime	244,151	244,711
UK Leverage exposure measure	847,142	854,311
TLAC ratios and buffers		
TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	33.3%	32.1%
TLAC (as a percentage of leverage exposure)	9.6%	9.2%
CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	7.4%	7.4%
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.9%	3.8%
Of which: capital conservation buffer requirement	2.5%	2.5%
Of which: bank specific countercyclical buffer requirement	0.4%	0.3%
Of which: higher loss absorbency requirement	1.0%	1.0%

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 12 shows information regarding the ranking of the Group's liabilities at the resolution group level.

Table 12: Resolution entity – creditor ranking at legal entity level (TLAC3)

	2023			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $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]	5,273	13,979	33,495	52,748
Of which: are excluded liabilities	–	–	(1,754)	(1,754)
Total capital and liabilities less excluded liabilities	5,273	13,979	31,741	50,993
Of which: are potentially eligible as TLAC	5,273	13,979	31,741	50,993
Of which: with 1 year ≤ residual maturity < 2 years	–	1,552	7,309	8,862
Of which: with 2 years ≤ residual maturity < 5 years	–	1,250	14,367	15,617
Of which: with 5 years ≤ residual maturity < 10 years	–	4,460	8,422	12,882
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	4,672	1,642	6,314
Of which: perpetual securities	5,273	2,045	–	7,318

	2022			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $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]	6,504	14,286	28,284	49,073
Of which: are excluded liabilities	–	–	(1,769)	(1,769)
Total capital and liabilities less excluded liabilities	6,504	14,286	26,515	47,305
Of which: are potentially eligible as TLAC	6,504	14,286	26,515	47,305
Of which: with 1 year ≤ residual maturity < 2 years	–	1,622	2,233	3,855
Of which: with 2 years ≤ residual maturity < 5 years	–	1,250	14,961	16,211
Of which: with 5 years ≤ residual maturity < 10 years	–	3,325	8,002	11,327
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	6,133	1,320	7,453
Of which: perpetual securities	6,504	1,957	–	8,461

1 Excludes CET1 and is based on nominal 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 in 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.

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 13: Standard Chartered Bank – creditor ranking (TLAC2)

	2023					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $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]	20,597	4,742	291	11,974	9,831	47,434
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	20,597	4,742	291	11,974	9,831	47,434
Of which: are potentially eligible as TLAC	20,597	4,742	291	11,974	9,831	47,434
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	3,989	3,989
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	2,929	2,929
Of which: with 5 years ≤ residual maturity < 10 years	–	–	291	5,134	2,913	8,338
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	6,090	–	6,090
Of which: is perpetual securities	20,597	4,742	–	750	–	26,089

	2022					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $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]	20,597	4,750	291	12,884	8,441	46,964
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	20,597	4,750	291	12,884	8,441	46,964
Of which: are potentially eligible as TLAC	20,597	4,750	291	12,884	8,441	46,964
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	–	5,346	5,346
Of which: with 5 years ≤ residual maturity < 10 years	–	–	291	4,384	2,912	7,587
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	6,840	183	7,023
Of which: is perpetual securities	20,597	4,750	–	1,660	–	27,007

1 Held by Standard Chartered Holdings Limited

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

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 14: Standard Chartered Bank (Hong Kong) Limited – creditor ranking (TLAC2)

	2023				
	Creditor ranking				
	1 $million	2 $million	3 $million	4 $million	Total $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[1]	8,329	2,650	1,808	2,750	15,537
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,329	2,650	1,808	2,750	15,537
Of which: are potentially eligible as TLAC	8,329	2,650	1,808	2,750	15,537
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	2,750	2,750
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,808	–	1,808
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: perpetual securities	8,329	2,650	–	–	10,979

	2022				
	Creditor ranking				
	1 $million	2 $million	3 $million	4 $million	Total $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[1]	8,333	2,646	1,629	2,577	15,184
Of which: are excluded liabilities	–	–	–	–	–
Total capital and liabilities less excluded liabilities	8,333	2,646	1,629	2,577	15,184
Of which: are potentially eligible as TLAC	8,333	2,646	1,629	2,577	15,184
Of which: with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
Of which: with 2 years ≤ residual maturity < 5 years	–	–	–	1,446	1,446
Of which: with 5 years ≤ residual maturity < 10 years	–	–	1,629	1,130	2,759
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
Of which: perpetual securities	8,333	2,646	–	–	10,979

1 Excludes CET1 (except common shares) and is based on nominal values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 15: Standard Chartered Bank Korea Limited – creditor ranking (TLAC2)

	2023			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $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**	**233**	**776**	**2,311**
Of which: are excluded liabilities	**–**	**–**	**–**	**–**
Total capital and liabilities less excluded liabilities	**1,302**	**233**	**776**	**2,311**
Of which: are potentially eligible as TLAC	**1,302**	**233**	**776**	**2,311**
Of which: with 1 year ≤ residual maturity < 2 years	**–**	**–**	**–**	**–**
Of which: with 2 years ≤ residual maturity < 5 years	**–**	**–**	**311**	**311**
Of which: with 5 years ≤ residual maturity < 10 years	**–**	**–**	**466**	**466**
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	**–**	**–**	**–**	**–**
Of which: perpetual securities	**1,302**	**233**	**–**	**1,535**

	2022			
	Creditor ranking			
	1 $million	2 $million	3 $million	Total $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	237	791	2,330
Of which: are excluded liabilities	–	–	–	–
Total capital and liabilities less excluded liabilities	1,302	237	791	2,330
Of which: are potentially eligible as TLAC	1,302	237	791	2,330
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	–	–	791	791
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
Of which: perpetual securities	1,302	237	–	1,539

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 nominal values

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 16: Standard Chartered Bank (Singapore) Limited – creditor ranking (TLAC2)

	2023					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No[2]	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non-cumulative Preference Shares	AT1 Non-cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,680	1,068	303	540	1,850	9,441
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	5,680	1,068	303	540	1,850	9,441
Of which: are potentially eligible as TLAC	5,680	1,068	303	540	1,850	9,441
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	1,850	2,390
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–	–
Of which: perpetual securities	5,680	1,068	303	–	–	7,051

	2022					
	Creditor ranking					
	1 $million	2 $million	2 $million	3 $million	3 $million	Total $million
Is the resolution entity the creditor/investor?	No[1]	Yes	No[2]	Yes	No[2]	
Description of creditor ranking	Common Shares	AT1 Non-cumulative Preference Shares	AT1 Non-cumulative Preference Shares	Tier 2 Subordinated Notes	Tier 2 Subordinated Notes	
Total capital and liabilities net of credit risk mitigation[3]	5,680	1,059	–	540	950	8,229
Of which: are excluded liabilities	–	–	–	–	–	–
Total capital and liabilities less excluded liabilities	5,680	1,059	–	540	950	8,229
Of which: are potentially eligible as TLAC	5,680	1,059	–	540	950	8,229
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	950	1,490
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–	–
Of which: perpetual securities	5,680	1,059	–	–	–	6,739

1 Held by Standard Chartered Holdings (Singapore) Private Limited ($3,963 million), Standard Chartered Bank Malaysia Berhad ($1,273 million), Standard Chartered Bank Vietnam Limited ($333 million), and Standard Chartered Bank (Thai) PCL ($203 million)

2 Held by Standard Chartered Bank

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

2.3 Minimum requirement for own funds and eligible liabilities continued

Table 17: Standard Chartered Bank (China) Limited – creditor ranking (TLAC2)

	2023		
	Creditor ranking		
	1 $million	2 $million	Total $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	565	2,011
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	565	2,011
Of which: are potentially eligible as TLAC	1,446	565	2,011
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	–	565	565
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: perpetual securities	1,446	–	1,446

	2022		
	Creditor ranking		
	1 $million	2 $million	Total $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	574	2,020
Of which: are excluded liabilities	–	–	–
Total capital and liabilities less excluded liabilities	1,446	574	2,020
Of which: are potentially eligible as TLAC	1,446	574	2,020
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	–	574	574
Of which: with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–
Of which: 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 nominal values

2.4 Countercyclical capital buffer

The Group's countercyclical capital buffer (CCyB) requirement is determined by applying various country-specific CCyB rates to the Group's qualifying credit exposures in the relevant country (based on the jurisdiction of the obligor) on a weighted average basis.

The Group's current CCyB requirement is 39 basis points, representing an increase of 12 basis points. The UK countercyclical buffer increased to 2.0 per cent which impacts Group CET1 minimum requirement by approximately 8 basis points from July 2023.

Countries are included in the table if the relevant own funds requirements of that country are greater than 1 per cent of the Group's total relevant own funds requirements for CCyB calculation.

Table 18: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1)

	2023												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Securitisation exposures Exposure value for non-trading book	Total exposure value Exposure value for IRB $million	Relevant credit risk exposures – Credit risk $million	Relevant credit exposures – Market risk $million	Relevant credit exposures – Securitisation positions in the non-trading book $million	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Counter-cyclical buffer rate %
Australia	98	1,999	25	–	–	2,122	67	7	–	74	926	0.6%	1.0%
Austria	–	139	–	–	–	139	2	–	–	2	25	0.0%	0.0%
Bangladesh	1,104	2,543	216	–	–	3,863	188	17	–	205	2,568	1.8%	0.0%
Belgium	–	1,266	14	–	–	1,280	6	2	–	8	98	0.1%	0.0%
Bulgaria	–	–	–	–	–	–	–	–	–	–	1	0.0%	2.0%
China	5,715	20,105	8,545	–	2,929	37,293	961	138	45	1,144	14,298	9.8%	0.0%
Croatia	–	16	–	–	–	16	1	–	–	1	13	0.0%	1.0%
Cyprus	2	65	–	–	–	67	4	–	–	4	55	0.0%	0.5%
Czech Republic	–	–	23	–	–	23	–	3	–	3	33	0.0%	2.0%
Denmark	7	330	3	–	–	340	18	–	–	19	234	0.2%	2.5%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.5%
France	151	3,804	125	–	–	4,080	74	15	–	89	1,119	0.8%	0.5%
Germany	42	5,649	134	–	–	5,825	76	14	–	90	1,128	0.8%	0.8%
Hong Kong	6,666	73,449	346	–	3,679	84,140	1,879	9	56	1,945	24,313	16.6%	1.0%
Hungary	–	295	199	–	–	494	18	1	–	19	237	0.2%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	5,616	17,301	2,292	–	–	25,209	1,073	46	–	1,119	13,990	9.6%	0.0%
Ireland	48	2,814	455	–	–	3,317	37	37	–	74	925	0.6%	1.0%
Korea	1,050	40,127	541	–	–	41,718	814	4	–	817	10,216	7.0%	0.0%
Lithuania	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
Luxembourg	166	5,712	42	–	257	6,178	124	5	3	132	1,655	1.1%	0.5%
Malaysia	755	8,969	343	–	–	10,067	352	11	–	363	4,538	3.1%	0.0%
Netherlands	15	2,191	103	–	–	2,309	89	9	–	98	1,230	0.8%	1.0%
Nigeria	572	925	77	–	–	1,575	115	19	–	134	1,675	1.1%	0.0%
Norway	–	159	6	–	–	165	3	1	–	4	48	0.0%	2.5%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
Singapore	8,430	34,091	2,707	–	–	45,228	1,022	9	–	1,030	12,879	8.8%	0.0%
Slovakia	–	1	–	–	–	1	–	–	–	–	1	0.0%	1.5%
Slovenia	1	–	2	–	–	3	–	–	–	–	4	0.0%	0.5%
Sweden	428	1,274	16	–	–	1,718	37	2	–	39	483	0.3%	2.0%
Taiwan	756	12,071	274	–	–	13,101	257	1	–	258	3,226	2.2%	0.0%
United Arab Emirates	2,358	8,872	320	–	–	11,550	321	7	–	329	4,107	2.8%	0.0%
United Kingdom	3,009	39,472	366	–	21,332	64,179	663	31	317	1,011	12,638	8.7%	2.0%
United States	1,334	59,412	524	–	5,724	66,994	660	34	86	780	9,749	6.7%	0.0%
Virgin Islands, British	1,621	133	–	–	–	1,753	125	–	–	125	1,562	1.1%	0.0%
Other Countries	7,691	43,842	2,169	–	–	53,702	1,656	109	–	1,766	22,074	15.1%	0.0%

2.4 Countercyclical capital buffer continued

Table 18: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) continued

	2022												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Securitisation exposures Exposure value for non-trading book exposures Exposure value for non-trading book	Total exposure value Exposure value for IRB $million	Relevant credit risk exposures – Credit risk $million	Relevant credit exposures – Market risk $million	Relevant credit exposures – Securitisation positions in the non-trading book $million	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Counter-cyclical buffer rate %
Austria	–	71	–	–	–	71	1	–	–	1	12	0.0%	0.0%
Bangladesh	1,184	2,566	127	–	–	3,878	202	10	–	212	2,649	1.8%	0.0%
Belgium	–	715	–	–	–	715	12	–	–	12	155	0.1%	0.0%
Bulgaria	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
China	6,615	20,546	4,633	–	3,243	35,037	1,151	73	45	1,269	15,860	10.5%	0.0%
Croatia	–	16	–	–	–	16	1	–	–	1	14	0.0%	0.0%
Czech Republic	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.5%
Denmark	1	273	–	–	–	274	18	–	–	18	231	0.2%	2.0%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
France	172	2,386	25	–	–	2,583	58	7	–	65	812	0.5%	0.0%
Germany	3	5,343	257	–	–	5,603	70	12	–	82	1,021	0.7%	0.0%
Hong Kong	5,724	78,220	134	–	3,993	88,072	2,032	4	56	2,093	26,165	17.4%	1.0%
Hungary	–	431	–	–	–	431	31	–	–	31	392	0.3%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	5,469	17,621	1,381	–	–	24,471	1,080	26	–	1,106	13,825	9.2%	0.0%
Ireland	81	6,661	2	–	–	6,744	46	1	–	46	580	0.4%	0.0%
Korea	842	46,834	945	–	–	48,621	798	1	–	799	9,988	6.6%	0.0%
Lithuania	2	–	–	–	–	2	–	–	–	–	2	0.0%	0.0%
Luxembourg	19	9,284	62	–	–	9,366	150	11	–	161	2,010	1.3%	0.5%
Malaysia	914	9,585	439	–	–	10,939	384	14	–	398	4,979	3.3%	0.0%
Netherlands	23	2,104	45	–	–	2,172	73	6	–	78	979	0.6%	0.0%
Nigeria	904	1,606	189	–	–	2,700	145	23	–	168	2,104	1.4%	0.0%
Norway	–	170	–	–	–	171	4	–	–	4	46	0.0%	2.0%
Pakistan	458	1,490	2	–	–	1,949	151	–	–	152	1,895	1.3%	0.0%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	0.5%
Singapore	7,508	34,550	1,493	–	–	43,551	950	7	–	957	11,968	7.9%	0.0%
Slovakia	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
Sweden	–	1,625	3	–	–	1,627	22	–	–	23	283	0.2%	1.0%
Taiwan	888	11,430	202	–	–	12,520	256	–	–	256	3,201	2.1%	0.0%
United arab Emirates	2,205	10,804	49	–	–	13,058	371	1	–	373	4,658	3.1%	0.0%
United Kingdom	2,177	38,584	183	–	23,699	64,643	602	23	370	995	12,435	8.3%	1.0%
United states	1,051	45,697	60	–	5,292	52,099	650	19	73	742	9,272	6.2%	0.0%
Other Countries	8,676	51,484	1,044	–	–	61,205	1,936	76	–	2,012	25,146	16.7%	0.0%

Table 19: Amount of institution-specific countercyclical capital buffer (UK CCyB2)

		2023 $million	2022 $million
1	Total risk exposure amount (see Table 20: Overview of RWA (OV1))	**244,151**	244,711
2	Institution specific countercyclical capital buffer rate	**0.39%**	0.27%
3	Institution specific countercyclical capital buffer requirement	**948**	656

2.5 Capital Requirements

Pillar 1 and Pillar 2A CET1 requirements and the Combined Buffer requirement together represent the Group's Maximum Distributable Amount threshold. The Group will be subject to restrictions on discretionary distributions if the CET1 ratio falls below this threshold. The Group expects to continue to operate with a prudent management buffer above this threshold.

Over time, the Group may also be subject to a PRA buffer. The PRA buffer is intended to absorb losses that may arise under a severe stress scenario. When setting the Group's PRA buffer, it is understood that the PRA considers results from the Bank of England (BoE) annual concurrent stress test, the biennial exploratory scenario, and bank-specific scenarios undertaken as part of Internal Capital Adequacy Assessment Processes (ICAAPs), as well as other relevant information. The PRA buffer is additional to the existing CRD buffer requirements and is applied if and to the extent that the PRA considers the existing CRD buffers do not adequately address the Group risk profile. The PRA buffer is not disclosed.

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 53 for credit risk exposures under IRB (which include counterparty credit risk); Table 22 for the RWA flow statements for credit risk exposures under IRB (which includes securitisation balances below); Table 69 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 20: Overview of risk weighted exposure amounts (UK OV1)

		31.12.23		30.09.23		31.12.22	
		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 CCR)[2]**	**160,359**	**12,829**	158,751	12,700	165,817	13,265
2	Of which the standardised approach (Table 69)	**35,039**	**2,803**	33,705	2,696	31,103	2,488
4	Of which slotting approach	**4,112**	**329**	4,484	359	4,408	353
5	Of which the advanced IRB (AIRB) approach (Table 53)	**121,208**	**9,697**	120,561	9,645	130,306	10,424
6	**Counterparty credit risk – CCR[3]**	**20,801**	**1,664**	18,944	1,515	18,402	1,472
7	Of which the standardised approach	**3,457**	**277**	3,789	303	3,873	310
8	Of which internal model method (IMM)	**9,085**	**727**	9,215	737	8,740	699
UK 8a	Of which exposures to a CCP	**918**	**73**	817	65	770	62
UK 8b	Of which credit valuation adjustment – CVA (Table 88)	**2,046**	**164**	2,223	178	1,879	150
9	Of which other CCR	**5,295**	**424**	2,900	232	3,140	251
15	**Settlement risk**	**–**	**–**	1	–	6	–
16	**Securitisation exposures in the non-trading book**	**6,337**	**507**	6,371	510	6,801	544
17	Of which SEC-IRBA approach	**3,123**	**250**	3,251	260	2,951	236
18	Of which SEC-ERBA (including IAA)	**2,879**	**230**	2,821	226	3,550	284
19	Of which SEC-SA approach	**335**	**27**	299	24	300	24
UK 19a	Of which 1250%/deduction	**–**	**–**	–	–	–	–
20	**Position, foreign exchange and commodities risks (Market risk) (Table 79)**	**24,867**	**1,989**	25,351	2,029	20,679	1,654
21	Of which the standardised approach	**11,960**	**957**	11,894	952	9,582	766
22	Of which IMA	**12,908**	**1,033**	13,457	1,077	11,097	888
UK 22a	Large exposures	**–**	**–**	–	–	–	–
23	**Operational risk[4]**	**27,861**	**2,229**	27,861	2,229	27,177	2,174
25	Of which standardised approach	**27,861**	**2,229**	27,861	2,229	27,177	2,174
27	**Amounts below the thresholds for deduction (subject to 250% risk weight) (Table 69)**	**3,926**	**314**	4,227	338	5,829	466
28	**Floor Adjustment**	**–**	**–**	–	–	–	–
29	**Total**	**244,151**	**19,532**	241,506	19,321	244,711	19,576

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

2.5 Capital Requirements continued

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

- Credit risk RWA decreased by $5.4 billion to $191 billion. There was a $10.3billion reduction from optimisation actions, relating to the CCIB low-returning portfolio, a $2.1 billion reduction from other RWA efficiency actions, $2.7 billion reduction from currency translation, and a $1.1 billion reduction from model and methodology changes. The impairment of Bohai further reduced RWAs by $2.1 billion and the sale of the Aviation Finance business by a further $1.6 billion. This was partly offset by a $11.9 billion increase from asset growth & mix and $2.7 billion increase relating to adverse credit migration
- Operational risk RWA increased $0.7 billion primarily due to an increase in average income as measured over a rolling three-year time horizon, with higher 2022 income replacing lower 2019 income.
- Market risk RWA increased by $4.2 billion to $24.9 billion reflecting an increase in Internal Models Approach traded risk positions and market volatility

Table 21 shows the significant drivers of credit risk, market risk and operational risk RWA movements from 1 January 2023.

Table 21: Movement analysis for RWA

	Credit risk IRB $million	Credit risk SA $million	Credit risk[2] Total $million	Counterparty Credit risk $million	Total Credit & Counterparty Credit risk $million	Operational risk $million	Market risk $million	Total $million
As at 1 January 2023	141,215	37,238	178,454	18,402	196,856	27,177	20,679	244,711
Asset size	(3,491)	410	(3,080)	738	(2,343)	–	–	(2,343)
Asset quality	403	–	403	40	443	–	–	443
Model updates	(2,140)	1,239	(901)	–	(901)	–	1,300	399
Methodology and policy	(196)	–	(196)	–	(196)	–	(600)	(796)
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	(3,986)	(657)	(4,643)	(235)	(4,877)	–	–	(4,877)
Other, including non-credit risk movements[1]	(688)	–	(688)	–	(688)	684	3,972	3,968
As at 30 September 2023	**131,118**	**38,230**	**169,348**	**18,945**	**188,294**	**27,861**	**25,351**	**241,506**
Asset size	**(1,887)**	**378**	**(1,509)**	**1,875**	**366**	**–**	**–**	**366**
Asset quality	**2,545**	**–**	**2,545**	**(305)**	**2,240**	**–**	**–**	**2,240**
Model updates	**2**	**–**	**2**	**–**	**2**	**–**	**(800)**	**(798)**
Methodology and policy	**–**	**–**	**–**	**–**	**–**	**–**	**(200)**	**(200)**
Acquisitions and disposals	**(1,630)**	**–**	**(1,630)**	**–**	**(1,630)**	**–**	**–**	**(1,630)**
Foreign exchange movements	**1,509**	**357**	**1,866**	**286**	**2,152**	**–**	**–**	**2,152**
Other, including non-credit risk movements[1]	**–**	**–**	**–**	**–**	**–**	**–**	**517**	**517**
As at 31 December 2023	**131,657**	**38,965**	**170,623**	**20,801**	**191,424**	**27,861**	**24,867**	**244,151**

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

2 See Table 20: Overview of risk weighted exposure amounts (UK OV1). To note that 'Securitisation exposures in the non-trading book', 'Settlement risk' and 'Amounts below the threshold for deduction (subject to 250% risk-weight)' are included in credit risk

Capital

2.5 Capital Requirements continued

Table 22 shows the significant drivers of credit risk, IRB RWA movements (excluding counterparty credit risk and standardised credit risk) from 1 January 2023.

Table 22: RWEA flow statements of credit risk exposures under the IRB approach (UK CR8)

		Risk-weighted assets[1] $million	Regulatory capital requirement[1] $million
	As at 1 January 2023	141,215	11,297
	Asset size	(3,491)	(279)
	Asset quality	403	32
	Model updates	(2,140)	(171)
	Methodology and policy	(196)	(16)
	Acquisitions and disposals	–	–
	Foreign exchange movements	(3,986)	(319)
	Other	(688)	(55)
1	**As at 30 September 2023**	**131,118**	**10,489**
2	Asset size	**(1,887)**	**(151)**
3	Asset quality	**2,545**	**204**
4	Model updates	**2**	**–**
5	Methodology and policy	**–**	**–**
6	Acquisitions and disposals	**(1,630)**	**(130)**
7	Foreign exchange movements	**1,509**	**121**
8	Other	**–**	**–**
9	**As at 31 December 2023[2]**	**131,657**	**10,533**

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

2 See Table 20: Overview of risk weighted exposure amounts (UK OV1). Comprises advanced IRB credit risk $125,320 million and securitisation of $6,337 million

IIRB credit RWA decreased by $9.6 billion from 31 December 2022 driven by:

- $7.0 billion net decrease in asset growth
- $2.5 billion decrease from foreign currency translation
- $2.3 billion net decrease from models and methodology changes
- $0.7 billion decrease from RWA efficiencies
- $2.9 billion increase due to a net deterioration in asset quality

Table 23 shows the significant drivers of credit counterparty risk under IMM RWA movements from 1 January 2023.

Table 23: RWEA flow statements of CCR exposures under the IMM (UK CCR7)

		Risk-weighted assets $million	Regulatory capital requirement $million
	As at 1 January 2023	8,740	699
	Asset size	706	56
	Credit quality of counterparties	(74)	(6)
	Model updates (IMM only)	–	–
	Methodology and policy (IMM only)	–	–
	Acquisitions and disposals	–	–
	Foreign exchange movements	(158)	(13)
	Other[1]	–	–
1	**As at 30 September 2023**	**9,215**	**737**
2	Asset size	**(440)**	**(35)**
3	Credit quality of counterparties	**109**	**9**
4	Model updates (IMM only)	**–**	**–**
5	Methodology and policy (IMM only)	**–**	**–**
6	Acquisitions and disposals	**–**	**–**
7	Foreign exchange movements	**202**	**16**
8	Other[1]	**–**	**–**
9	**As at 31 December 2023**	**9,085**	**727**

1 RWA efficiencies are disclosed against 'Other'

2.5 Capital Requirements continued

Table 24 shows the RWA flow statements of market risk RWA exposures under the Internal Model Approach (IMA) from 1 January 2023.

Table 24: RWA flow statements of market risk exposures under the IMA (UK MR2-B)

		VaR $million	SVaR $million	IRC $million	Comprehensive risk measure $million	Other[1] $million	Total RWAs $million	Total own funds requirements $million
	At 1 January 2023	2,126	4,090	–	–	4,881	11,097	888
	Regulatory adjustment	–	–	–	–	–	–	–
	RWAs post adjustment at 1 January 2023	2,126	4,090	–	–	4,881	11,097	888
	Movement in risk levels	909	193	–	–	557	1,659	133
	Model updates/changes	–	–	–	–	1,300	1,300	104
	Methodology and policy	(200)	(300)	–	–	(100)	(600)	(48)
	Acquisitions and disposals	–	–	–	–	–	–	–
	Foreign exchange movements	–	–	–	–	–	–	–
	Other	–	–	–	–	–	–	–
1	**At 30 September 2023**	**2,835**	**3,983**	**–**	**–**	**6,638**	**13,456**	**1,076**
1a	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1b	**RWAs post adjustment at 30 September 2023**	**2,835**	**3,983**	**–**	**–**	**6,638**	**13,456**	**1,076**
2	Movement in risk levels	**230**	**357**	**–**	**–**	**(135)**	**452**	**36**
3	Model updates/changes	**–**	**–**	**–**	**–**	**(800)**	**(800)**	**(64)**
4	Methodology and policy	**(100)**	**(100)**	**–**	**–**	**–**	**(200)**	**(16)**
5	Acquisitions and disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
6	Foreign exchange movements	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8a	**At 31 December 2023**	**2,965**	**4,240**	**–**	**–**	**5,703**	**12,908**	**1,033**
8b	Regulatory adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
8	**RWAs post adjustment at 31 December 2023[2]**	**2,965**	**4,240**	**–**	**–**	**5,703**	**12,908**	**1,033**

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 Year End Report 2023 on page 287

Market risk RWA under an IMA approach increased by $1.8 billion from 31 December 2022 reflecting increased positions and market volatility $2.1 billion, increase due to model change $0.5 billion offset by a reduction in IMA multiplier $0.8 billion.

Capital

2.6 Leverage ratio

In October 2021, the PRA published a policy statement outlining changes to the leverage ratio framework. The UK's minimum leverage ratio requirement is maintained at 3.25 per cent and must be met by at least 75 per cent of CET1. Additional buffers based on the countercyclical and global systemically important bank (G-SIB) buffers are set at 35 per cent of their risk-weighted equivalent and must be met with 100 per cent of CET1. Firms who breach their leverage ratio buffers will not face any capital distribution restrictions. The exposure value of derivative contracts will be based on the standardised approach to counterparty credit risk, whilst central bank reserves continue to be excluded from the leverage ratio exposure measure. The rules came into force on 1 January 2022.

At 31 December 2023, 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 0.1 per cent countercyclical capital leverage ratio buffer, based on FY 2023 countercyclical capital buffer rates

The Group's UK leverage ratio, which excludes qualifying claims on central banks was 4.7 per cent, which is above the current minimum requirement of 3.7 per cent. The leverage ratio was 6 basis points lower than FY22. Tier 1 Capital decreased by $0.8 billion as CET1 capital increased by $0.2 billion and was more than offset by the redemption of $1 billion 7.75 per cent AT1 securities. Leverage exposure decreased by $7.2 billion benefiting from an increase in deduction for central bank claims of $19.6 billion, a decrease in securities financing transactions and add-on of $1.3 billion, partly offset by increase in Other Assets of $7.2 billion, Off-balance sheet items of $4.5 billion and Derivatives of $2 billion.

Table 25: Leverage ratio

	31.12.23 $million	30.09.23 $million	31.12.22 $million
Tier 1 capital (end point)	**39,806**	39,061	40,641
Leverage exposure	**847,142**	823,546	854,311
Leverage ratio	**4.7%**	4.7%	4.8%
Leverage exposure quarterly average	**853,968**	838,666	864,605
Leverage ratio quarterly average	**4.6%**	4.7%	4.7%
Countercyclical leverage ratio buffer	**0.1%**	0.1%	0.1%
G-SII additional leverage ratio buffer	**0.4%**	0.4%	0.4%

CRR leverage ratio

Table 26, 27 and 28 present the leverage ratio based on CRR basis requirements.

Table 26: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1)

		2023 $million	2022 $million
1	Total assets as per published financial statements	**822,844**	819,922
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**455**	1,994
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**–**	–
4	(Adjustment for exemption of exposures to central banks)	**(93,218)**	(73,582)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	**–**	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(95)**	(246)
7	Adjustment for eligible cash pooling transactions	**–**	–
8	Adjustment for derivative financial instruments	**4,512**	(10,746)
9	Adjustment for securities financing transactions (SFTs)	**6,639**	15,553
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**123,572**	119,049
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(1,485)**	(1,539)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	**–**	–
12	Other adjustments1	**(16,082)**	(16,094)
13	**Total exposure measure**	**847,142**	854,311

1 Other Adjustments include Cash Collateral posted $(9,833) million, Tier-1 Capital deduction other than disclosed in above row 11 $(6,398) million, DTL $149 million

2.6 Leverage ratio continued

Table 27: LRCom: Leverage ratio common disclosure (UK LR2)

		2023 $million	2022 $million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**675,338**	668,092
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**–**	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(9,833)**	(10,640)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**–**	–
5	(General credit risk adjustments to on-balance sheet items)	**–**	–
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(7,883)**	(7,099)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**657,622**	650,353
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**14,660**	21,540
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**–**	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**43,041**	36,495
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	**–**	–
UK-9b	Exposure determined under the original exposure method	**–**	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(4,114)**	(5,612)
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**–**	–
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	**–**	–
11	Adjusted effective notional amount of written credit derivatives	**130,300**	118,148
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(128,941)**	(117,600)
13	**Total derivatives exposures**	**54,946**	52,971
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**107,876**	105,891
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(10,295)**	(15,924)
16	Counterparty credit risk exposure for SFT assets	**6,639**	15,553
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	**–**	–
17	Agent transaction exposures	**–**	–
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	**–**	–
18	**Total securities financing transaction exposures**	**104,220**	105,520
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**509,093**	495,093
20	(Adjustments for conversion to credit equivalent amounts)	**(385,521)**	(376,044)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	**–**	–
22	**Off-balance sheet exposures**	**123,572**	119,049
	Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	**–**	–
UK-22g	(Excluded excess collateral deposited at triparty agents)	**–**	–
UK-22k	**(Total exempted exposures)**	**–**	–
	Capital and total exposures		
23	Tier 1 capital (leverage)	**39,806**	40,641
24	Total exposure measure including claims on central banks	**940,360**	927,893
UK-24a	(-) Claims on central banks excluded	**(93,218)**	(73,5Z82)
UK-24b	**Total exposure measure excluding claims on central banks**	**847,142**	854,311
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**4.7%**	4.8%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.7%**	4.7%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**4.7%**	4.8%
UK-25c	Leverage ratio including claims on central banks (%)	**4.2%**	4.4%
26	Regulatory minimum leverage ratio requirement (%)	**3.3%**	3.3%

2.6 Leverage ratio continued

Table 27: LRCom: Leverage ratio common disclosure (UK LR2) continued

		2023 $million	2022 $million
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.5%**	0.5%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.4%**	0.4%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.1%**	0.1%
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**91,360**	83,953
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**97,581**	89,967
UK-31	Average total exposure measure including claims on central banks	**952,997**	939,724
UK-32	Average total exposure measure excluding claims on central banks	**853,968**	864,605
UK-33	Average leverage ratio including claims on central banks	**4.1%**	4.4%
UK-34	Average leverage ratio excluding claims on central banks	**4.6%**	4.7%

Table 28: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3)

		2023 $million	2022 $million
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**665,505**	657,452
UK-2	Trading book exposures	**49,107**	40,420
UK-3	Banking book exposures, of which:	**616,398**	617,032
UK-4	Covered bonds	**8,020**	9,211
UK-5	Exposures treated as sovereigns	**226,131**	223,884
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**2,051**	62
UK-7	Institutions	**69,038**	56,498
UK-8	Secured by mortgages of immovable properties	**90,290**	94,468
UK-9	Retail exposures	**27,507**	27,891
UK-10	Corporates	**132,627**	141,582
UK-11	Exposures in default	**6,091**	6,599
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**54,643**	56,837

1 Total On-Balance Sheet exposure (Row UK-1) is net of 'Deductions of receivables assets for cash variation margin provided in derivatives transactions'. 2022 comparatives have been represented

3. Credit risk

Our approach to credit risk can be found in the Risk management approach section in the 2023 Annual Report and Accounts on page 320 to 322.

3.1. Internal Ratings Based Approach (IRB) to credit risk

The Group uses the Advanced IRB approach to measure credit risk for the majority of its portfolios. This allows the Group to use its own internal estimates of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) to determine an asset risk-weighting. The IRB models cover 78 per cent of the Group's credit RWA (2022: 80 per cent).

PD is the likelihood that an obligor will default on an obligation within the next 12 months. Banks utilising the IRB approach must assign an internal PD to all borrowers. EAD is the expected amount of exposure to a particular facility at the point of default; it is modelled based on historical experience to determine the amount that is expected to be further drawn down from the undrawn portion of a facility. LGD is the percentage of EAD that a lender expects to lose in the event of obligor default. EAD and LGD are measured based on historical experience in economic downturn periods, if these were more conservative than the long-run average, else the long-run average is used.

All assets under the Advanced IRB approach have internal PD, LGD and EAD models developed to support the credit decision making process as well as RWA and capital estimate. RWA under the Advanced IRB approach is determined by regulatory specified formulae dependent on the Group's estimates of PD, LGD, EAD, and residual maturity. The development, use and governance of Corporate, Commercial and Institutional Banking (CCIB) and Consumer, Private and Business Banking (CPBB) models under the Advanced IRB approach are covered in more detail in Section 3.3 Internal Ratings Based models.

3.2. Standardised Approach to credit risk

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB approach, and those portfolios for which an IRB approach has yet to be developed, for instance due to insufficient data availability.

CRR Article 150 allows IRB banks to elect to permanently exclude certain exposures from the IRB approach and use the Standardised Approach. These are known as permanent exemptions.

The permanent exemptions apply to:

- Africa – all retail portfolios
- Private Banking
- Private Equity
- Development organisations
- Jordan
- Purchased receivables
- Hedge funds
- Exposures to, or guaranteed by, central governments and central banks of EEA States, provided they are eligible for a zero per cent risk weighting under the Standardised Approach

The Standardised Approach measures credit risk pursuant to fixed risk-weights and is the least sophisticated of the capital requirement calculation methodologies under Basel III. The risk-weight applied under the Standardised Approach is prescribed within the CRR and is based on the asset class to which the exposure is assigned.

3.3 Internal Ratings Based models

Model Governance

All IRB models are developed by independent model analytics teams aligned to the CCIB and CPBB business functions. Both new models and changes to the existing models, are subject to independent validation by Group Model Validation (GMV), a separate department within Group Risk, and are reviewed and approved by the Model Risk Committee (MRC) based on materiality. The Model Risk Policy and Governance team (MRPG) was established to provide ongoing assessment and independent oversight of model risk management.

The performance of existing IRB models, including metrics on actual against predicted, is monitored regularly by the Model Monitoring teams and reported to CMAC on a quarterly basis. MRPG independently reviews model performance monitoring results based on applicable standards. In addition, existing models are subject to annual independent validation by GMV. The Group Model Risk Policy and associated standards set out internal requirements and operating guidelines for model development, validation, and performance monitoring. The Board Risk Committee is updated on the status and performance of IRB models on an annual basis. Rating overrides are tracked, and threshold breaches are escalated to the relevant risk management committees, and model issues are tracked at CMAC. An annual self-assessment on IRB models' regulatory compliance is carried out as part of the Senior Management Function attestation.

The Group has a strong monitoring and governance framework in place to identify and mitigate model performance issues. While most models are conservative and over predict PD, LGD and EAD, in cases where the models under predict, a post model adjustment may be taken to ensure adequate capitalisation, in addition to having a remediation plan in place.

Group Internal Audit is responsible for carrying out independent reviews on the effectiveness of the controls supporting IRB models' development, validation, approval and monitoring.

Probability of Default

PDs are estimated based on one of the three industry standard approaches, namely the good-bad approach where a sufficient number of internal defaults is available, the shadow-bond approach where there are no sufficient internal defaults but there are external ratings for a large number of obligors, or the constrained expert judgement approach where neither internal defaults nor external ratings are available.

3.3 Internal Ratings Based models continued

In CCIB, the largest portfolios are rated based on the shadow bond approach (Sovereigns, Large Corporates) or the good-bad approach (Banks, Mid Corporates). Central governments and central banks are rated using the Sovereign model. Non-bank financial institutions are rated using one of six constrained expert judgement models depending on their line of business, with the largest being Funds, Finance & Leasing, and Broker Dealers. Corporate clients are differentiated by their annual sales turnover and rated using one of the corporate models unless they are commodity buyers and traders (for which a separate model has been developed) or are classified under Specialised Lending and Supply Chain Finance. Excluding the Sovereign model, all other CCIB IRB PD models are subject to the 0.03 per cent regulatory PD floor.

Within CCIB, each client is assigned a credit grade, regardless of whether the client is under standardised or IRB capital estimate method, and exposures to each client or client group are aggregated consistently with the regulatory Large Exposures requirements.

The CCIB PD models are calibrated following a hybrid through-the-cycle rating philosophy based on historical data that includes a full economic cycle.

Estimates of PD are computed as of 1 January 2023 (including additional exposures that are valid January through March) and are compared with default observations through 31 December 2023.

The actual default rates for all the CCIB asset classes in 2023 remained below IRB model predictions as at the beginning of 2023.

PD models for retail clients under each asset class are developed based on a combination of product and geography following the good-bad approach.

The same PD modelling approach is taken across the four key retail client product types: Residential Mortgages, Credit Cards (Qualifying Revolving Retail), Personal Installment Loans (Other Retail) and Retail SME (Other Retail). The approach is based on using the country and product specific application scores for new to bank clients and behaviour scores for existing clients. The scorecards are built using demographic information, credit bureau data, observed client performance data (for behaviour scores), and where available, financial information. Statistical techniques are used to develop a relationship between this information and the probability of default. The scorecards are used to make credit decisions. In addition, the PD models are segmented by delinquency status. All retail client PD models are built and validated using internal default data and are subject to the 0.03 per cent regulatory floor.

Loss Given Default

The CCIB LGD model is a component-based model reflecting the Bank's recovery and workout process, which takes into account risk drivers such as portfolio segment, jurisdiction, product, and collateral attached to the exposure. The model is calibrated based on downturn experience if that is more conservative than the long-run experience. Regulatory floors are applied to both unsecured and secured facilities (except for those secured by cash) if the LGD parameters are based on fewer than 20 defaults or by regulatory mandate (Sovereign, Financial Institutions, and Covered Bonds). This is in accordance with the PRA's low-default framework which states that where there are insufficient defaults to estimate a parameter at granular level an LGD floor must be applied.

The calculation of realised versus predicted LGD is affected by the fact that it may take a number of years for the workout process to be completed. As such, an observed recovery value cannot be assigned to the majority of the 2023 defaults, making it meaningless to compare realised versus predicted outcomes in a manner similar to that for PD and EAD.

To address this for corporates and institutions we have adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2020 to 2023 defaults that have completed their workout process as at the end of 2023. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are fully comparable, thereby providing a meaningful assessment of the LGD model's performance.

Under this approach, realised LGD values for Corporates and Institutions are lower than the predicted. This is explained by the regulatory guidance to calibrate LGD models to downturn conditions. There were no defaults that had resolved in the previous four years for Central Governments and Central Banks.

LGDs for retail portfolios follow two approaches:

(i) LGDs for unsecured products are based on historical loss experience of defaults during a downturn; these are portfolio-specific LGD estimates segmented by default status (including restructuring)

(ii) LGDs for secured products are parameter-based estimates mainly driven by how the default is resolved (cure, sale or charge-off). Key LGD parameters are differentiated by segments such as loan-to-value, property type and default status. These parameters are calibrated based on the portfolio's downturn experience

Retail LGD model monitoring considers defaults from a cohort and the actual recoveries up to the end of the workout window which is typically two to three years. For retail asset classes, the observed LGD from the December 2020 cohort (existing defaults and those defaulted in the next 12 months) was calculated based on actual recoveries observed from January 2021 until December 2023. This is compared to the predicted outcome of the same set of defaults.

Under this approach, realised LGD values for all retail asset classes are lower than predicted, primarily due to the regulatory guidance to calibrate LGD models to downturn conditions. This is most evident in the mortgage portfolios, where predicted LGD values include a significant assumed reduction in property values.

Exposure at Default

EAD takes into consideration the potential drawdown of a commitment as an obligor moves towards default by estimating the Credit Conversion Factor (CCF) of undrawn commitments.

EAD for sovereign, corporate and institutional clients is determined by product but on a global basis, while the commercial and retail EAD is dependent on the combination of country and product.

The sovereign, corporate and institutional EAD model has adopted the momentum approach to estimate the CCF, with the type of facility and the level of utilisation being key drivers of CCF. The model is calibrated based on the Bank's internal downturn experience and CCF is floored at 0 percent.

EAD for retail products differs between revolving products and term products. For revolving products, EAD is computed by estimating the CCF of undrawn commitments, with a floor at 0 percent. For term products, EAD is set at the outstanding balance plus any undrawn portion. All the retail client EAD models are built and validated using internal default data.

The comparison of realised versus predicted EAD is summarised in the ratio of EAD of assets that defaulted in 2023 to the outstanding amount at the time of default. The ratios for all models are larger than one, indicating that the predicted EAD is higher than the realised outstanding amount at default. This is explained by the regulatory guidance to assign conservatism to the CCF of certain exposure types and to calibrate the models to downturn conditions, as well as by the impact of management action leading to a reduction in actual exposure prior to default.

The estimates provided in the table are before the application of any conservative adjustment.

Table 29: Corporate, Institutions and Commercial model results

	PD Predicted 1 January 2023 %	PD Observed 31 December 2023 %	LGD Predicted (2020-2023) %	LGD Realised (2020-2023) %	EAD Predicted/ Realised	Proportion of total IRB portfolio[1] %
Corporate, Institutions and Commercial						
Central governments or central banks	1.88	1.32	N/A	N/A	–	25.93
Institutions	0.56	0.13	32.37	26.35	1.02	20.29
Corporates	2.77	0.94	36.79	16.69	1.28	38.59
Corporate SME	5.16	3.15	27.20	24.37	1.13	0.45

1 Proportion of EAD (before the effect of collateral but after substitution) as a per cent of total IRB EAD

Points to note:

- Obligors rated by the Commercial Real Estate slotting model have been excluded from PD
- 16 Defaults were considered for EAD but disregarded for PD computation since obligors were either rated in Commercial Real Estate Scorecards or they did not have exposure at cohort

Table 30: Retail model results

	PD Predicted 1 January 2023 %	PD Observed 31 December 2023 %	LGD Predicted (2020-2023) %	LGD Realised (2020-2023) %	EAD Predicted/ Realised	Proportion of total IRB portfolio[1] %
Retail						
Qualifying revolving retail	2.28	2.11	79.81	71.03	1.25	2.13
Other retail	4.08	2.79	68.70	48.37	1.07	1.91
Residential mortgages	0.41	0.30	21.38	5.98	1.02	10.43
Retail SME	3.69	3.62	56.26	53.97	1.11	0.26

1 Proportion of EAD (before the effect of collateral but after substitution) as a per cent of total IRB EAD

3.3 Internal Ratings Based models continued

Table 31: IRB approach – Backtesting of PD per exposure class for central governments or central banks (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	79	–	–	0.02	0.04	–
0.00 to <0.10	76	–	–	0.02	0.03	–
0.10 to <0.15	4	–	–	0.13	0.13	–
0.15 to <0.25	10	–	–	0.22	0.22	–
0.25 to <0.50	3	–	–	–	0.39	–
0.50 to <0.75	11	–	–	0.51	0.58	–
0.75 to <2.50	23	–	–	1.07	1.48	–
0.75 to <1.75	16	–	–	1.05	1.22	–
1.75 to <2.50	9	–	–	2.03	2.03	–
2.50 to <10.00	27	–	–	4.11	4.61	1.38
2.50 to <5.00	19	–	–	4.08	3.58	2.11
5.00 to <10.00	8	–	–	7.37	7.06	–
10.00 to <100.00	13	1	7.69	28.60	17.87	9.12
10.00 to <20.00	10	–	–	10.64	14.17	5.00
20.00 to <30.00	1	–	–	–	24.55	10.00
30.00 to <100.00	2	1	50.00	33.00	33.00	15.00
100.00 (Default)	7	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	80	–	–	0.02	0.04	–
0.00 to <0.10	76	–	–	0.02	0.04	–
0.10 to <0.15	5	–	–	0.16	0.13	–
0.15 to <0.25	7	–	–	0.22	0.22	–
0.25 to <0.50	3	–	–	0.14	0.39	–
0.50 to <0.75	9	–	–	0.47	0.60	–
0.75 to <2.50	27	–	–	1.05	1.49	–
0.75 to <1.75	16	–	–	0.84	1.11	–
1.75 to <2.50	12	–	–	1.64	2.03	–
2.50 to <10.00	31	2	6.45	3.33	4.67	–
2.50 to <5.00	21	2	9.52	2.32	3.54	–
5.00 to <10.00	10	–	–	6.66	7.04	–
10.00 to <100.00	13	2	15.38	13.01	20.60	4.51
10.00 to <20.00	8	2	25.00	11.37	13.90	–
20.00 to <30.00	1	–	–	0.08	24.55	10.00
30.00 to <100.00	4	–	–	32.76	33.00	10.00
100.00 (Default)[1]	4	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 32: IRB approach – Backtesting of PD per exposure class for institutions (fixed PD scale) (UK CR9)

	2023					
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	**626**	**1**	**0.16**	**0.04**	**0.06**	**0.03**
0.00 to <0.10	**544**	**–**	**–**	**0.04**	**0.05**	**0.03**
0.10 to <0.15	**89**	**1**	**1.12**	**0.13**	**0.13**	**–**
0.15 to <0.25	**131**	**–**	**–**	**0.22**	**0.22**	**–**
0.25 to <0.50	**84**	**–**	**–**	**0.39**	**0.38**	**–**
0.50 to <0.75	**139**	**–**	**–**	**0.55**	**0.59**	**–**
0.75 to <2.50	**151**	**–**	**–**	**1.31**	**1.45**	**0.06**
0.75 to <1.75	**103**	**–**	**–**	**1.18**	**1.18**	**0.09**
1.75 to <2.50	**49**	**–**	**–**	**2.03**	**2.03**	**–**
2.50 to <10.00	**169**	**–**	**–**	**4.74**	**3.88**	**3.10**
2.50 to <5.00	**140**	**–**	**–**	**3.84**	**3.11**	**0.61**
5.00 to <10.00	**32**	**–**	**–**	**6.84**	**7.36**	**7.06**
10.00 to <100.00	**65**	**1**	**1.54**	**26.20**	**18.33**	**5.42**
10.00 to <20.00	**53**	**–**	**–**	**13.96**	**15.17**	**9.63**
20.00 to <30.00	**1**	**–**	**–**	**–**	**24.55**	**10.00**
30.00 to <100.00	**11**	**1**	**9.09**	**33.00**	**33.00**	**1.33**
100.00 (Default)	**36**	**–**	**–**	**100.00**	**100.00**	**–**

	2022					
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	648	–	–	0.04	0.06	0.03
0.00 to <0.10	565	–	–	0.04	0.05	0.03
0.10 to <0.15	85	–	–	0.13	0.13	–
0.15 to <0.25	110	–	–	0.21	0.22	–
0.25 to <0.50	77	–	–	0.39	0.39	–
0.50 to <0.75	134	–	–	0.54	0.58	–
0.75 to <2.50	213	–	–	1.16	1.50	0.06
0.75 to <1.75	125	–	–	0.99	1.12	0.09
1.75 to <2.50	92	–	–	1.65	2.03	–
2.50 to <10.00	427	23	5.39	2.71	4.18	2.50
2.50 to <5.00	418	23	5.50	2.72	4.11	–
5.00 to <10.00	11	–	–	2.18	7.17	7.06
10.00 to <100.00	60	16	26.67	9.72	23.93	0.43
10.00 to <20.00	31	16	51.61	9.67	15.66	–
20.00 to <30.00	2	1	50.00	–	25.10	–
30.00 to <100.00	31	3	9.68	33.01	32.80	10.00
100.00 (Default)[1]	12	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 33: IRB approach – Backtesting of PD per exposure class for corporates – other (fixed PD scale) (UK CR9)

2023

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	3,609	6	0.17	0.07	0.09	0.01
0.00 to <0.10	2,487	6	0.24	0.06	0.07	0.01
0.10 to <0.15	1,135	–	–	0.13	0.13	–
0.15 to <0.25	1,887	4	0.21	0.22	0.22	0.06
0.25 to <0.50	1,420	5	0.35	0.39	0.39	0.13
0.50 to <0.75	2,120	12	0.57	0.56	0.58	0.22
0.75 to <2.50	2,878	20	0.69	1.35	1.40	0.61
0.75 to <1.75	2,159	15	0.69	1.16	1.19	0.60
1.75 to <2.50	727	5	0.69	2.03	2.04	0.67
2.50 to <10.00	1,818	39	2.15	4.40	5.00	1.80
2.50 to <5.00	934	24	2.57	3.60	3.45	1.52
5.00 to <10.00	888	15	1.69	7.10	6.63	2.65
10.00 to <100.00	1,851	27	1.46	21.47	15.23	5.64
10.00 to <20.00	1,727	13	0.75	13.59	13.91	3.37
20.00 to <30.00	74	8	10.81	25.46	24.34	18.70
30.00 to <100.00	60	6	10.00	33.04	50.34	27.01
100.00 (Default)	1,010	–	–	100.00	100.00	–

2022

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	2,997	–	–	0.07	0.09	0.01
0.00 to <0.10	2,034	–	–	0.06	0.07	0.01
0.10 to <0.15	972	–	–	0.12	0.13	–
0.15 to <0.25	1,971	2	0.10	0.20	0.22	0.05
0.25 to <0.50	1,561	5	0.32	0.37	0.39	0.06
0.50 to <0.75	2,168	5	0.23	0.48	0.58	0.18
0.75 to <2.50	2,975	22	0.74	0.89	1.39	0.54
0.75 to <1.75	2,208	15	0.68	0.82	1.17	0.57
1.75 to <2.50	768	7	0.91	1.06	2.04	0.49
2.50 to <10.00	14,842	439	2.96	2.42	4.63	1.88
2.50 to <5.00	14,210	431	3.03	2.00	4.53	1.64
5.00 to <10.00	653	12	1.84	4.24	6.81	2.55
10.00 to <100.00	1,984	212	10.69	12.91	15.19	5.11
10.00 to <20.00	1,821	166	9.12	9.08	13.68	2.64
20.00 to <30.00	134	57	42.54	24.21	25.35	15.11
30.00 to <100.00	66	17	25.76	31.08	42.77	29.13
100.00 (Default)[1]	1,362	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 34: IRB approach – Backtesting of PD per exposure class for corporates – specialised lending (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	290	1	0.34	0.11	0.10	–
0.00 to <0.10	177	1	0.57	0.07	0.07	–
0.10 to <0.15	114	–	–	0.13	0.13	–
0.15 to <0.25	179	–	–	0.22	0.22	0.82
0.25 to <0.50	186	–	–	0.39	0.39	0.69
0.50 to <0.75	210	3	1.43	0.61	0.60	0.49
0.75 to <2.50	171	10	5.85	1.32	1.36	0.34
0.75 to <1.75	124	10	8.06	1.11	1.11	0.43
1.75 to <2.50	49	–	–	2.03	2.03	–
2.50 to <10.00	68	5	7.35	3.54	3.75	3.55
2.50 to <5.00	60	5	8.33	3.07	3.36	3.30
5.00 to <10.00	9	1	11.11	6.44	6.60	4.51
10.00 to <100.00	21	3	14.29	28.63	19.25	15.80
10.00 to <20.00	14	–	–	15.49	12.46	8.24
20.00 to <30.00	1	1	100.00	–	24.55	22.68
30.00 to <100.00	7	2	28.57	33.00	32.97	28.48
100.00 (Default)	60	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	123	–	–	0.10	0.10	–
0.00 to <0.10	56	–	–	0.07	0.07	–
0.10 to <0.15	67	–	–	0.13	0.13	–
0.15 to <0.25	107	3	2.80	0.22	0.22	0.26
0.25 to <0.50	97	–	–	0.39	0.39	0.69
0.50 to <0.75	217	2	0.92	0.57	0.59	0.30
0.75 to <2.50	282	–	–	1.47	1.32	0.34
0.75 to <1.75	210	–	–	1.19	1.07	0.43
1.75 to <2.50	73	–	–	2.15	2.05	–
2.50 to <10.00	97	7	7.22	4.19	4.19	2.73
2.50 to <5.00	81	6	7.41	3.28	3.61	2.78
5.00 to <10.00	18	2	11.11	6.38	6.87	2.29
10.00 to <100.00	28	5	17.86	30.88	19.04	12.23
10.00 to <20.00	15	1	6.67	13.66	12.33	6.81
20.00 to <30.00	11	3	27.27	–	24.58	17.22
30.00 to <100.00	3	1	33.33	32.90	33.00	21.82
100.00 (Default)[1]	54	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

Credit risk

3.3 Internal Ratings Based models continued

Table 35: IRB approach – Backtesting of PD per exposure class for corporates – SME (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	13	–	–	0.09	0.10	–
0.00 to <0.10	7	–	–	0.09	0.07	–
0.10 to <0.15	6	–	–	0.13	0.13	–
0.15 to <0.25	286	–	–	0.23	0.23	0.31
0.25 to <0.50	121	2	1.65	0.40	0.40	0.47
0.50 to <0.75	651	7	1.08	0.62	0.60	0.53
0.75 to <2.50	985	8	0.81	1.40	1.51	1.24
0.75 to <1.75	699	5	0.72	1.27	1.25	0.94
1.75 to <2.50	287	3	1.05	2.10	2.13	2.09
2.50 to <10.00	1,677	48	2.86	4.80	5.08	2.24
2.50 to <5.00	1,043	27	2.59	3.75	3.80	1.90
5.00 to <10.00	634	21	3.31	7.20	7.18	2.94
10.00 to <100.00	747	51	6.83	16.29	13.95	8.47
10.00 to <20.00	728	47	6.46	14.00	13.35	6.83
20.00 to <30.00	7	–	–	24.29	25.74	11.07
30.00 to <100.00	12	4	33.33	33.00	43.36	27.56
100.00 (Default)	230	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	8	–	–	0.03	0.09	–
0.00 to <0.10	5	–	–	0.03	0.06	–
0.10 to <0.15	3	–	–	0.13	0.13	–
0.15 to <0.25	332	1	0.30	0.24	0.23	0.25
0.25 to <0.50	88	–	–	0.40	0.41	0.91
0.50 to <0.75	760	1	0.13	0.63	0.58	1.22
0.75 to <2.50	1,059	10	0.94	1.47	1.48	2.27
0.75 to <1.75	765	6	0.78	1.32	1.23	2.01
1.75 to <2.50	294	4	1.36	2.15	2.12	3.05
2.50 to <10.00	2,166	39	1.80	4.68	5.04	2.79
2.50 to <5.00	1,477	23	1.56	3.79	4.00	2.45
5.00 to <10.00	691	16	2.32	6.68	7.25	3.62
10.00 to <100.00	924	74	8.01	26.08	13.99	10.35
10.00 to <20.00	896	68	7.59	13.09	13.35	8.14
20.00 to <30.00	15	4	26.67	24.80	24.80	12.07
30.00 to <100.00	18	5	27.78	60.96	39.63	28.22
100.00 (Default)[1]	237	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 36: IRB approach – Backtesting of PD per exposure class for retail other – non SME (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	68,653	2	–	0.06	0.05	0.04
0.00 to <0.10	59,347	2	–	0.05	0.04	0.03
0.10 to <0.15	9,306	–	–	0.11	0.11	0.07
0.15 to <0.25	40,841	107	0.26	0.18	0.17	0.07
0.25 to <0.50	77,461	214	0.28	0.34	0.34	0.13
0.50 to <0.75	53,073	212	0.40	0.68	0.66	0.22
0.75 to <2.50	226,606	2,417	1.07	1.49	1.58	0.50
0.75 to <1.75	148,296	1,276	0.86	1.28	1.26	0.37
1.75 to <2.50	78,310	1,141	1.46	2.18	2.17	0.74
2.50 to <10.00	297,104	4,945	1.66	4.33	4.66	1.23
2.50 to <5.00	218,623	2,957	1.35	3.34	3.72	0.94
5.00 to <10.00	78,481	1,988	2.53	7.41	7.28	2.17
10.00 to <100.00	79,399	11,976	15.08	25.06	29.66	10.24
10.00 to <20.00	43,321	2,610	6.02	13.68	13.71	4.65
20.00 to <30.00	13,500	1,771	13.12	23.52	23.99	11.47
30.00 to <100.00	22,578	7,595	33.64	59.84	63.64	24.47
100.00 (Default)	21,140	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	71,737	20	0.03	0.06	0.05	0.08
0.00 to <0.10	60,263	12	0.02	0.05	0.04	0.07
0.10 to <0.15	11,474	8	0.07	0.11	0.11	0.12
0.15 to <0.25	43,856	86	0.20	0.17	0.17	0.07
0.25 to <0.50	87,495	219	0.25	0.34	0.34	0.14
0.50 to <0.75	57,332	163	0.28	0.67	0.66	0.27
0.75 to <2.50	207,990	1,546	0.74	1.44	1.57	0.59
0.75 to <1.75	138,213	797	0.58	1.29	1.26	0.47
1.75 to <2.50	69,777	749	1.07	2.18	2.18	0.80
2.50 to <10.00	380,167	4,881	1.28	4.59	4.70	1.33
2.50 to <5.00	299,390	2,494	0.83	3.50	4.00	1.03
5.00 to <10.00	80,777	2,387	2.96	7.50	7.27	2.33
10.00 to <100.00	70,124	11,628	16.58	25.03	28.42	11.17
10.00 to <20.00	40,075	2,648	6.61	13.55	13.85	4.95
20.00 to <30.00	11,549	1,527	13.22	23.31	23.96	12.97
30.00 to <100.00	18,500	7,453	40.29	60.72	62.76	25.25
100.00 (Default)[1]	51,748	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 37: IRB approach – Backtesting of PD per exposure class for retail other – SME (fixed PD scale) (UK CR9)

2023

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	1,094	3	0.27	0.09	0.08	0.24
0.00 to <0.10	714	1	0.14	0.07	0.06	0.22
0.10 to <0.15	380	2	0.53	0.13	0.13	0.28
0.15 to <0.25	1,613	6	0.37	0.20	0.20	0.30
0.25 to <0.50	2,666	12	0.45	0.38	0.38	0.23
0.50 to <0.75	2,766	31	1.12	0.62	0.62	0.37
0.75 to <2.50	9,510	167	1.76	1.49	1.45	0.74
0.75 to <1.75	7,084	99	1.40	1.30	1.23	0.66
1.75 to <2.50	2,426	68	2.80	2.03	2.07	0.93
2.50 to <10.00	6,987	250	3.58	4.76	4.98	1.60
2.50 to <5.00	4,162	138	3.32	3.62	3.58	1.29
5.00 to <10.00	2,827	112	3.96	6.91	7.03	2.19
10.00 to <100.00	2,327	333	14.31	23.08	21.86	10.07
10.00 to <20.00	1,827	88	4.82	12.88	13.10	4.17
20.00 to <30.00	138	34	24.64	24.80	24.47	12.67
30.00 to <100.00	362	211	58.29	64.02	65.10	31.09
100.00 (Default)	1,232	–	–	100.00	100.00	–

2022

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	1,279	4	0.31	0.08	0.08	0.29
0.00 to <0.10	866	4	0.46	0.06	0.05	0.17
0.10 to <0.15	413	–	–	0.12	0.13	0.44
0.15 to <0.25	1,708	7	0.41	0.20	0.20	0.27
0.25 to <0.50	2,692	8	0.30	0.38	0.38	0.37
0.50 to <0.75	2,835	17	0.60	0.62	0.62	0.52
0.75 to <2.50	9,488	81	0.85	1.46	1.44	0.78
0.75 to <1.75	7,066	59	0.84	1.26	1.23	0.70
1.75 to <2.50	2,422	22	0.91	2.07	2.08	1.03
2.50 to <10.00	7,690	167	2.17	4.83	4.90	1.70
2.50 to <5.00	4,708	69	1.47	3.57	3.59	1.50
5.00 to <10.00	2,985	98	3.28	6.95	6.96	2.12
10.00 to <100.00	2,315	252	10.89	21.86	20.49	11.26
10.00 to <20.00	1,884	97	5.15	12.72	13.53	5.30
20.00 to <30.00	134	23	17.16	24.91	24.20	12.55
30.00 to <100.00	297	132	44.44	65.69	63.00	28.98
100.00 (Default)[1]	1,133	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 38: IRB approach – Backtesting of PD per exposure class for retail – secured by real estate property – Non SME (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	267,252	35	0.01	0.07	0.06	0.21
0.00 to <0.10	244,319	32	0.01	0.06	0.05	0.19
0.10 to <0.15	22,933	3	0.01	0.12	0.12	0.25
0.15 to <0.25	24,322	10	0.04	0.19	0.19	0.42
0.25 to <0.50	15,792	21	0.13	0.35	0.36	0.53
0.50 to <0.75	24,785	38	0.15	0.61	0.60	0.75
0.75 to <2.50	13,426	77	0.57	1.33	1.27	0.55
0.75 to <1.75	10,820	45	0.42	1.09	1.08	0.44
1.75 to <2.50	2,606	32	1.23	2.08	2.08	1.02
2.50 to <10.00	3,756	89	2.37	4.76	4.81	0.78
2.50 to <5.00	2,474	37	1.50	3.52	3.61	0.64
5.00 to <10.00	1,282	52	4.06	7.12	7.12	1.44
10.00 to <100.00	2,399	421	17.55	35.94	29.05	16.26
10.00 to <20.00	1,203	92	7.65	13.49	13.71	2.10
20.00 to <30.00	276	43	15.58	24.00	23.79	17.28
30.00 to <100.00	920	286	31.09	52.93	50.69	45.05
100.00 (Default)	2,765	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	281,779	131	0.05	0.06	0.06	0.06
0.00 to <0.10	256,418	118	0.05	0.06	0.05	0.06
0.10 to <0.15	25,361	13	0.05	0.12	0.12	0.11
0.15 to <0.25	22,737	30	0.13	0.19	0.20	0.14
0.25 to <0.50	14,961	28	0.19	0.34	0.37	0.22
0.50 to <0.75	23,235	59	0.25	0.61	0.60	0.36
0.75 to <2.50	12,764	83	0.65	1.32	1.29	0.60
0.75 to <1.75	10,069	51	0.51	1.09	1.08	0.54
1.75 to <2.50	2,695	32	1.19	2.09	2.08	0.85
2.50 to <10.00	3,777	115	3.04	4.65	4.77	2.41
2.50 to <5.00	2,500	59	2.36	3.54	3.61	1.83
5.00 to <10.00	1,277	56	4.39	7.07	7.03	3.86
10.00 to <100.00	2,614	414	15.84	32.46	32.89	14.57
10.00 to <20.00	1,229	78	6.35	13.36	13.74	5.78
20.00 to <30.00	255	27	10.59	23.53	23.97	11.81
30.00 to <100.00	1,130	309	27.35	51.21	55.73	26.20
100.00 (Default)[1]	3,046	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 39: IRB approach – Backtesting of PD per exposure class for retail – secured by real estate property – SME (fixed PD scale) (UK CR9)

2023

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	**568**	**–**	**–**	**0.09**	**0.09**	**0.07**
0.00 to <0.10	**351**	**–**	**–**	**0.07**	**0.06**	**0.06**
0.10 to <0.15	**217**	**–**	**–**	**0.13**	**0.13**	**0.09**
0.15 to <0.25	**309**	**–**	**–**	**0.19**	**0.18**	**0.14**
0.25 to <0.50	**389**	**1**	**0.26**	**0.38**	**0.37**	**0.22**
0.50 to <0.75	**314**	**–**	**–**	**0.60**	**0.62**	**0.35**
0.75 to <2.50	**695**	**3**	**0.43**	**1.38**	**1.36**	**0.64**
0.75 to <1.75	**585**	**1**	**0.17**	**1.28**	**1.22**	**0.56**
1.75 to <2.50	**110**	**2**	**1.82**	**2.12**	**2.08**	**0.95**
2.50 to <10.00	**230**	**2**	**0.87**	**4.79**	**4.95**	**2.49**
2.50 to <5.00	**114**	**1**	**0.88**	**3.81**	**3.33**	**1.92**
5.00 to <10.00	**116**	**1**	**0.86**	**6.76**	**6.55**	**3.91**
10.00 to <100.00	**86**	**13**	**15.12**	**25.23**	**25.84**	**14.36**
10.00 to <20.00	**43**	**–**	**–**	**14.07**	**12.85**	**4.99**
20.00 to <30.00	**27**	**8**	**29.63**	**26.60**	**26.38**	**10.91**
30.00 to <100.00	**16**	**5**	**31.25**	**61.60**	**59.81**	**26.28**
100.00 (Default)	**26**	**–**	**–**	**100.00**	**100.00**	**–**

2022

PD Range %	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	656	–	–	0.09	0.09	0.29
0.00 to <0.10	406	–	–	0.06	0.06	0.19
0.10 to <0.15	250	–	–	0.13	0.13	0.42
0.15 to <0.25	365	2	0.55	0.20	0.18	0.36
0.25 to <0.50	329	–	–	0.37	0.37	0.53
0.50 to <0.75	247	1	0.40	0.62	0.61	0.66
0.75 to <2.50	611	–	–	1.34	1.41	0.63
0.75 to <1.75	509	–	–	1.22	1.27	0.61
1.75 to <2.50	102	–	–	2.09	2.10	1.02
2.50 to <10.00	293	2	0.68	4.64	4.69	1.14
2.50 to <5.00	173	–	–	3.35	3.34	1.03
5.00 to <10.00	120	2	1.67	6.37	6.64	1.77
10.00 to <100.00	81	18	22.22	19.57	33.59	15.46
10.00 to <20.00	30	2	6.67	13.47	14.51	2.10
20.00 to <30.00	23	3	13.04	24.55	26.10	18.67
30.00 to <100.00	28	13	46.43	60.35	60.17	47.33
100.00 (Default)[1]	34	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 40: IRB approach – Backtesting of PD per exposure class for retail – qualifying revolving (fixed PD scale) (UK CR9)

2023						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	1,022,679	707	0.07	0.07	0.07	0.04
0.00 to <0.10	817,367	566	0.07	0.06	0.06	0.03
0.10 to <0.15	205,312	141	0.07	0.11	0.12	0.05
0.15 to <0.25	272,245	820	0.30	0.21	0.20	0.10
0.25 to <0.50	506,733	6,737	1.33	0.32	0.34	0.20
0.50 to <0.75	304,005	2,225	0.73	0.67	0.65	0.18
0.75 to <2.50	441,800	8,723	1.97	1.48	1.40	0.54
0.75 to <1.75	346,734	6,219	1.79	1.36	1.21	0.46
1.75 to <2.50	95,066	2,504	2.63	2.11	2.09	0.68
2.50 to <10.00	573,776	14,436	2.52	4.80	4.74	1.38
2.50 to <5.00	427,267	7,479	1.75	3.34	3.87	0.98
5.00 to <10.00	146,509	6,957	4.75	7.26	7.26	2.17
10.00 to <100.00	122,833	29,262	23.82	28.40	30.82	6.26
10.00 to <20.00	63,006	6,777	10.76	13.62	13.62	2.92
20.00 to <30.00	21,832	4,744	21.73	23.61	23.44	11.85
30.00 to <100.00	37,995	17,741	46.69	60.68	63.59	16.43
100.00 (Default)	26,472	–	–	100.00	100.00	–

2022						
	Number of obligors at the end of previous year					
PD Range %		Of which number of obligors which defaulted in the year	Observed average default rate %	Exposures weighted average PD %	Average PD %	Average historical annual default rate %
0.00 to <0.15	1,092,656	618	0.06	0.07	0.07	0.04
0.00 to <0.10	844,862	404	0.05	0.06	0.06	0.04
0.10 to <0.15	247,794	214	0.09	0.11	0.12	0.04
0.15 to <0.25	289,245	755	0.26	0.21	0.21	0.08
0.25 to <0.50	607,380	2,956	0.49	0.32	0.34	0.16
0.50 to <0.75	318,968	1,216	0.38	0.67	0.65	0.19
0.75 to <2.50	435,286	4,468	1.03	1.49	1.40	0.53
0.75 to <1.75	344,372	3,095	0.90	1.35	1.22	0.47
1.75 to <2.50	90,914	1,373	1.51	2.12	2.09	0.60
2.50 to <10.00	524,746	10,572	2.01	5.17	4.69	1.33
2.50 to <5.00	389,951	5,293	1.36	3.40	3.86	0.97
5.00 to <10.00	134,795	5,279	3.92	7.56	7.11	1.91
10.00 to <100.00	117,811	25,581	21.71	28.90	31.41	4.03
10.00 to <20.00	61,052	5,504	9.02	13.42	13.78	1.98
20.00 to <30.00	20,668	3,311	16.02	23.39	23.51	11.47
30.00 to <100.00	36,091	16,766	46.45	59.91	65.75	13.01
100.00 (Default)[1]	28,799	–	–	100.00	100.00	–

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for obligors already in default

3.3 Internal Ratings Based models continued

Table 41: IRB – Backtesting of probability of default (PD) for central governments or central banks (UK CR9.1)

		2023				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA	14	–	–	0.01	–
0.016 to <0.025	AA+/AA	22	–	–	0.02	–
0.026 to <0.035	AA-	7	–	–	0.03	–
0.036 to <0.045	A+	7	–	–	0.04	–
0.046 to <0.060	A	6	–	–	0.05	–
0.061 to <0.083	A-	9	–	–	0.07	–
0.084 to <0.110	BBB+	3	–	–	0.09	–
0.111 to <0.170	BBB	3	–	–	0.13	–
0.171 to <0.300	BBB-	9	–	–	0.22	–
0.301 to <0.425	BB+	2	–	–	0.39	–
0.426 to <0.585	BB+/BB	4	–	–	0.51	–
0.586 to <0.770	BB	4	–	–	0.67	–
0.771 to <1.020	BB-	4	–	–	0.89	–
1.021 to <1.350	BB-/B+	4	–	–	1.17	–
1.351 to <1.750	B+	4	–	–	1.54	–
1.751 to <2.350	B+/B	7	–	–	2.03	–
2.351 to <3.050	B	4	–	–	2.67	2.86
3.051 to <4.000	B/B-	7	–	–	3.51	5.00
4.001 to <5.300	B-	4	–	–	4.62	–
5.301 to <7.000	B-	4	–	–	6.08	–
7.001 to <15.750	B-/CCC+	4	–	–	8.01	–
15.751 to <99.999	CCC+/C	3	–	–	10.54	–
100	N/A	1	–	–	13.77	–
100	N/A	3	–	–	18.00	20.00
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 41: IRB – Backtesting of probability of default (PD) for central governments or central banks (UK CR9.1) continued

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA	12	–	–	0.01	–
0.016 to <0.025	AA+/AA	20	–	–	0.02	–
0.026 to <0.035	AA-	9	–	–	0.03	–
0.036 to <0.045	A+	6	–	–	0.04	–
0.046 to <0.060	A	1	–	–	0.05	–
0.061 to <0.083	A-	11	–	–	0.07	–
0.084 to <0.110	BBB+	6	–	–	0.09	–
0.111 to <0.170	BBB	4	–	–	0.13	–
0.171 to <0.300	BBB-	6	–	–	0.22	–
0.301 to <0.425	BB+	2	–	–	0.39	–
0.426 to <0.585	BB+/BB	2	–	–	0.51	–
0.586 to <0.770	BB	4	–	–	0.67	–
0.771 to <1.020	BB-	7	–	–	0.89	–
1.021 to <1.350	BB-/B+	4	–	–	1.17	–
1.351 to <1.750	B+	2	–	–	1.54	–
1.751 to <2.350	B+/B	10	–	–	2.03	–
2.351 to <3.050	B	7	1	14.29	2.67	–
3.051 to <4.000	B/B-	8	2	25.00	3.51	–
4.001 to <5.300	B-	5	–	–	4.62	–
5.301 to <7.000	B-	4	–	–	6.08	–
7.001 to <15.750	B-/CCC+	7	–	–	9.28	–
15.751 to <99.999	CCC+/C	4	2	50.00	25.50	83.33
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

Credit risk

3.3 Internal Ratings Based models continued

Table 42: IRB – Backtesting of probability of default (PD) for institutions (CR9.1)

		2023				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-/A+	20	–	–	0.03	–
0.036 to <0.045	A	3	–	–	0.04	–
0.046 to <0.060	A-	1	–	–	0.05	–
0.061 to <0.083	BBB+	–	–	–	–	–
0.084 to <0.110	BBB	2	–	–	0.09	–
0.111 to <0.170	BBB/BBB-	1	–	–	0.13	–
0.171 to <0.300	BBB-	5	–	–	0.22	–
0.301 to <0.425	BB+	–	–	–	–	–
0.426 to <0.585	BB	1	–	–	0.51	–
0.586 to <0.770	BB/BB-	–	–	–	–	–
0.771 to <1.020	BB-	1	–	–	0.90	–
1.021 to <1.350	BB-/B+	–	–	–	–	–
1.351 to <1.750	B+	–	–	–	–	–
1.751 to <2.350	B+/B	–	–	–	–	–
2.351 to <3.050	B	–	–	–	–	–
3.051 to <4.000	B/B-	–	–	–	–	–
4.001 to <5.300	B-	–	–	–	–	–
5.301 to <7.000	B-/CCC	–	–	–	–	–
7.001 to <15.750	CCC/C	–	–	–	–	–
15.751 to <99.999	CCC/C	–	–	–	–	–
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 42: IRB – Backtesting of probability of default (PD) for institutions (CR9.1) continued

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-/A+	22	–	–	0.03	–
0.036 to <0.045	A	3	–	–	0.04	–
0.046 to <0.060	A-	–	–	–	–	–
0.061 to <0.083	BBB+	1	–	–	0.07	–
0.084 to <0.110	BBB	2	–	–	0.09	–
0.111 to <0.170	BBB/BBB-	2	–	–	0.13	–
0.171 to <0.300	BBB-	4	–	–	0.22	–
0.301 to <0.425	BB+	–	–	–	–	–
0.426 to <0.585	BB	–	–	–	–	–
0.586 to <0.770	BB/BB-	–	–	–	–	–
0.771 to <1.020	BB-	–	–	–	–	–
1.021 to <1.350	BB-/B+	1	–	–	1.19	–
1.351 to <1.750	B+	–	–	–	–	–
1.751 to <2.350	B+/B	–	–	–	–	–
2.351 to <3.050	B	–	–	–	–	–
3.051 to <4.000	B/B-	–	–	–	–	–
4.001 to <5.300	B-	2	–	–	4.62	–
5.301 to <7.000	B-/CCC	–	–	–	–	–
7.001 to <15.750	CCC/C	–	–	–	–	–
15.751 to <99.999	CCC/C	–	–	–	–	–
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 43: IRB – Backtesting of probability of default (PD) for corporates (CR9.1)

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	3	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	61	–	–	0.03	–
0.036 to <0.045	A+	37	–	–	0.04	–
0.046 to <0.060	A/A-	125	–	–	0.05	–
0.061 to <0.083	BBB+	192	1	0.52	0.07	–
0.084 to <0.110	BBB+/BBB	255	–	–	0.09	–
0.111 to <0.170	BBB	262	–	–	0.13	–
0.171 to <0.300	BBB-	491	1	0.20	0.22	0.05
0.301 to <0.425	BBB-/BB+	286	–	–	0.39	0.37
0.426 to <0.585	BB+/BB	242	–	–	0.51	0.36
0.586 to <0.770	BB	201	–	–	0.67	0.42
0.771 to <1.020	BB-	105	1	0.95	0.89	0.83
1.021 to <1.350	BB-	72	2	2.78	1.17	0.40
1.351 to <1.750	BB-/B+	74	–	–	1.55	1.63
1.751 to <2.350	B+	49	–	–	2.02	1.83
2.351 to <3.050	B	33	3	9.09	2.67	5.95
3.051 to <4.000	B	33	5	15.15	3.48	8.32
4.001 to <5.300	B/B-	19	–	–	4.72	8.81
5.301 to <7.000	B-	7	–	–	6.15	13.33
7.001 to <15.750	B-/CCC+	14	1	7.14	8.01	–
15.751 to <99.999	CCC+/C	2	–	–	10.54	–
100	N/A	17	–	–	14.30	2.68
100	N/A	19	1	5.26	18.00	9.67
Unrated	N/A	11	3	27.27	24.62	26.95

3.3 Internal Ratings Based models continued

Table 43: IRB – Backtesting of probability of default (PD) for corporates (CR9.1) continued

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	41	–	–	0.03	–
0.036 to <0.045	A+	25	–	–	0.04	–
0.046 to <0.060	A/A-	81	–	–	0.05	–
0.061 to <0.083	BBB+	156	–	–	0.07	–
0.084 to <0.110	BBB+/BBB	213	–	–	0.09	–
0.111 to <0.170	BBB	262	–	–	0.13	–
0.171 to <0.300	BBB-	444	–	–	0.22	0.05
0.301 to <0.425	BBB-/BB+	302	2	0.66	0.39	0.23
0.426 to <0.585	BB+/BB	227	2	0.88	0.51	0.18
0.586 to <0.770	BB	194	–	–	0.67	0.42
0.771 to <1.020	BB-	122	2	1.64	0.89	0.75
1.021 to <1.350	BB-	94	–	–	1.17	0.40
1.351 to <1.750	BB-/B+	56	–	–	1.54	1.63
1.751 to <2.350	B+	48	–	–	2.04	1.83
2.351 to <3.050	B	46	2	4.35	2.66	5.08
3.051 to <4.000	B	34	2	5.88	3.52	9.87
4.001 to <5.300	B/B-	166	–	–	4.63	8.81
5.301 to <7.000	B-	5	–	–	6.08	13.33
7.001 to <15.750	B-/CCC+	25	–	–	10.56	3.79
15.751 to <99.999	CCC+/C	26	4	15.38	24.59	22.35
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

Credit risk

3.3 Internal Ratings Based models continued

Table 44: IRB – Backtesting of probability of default (PD) for corporates – specialised lending (CR9.1)

		2023				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	–	–	–	–	–
0.036 to <0.045	A+	–	–	–	–	–
0.046 to <0.060	A/A-	1	–	–	0.05	–
0.061 to <0.083	BBB+	–	–	–	–	–
0.084 to <0.110	BBB+/BBB	–	–	–	–	–
0.111 to <0.170	BBB	2	–	–	0.13	–
0.171 to <0.300	BBB-	–	–	–	–	–
0.301 to <0.425	BBB-/BB+	3	–	–	0.39	–
0.426 to <0.585	BB+/BB	6	–	–	0.51	–
0.586 to <0.770	BB	–	–	–	–	–
0.771 to <1.020	BB-	1	–	–	0.89	–
1.021 to <1.350	BB-	–	–	–	–	–
1.351 to <1.750	BB-/B+	–	–	–	–	–
1.751 to <2.350	B+	1	–	–	2.03	–
2.351 to <3.050	B	1	–	–	2.67	–
3.051 to <4.000	B	–	–	–	–	–
4.001 to <5.300	B/B-	–	–	–	–	–
5.301 to <7.000	B-	–	–	–	–	–
7.001 to <15.750	B-/CCC+	–	–	–	–	–
15.751 to <99.999	CCC+/C	–	–	–	–	–
100	N/A	–	–	–	–	–
100	N/A	1	–	–	18.00	–
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 44: IRB – Backtesting of probability of default (PD) for corporates – specialised lending (CR9.1) continued

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	–	–	–	–	–
0.036 to <0.045	A+	–	–	–	–	–
0.046 to <0.060	A/A-	1	–	–	0.05	–
0.061 to <0.083	BBB+	–	–	–	–	–
0.084 to <0.110	BBB+/BBB	–	–	–	–	–
0.111 to <0.170	BBB	–	–	–	–	–
0.171 to <0.300	BBB-	2	–	–	0.22	11.11
0.301 to <0.425	BBB-/BB+	2	–	–	0.39	–
0.426 to <0.585	BB+/BB	2	–	–	0.51	–
0.586 to <0.770	BB	–	–	–	–	–
0.771 to <1.020	BB-	–	–	–	–	–
1.021 to <1.350	BB-	6	–	–	1.17	–
1.351 to <1.750	BB-/B+	2	–	–	1.54	–
1.751 to <2.350	B+	–	–	–	–	–
2.351 to <3.050	B	–	–	–	–	–
3.051 to <4.000	B	–	–	–	–	–
4.001 to <5.300	B/B-	–	–	–	–	–
5.301 to <7.000	B-	–	–	–	–	–
7.001 to <15.750	B-/CCC+	3	–	–	8.01	–
15.751 to <99.999	CCC+/C	1	–	–	21.28	–
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 45: IRB – Backtesting of probability of default (PD) for corporates – SME (CR9.1)

		2023				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	1	–	–	0.03	–
0.036 to <0.045	A+	–	–	–	–	–
0.046 to <0.060	A/A-	–	–	–	–	–
0.061 to <0.083	BBB+	1	–	–	0.07	–
0.084 to <0.110	BBB+/BBB	–	–	–	–	–
0.111 to <0.170	BBB	1	–	–	0.13	–
0.171 to <0.300	BBB-	1	–	–	0.22	–
0.301 to <0.425	BBB-/BB+	5	–	–	0.39	–
0.426 to <0.585	BB+/BB	1	–	–	0.51	–
0.586 to <0.770	BB	2	–	–	0.67	–
0.771 to <1.020	BB-	–	–	–	–	–
1.021 to <1.350	BB-	3	–	–	1.17	–
1.351 to <1.750	BB-/B+	1	–	–	1.54	–
1.751 to <2.350	B+	–	–	–	–	–
2.351 to <3.050	B	5	–	–	2.67	–
3.051 to <4.000	B	1	–	–	3.31	–
4.001 to <5.300	B/B-	–	–	–	–	–
5.301 to <7.000	B-	–	–	–	–	–
7.001 to <15.750	B-/CCC+	–	–	–	–	–
15.751 to <99.999	CCC+/C	–	–	–	–	–
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

3.3 Internal Ratings Based models continued

Table 45: IRB – Backtesting of probability of default (PD) for corporates – SME (CR9.1) continued

		2022				
		Number of obligors at the end of previous year				
PD Range %	External Rating equivalent (S&P)		Of which number of obligors which defaulted in the year	Observed average default rate %	Average PD %	Average historical annual default rate %
0.000 to <0.015	AAA/AA+	–	–	–	–	–
0.016 to <0.025	AA	–	–	–	–	–
0.026 to <0.035	AA-	–	–	–	–	–
0.036 to <0.045	A+	–	–	–	–	–
0.046 to <0.060	A/A-	–	–	–	–	–
0.061 to <0.083	BBB+	–	–	–	–	–
0.084 to <0.110	BBB+/BBB	1	–	–	0.09	–
0.111 to <0.170	BBB	2	–	–	0.13	–
0.171 to <0.300	BBB-	5	–	–	0.22	–
0.301 to <0.425	BBB-/BB+	2	–	–	0.39	–
0.426 to <0.585	BB+/BB	3	–	–	0.51	–
0.586 to <0.770	BB	2	–	–	0.67	–
0.771 to <1.020	BB-	3	–	–	0.89	–
1.021 to <1.350	BB-	4	–	–	1.17	–
1.351 to <1.750	BB-/B+	–	–	–	–	–
1.751 to <2.350	B+	1	–	–	2.03	–
2.351 to <3.050	B	–	–	–	–	–
3.051 to <4.000	B	1	–	–	3.51	–
4.001 to <5.300	B/B-	–	–	–	–	–
5.301 to <7.000	B-	–	–	–	–	–
7.001 to <15.750	B-/CCC+	–	–	–	–	–
15.751 to <99.999	CCC+/C	1	–	–	33.00	–
100	N/A	–	–	–	–	–
100	N/A	–	–	–	–	–
Unrated	N/A	–	–	–	–	–

3.4 Credit risk quality

The following tables detail the Group's Credit quality of exposures. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

Table 46 shows the credit quality of on and off-balance sheet non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

Table 47 shows the on and off-balance sheet net credit risk exposures by residual contractual maturity, split by either loans and advances or debt securities.

Table 48 shows information on changes in the institutions stock of on balance sheet non-performing loans and advances.

Table 49 shows the quality of on and off-balance sheet forborne exposures.

Table 50 shows the credit quality of performing and non-performing exposures by past due days.

Table 51 shows the credit quality of on balance sheet and off-balance sheet exposure for loans and advances, debt securities derivatives and equity instruments by geography.

Table 52 shows the credit quality of loans and advances on balance sheet exposure to non-financial corporation by industry types.

The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes, the extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this, and methods used for determining general and specific credit risk adjustments are shown in the 2023 Annual Report and Accounts on page 258.

Table 46: Performing and non-performing exposures and related provisions (UK CR1)

		2023					
		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
005	Cash balances at central banks and other demand deposits	68,467	68,260	207	404	–	404
010	Loans and advances	403,663	391,838	11,825	7,304	–	7,304
020	Central banks	31,695	29,829	1,866	224	–	224
030	General governments	10,157	9,406	750	140	–	140
040	Credit institutions	67,774	67,373	401	46	–	46
050	Other financial corporations	70,239	69,983	256	108	–	108
060	Non-financial corporations	103,945	97,315	6,629	5,797	–	5,797
070	Of which SMEs	11,040	10,463	578	682	–	682
080	Households	119,854	117,930	1,923	989	–	989
090	Debt securities	161,522	159,630	1,893	170	–	170
100	Central banks	17,356	16,653	702	77	–	77
110	General governments	75,152	73,966	1,186	–	–	–
120	Credit institutions	41,948	41,944	4	–	–	–
130	Other financial corporations	19,983	19,983	–	–	–	–
140	Non-financial corporations	7,083	7,083	–	93	–	93
150	Off-balance-sheet exposures	256,347	247,704	8,643	675	–	675
160	Central banks	505	505	–	–	–	–
170	General governments	5,443	5,112	330	–	–	–
180	Credit institutions	16,879	16,511	368	15	–	15
190	Other financial corporations	47,299	46,547	753	13	–	13
200	Non-financial corporations	112,619	105,585	7,034	645	–	645
210	Households	73,602	73,444	158	2	–	2
220	**Total**	889,999	867,431	22,567	8,553	–	8,553

3.4 Credit risk quality continued

Table 46: Performing and non-performing exposures and related provisions (UK CR1) continued

		2023								
		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					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005	Cash balances at central banks and other demand deposits	(7)	–	(7)	(12)	–	(12)	–	–	–
010	Loans and advances	(869)	(438)	(431)	(4,324)	–	(4,324)	(4,655)	126,258	1,176
020	Central banks	(1)	–	(1)	(14)	–	(14)	–	4,106	–
030	General governments	(6)	(3)	(3)	(25)	–	(25)	(3)	1,583	5
040	Credit institutions	(5)	(4)	(1)	(15)	–	(15)	(27)	14,177	1
050	Other financial corporations	(21)	(16)	(5)	(100)	–	(100)	(311)	5,267	1
060	Non-financial corporations	(436)	(140)	(296)	(3,874)	–	(3,874)	(4,311)	20,867	608
070	Of which SMEs	(76)	(49)	(27)	(470)	–	(470)	–	1,378	8
080	Households	(401)	(275)	(126)	(296)	–	(296)	(3)	80,258	562
090	Debt securities	(61)	(32)	(30)	(62)	–	(62)	–	138	–
100	Central banks	(6)	(3)	(2)	(5)	–	(5)	–	–	–
110	General governments	(38)	(12)	(25)	–	–	–	–	10	–
120	Credit institutions	(11)	(10)	(2)	–	–	–	–	9	–
130	Other financial corporations	(3)	(3)	–	–	–	–	–	64	–
140	Non-financial corporations	(4)	(4)	–	(57)	–	(57)	–	54	–
150	Off-balance-sheet exposures	(115)	(62)	(52)	(112)	–	(112)		5,497	34
160	Central banks	(1)	(1)	–	–	–	–		–	–
170	General governments	(4)	(3)	(1)	–	–	–		204	–
180	Credit institutions	(2)	(2)	–	(1)	–	(1)		55	1
190	Other financial corporations	(9)	(6)	(3)	–	–	–		1,018	–
200	Non-financial corporations	(91)	(45)	(47)	(111)	–	(111)		3,874	33
210	Households	(7)	(5)	(1)	–	–	–		346	–
220	**Total**	(1,052)	(532)	(520)	(4,511)	–	(4,511)	(4,655)	131,892	1,210

3.4 Credit risk quality continued

Table 46: Performing and non-performing exposures and related provisions (UK CR1) continued

		2022					
		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
005	Cash balances at central banks and other demand deposits	56,808	56,490	318	285	–	285
010	Loans and advances	413,460	400,020	13,440	7,905	–	7,905
020	Central banks	40,981	40,972	9	–	–	–
030	General governments	8,314	7,717	597	182	–	182
040	Credit institutions	58,133	57,729	404	141	–	141
050	Other financial corporations	65,035	64,547	488	212	–	212
060	Non-financial corporations	107,705	97,339	10,366	6,195	–	6,195
070	Of which SMEs	1,550	1,314	236	311	–	311
080	Households	133,292	131,715	1,577	1,175	–	1,175
090	Debt securities	173,150	167,603	5,546	142	–	142
100	Central banks	21,891	21,361	530	65	–	65
110	General governments	70,387	66,798	3,589	–	–	–
120	Credit institutions	47,104	46,030	1,074	18	–	18
130	Other financial corporations	22,454	22,247	207	–	–	–
140	Non-financial corporations	11,313	11,166	147	60	–	60
150	Off-balance-sheet exposures	228,580	219,935	8,645	793	–	793
160	Central banks	635	634	–	–	–	–
170	General governments	1,443	1,124	319	67	–	67
180	Credit institutions	15,443	15,139	304	21	–	21
190	Other financial corporations	34,028	33,552	476	29	–	29
200	Non-financial corporations	111,807	104,584	7,222	667	–	667
210	Households	65,226	64,902	323	9	–	9
220	**Total**	871,998	844,048	27,949	9,126	–	9,126

3.4 Credit risk quality continued

Table 46: Performing and non-performing exposures and related provisions (UK CR1) continued

		2022								
		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					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005	Cash balances at central banks and other demand deposits	–	–	(8)	–	–	–	–	–	–
010	Loans and advances	(1,019)	(567)	(451)	(4,466)	–	(4,466)	(4,507)	145,796	1,401
020	Central banks	–	–	–	–	–	–	–	12,197	–
030	General governments	(2)	(1)	(1)	(19)	–	(19)	(3)	5,279	10
040	Credit institutions	(4)	(3)	(1)	(129)	–	(129)	(27)	21,511	–
050	Other financial corporations	(17)	(9)	(8)	(172)	–	(172)	(279)	16,139	–
060	Non-financial corporations	(463)	(207)	(257)	(3,634)	–	(3,634)	(4,195)	21,952	883
070	Of which SMEs	(7)	(2)	(5)	(125)	–	(125)	–	–	1
080	Households	(533)	(348)	(184)	(511)	–	(511)	(3)	68,718	507
090	Debt securities	(125)	(35)	(89)	(111)	–	(111)	–	397	10
100	Central banks	(7)	(6)	(1)	(60)	–	(60)	–	–	–
110	General governments	(12)	(11)	(2)	–	–	–	–	–	–
120	Credit institutions	(18)	(9)	(9)	–	–	–	–	–	–
130	Other financial corporations	(5)	(4)	(1)	–	–	–	–	128	–
140	Non-financial corporations	(82)	(6)	(76)	(51)	–	(51)	–	269	10
150	Off-balance-sheet exposures	(133)	(52)	(81)	(148)	–	(148)		5,520	23
160	Central banks	–	–	–	–	–	–		–	–
170	General governments	(2)	(1)	(1)	–	–	–		168	–
180	Credit institutions	(3)	(3)	–	(4)	–	(4)		93	2
190	Other financial corporations	(3)	(3)	–	–	–	–		1,250	2
200	Non-financial corporations	(121)	(42)	(79)	(135)	–	(135)		3,753	19
210	Households	(4)	(3)	(1)	(9)	–	(9)		257	–
220	**Total**	(1,276)	(654)	(630)	(4,724)	–	(4,724)	(4,507)	151,713	1,434

3.4 Credit risk quality continued

Table 47: Maturity of exposures (UK CR1-A)

		2023					
		Net exposure value					
		On demand $million	<= 1 year $million	> 1 year <= 5 years $million	> 5 years $million	No stated maturity $million	Total $million
1	Loans and advances	**23,349**	**246,494**	**56,506**	**96,928**	**–**	**423,278**
2	Debt securities	**213**	**97,687**	**69,079**	**46,237**	**–**	**213,216**
3	**Total**	**23,562**	**344,182**	**125,585**	**143,165**	**–**	**636,494**

		2022					
		Net exposure value					
		On demand $million	<= 1 year $million	> 1 year <= 5 years $million	> 5 years $million	No stated maturity $million	Total $million
1	Loans and advances	22,031	246,793	56,193	97,162	–	422,179
2	Debt securities	5	89,441	64,022	48,735	–	202,203
3	**Total**	22,036	336,234	120,215	145,897	–	624,382

Table 48: Changes in the stock of non-performing loans and advances (UK CR2)

		2023 Gross carrying amount $million	2022 Gross carrying amount $million
010	**Initial stock of non-performing loans and advances**	**7,904**	8,061
020	Inflows to non-performing portfolios	**3,029**	3,978
030	Outflows from non-performing portfolios	**(3,629)**	(4,136)
040	Outflows due to write-offs	**(1,675)**	(1,411)
050	Outflow due to other situations	**(1,954)**	(2,725)
060	**Final stock of non-performing loans and advances**	**7,304**	7,904

3.4 Credit risk quality continued

Table 49: Credit quality of forborne exposures (UK CQ1)

		2023							
		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 forborne exposures	
		Performing forborne	Non-performing forborne						
				Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		$million	$million	$million	$million	$million	$million	$million	$million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	40	2,614	2,614	2,485	(2)	(1,648)	447	416
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	20	20	20	–	(20)	–	–
060	Non-financial corporations	24	2,363	2,363	2,360	–	(1,528)	399	379
070	Households	16	230	230	105	(2)	(99)	47	37
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	40	2,614	2,614	2,485	(2)	(1,648)	447	416

		2022							
		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 forborne exposures	
		Performing forborne	Non-performing forborne						
				Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		$million	$million	$million	$million	$million	$million	$million	$million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	152	2,354	2,072	2,298	(1)	(1,380)	393	326
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	7	7	7	–	(3)	1	1
060	Non-financial corporations	132	2,089	2,055	2,084	–	(1,276)	320	273
070	Households	19	258	10	207	(1)	(101)	72	51
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	152	2,354	2,072	2,298	(1)	(1,380)	393	326

3.4 Credit risk quality continued

50: Credit quality of performing and non-performing exposures by past due days (UK CQ3)

		2023											
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005	Cash balances at central banks and other demand deposits	68,467	68,467	–	404	404	–	–	–	–	–	–	404
010	Loans and advances	403,663	403,303	360	7,304	3,249	671	327	918	1,157	380	602	7,304
020	Central banks	31,695	31,695	–	224	224	–	–	–	–	–	–	224
030	General governments	10,157	10,157	–	140	51	–	5	14	69	–	–	140
040	Credit institutions	67,774	67,773	–	46	–	46	–	–	–	–	–	46
050	Other financial corporations	70,239	70,239	–	108	33	17	–	–	42	–	16	108
060	Non-financial corporations	103,945	103,855	89	5,797	2,613	109	278	853	985	377	584	5,797
070	Of which SMEs	11,040	10,990	50	682	236	46	31	35	134	91	110	682
080	Households	119,854	119,583	271	989	328	499	44	51	61	3	3	989
090	Debt securities	161,522	161,522	1	170	170	–	–	–	–	–	–	170
100	Central banks	17,356	17,356	–	77	77	–	–	–	–	–	–	77
110	General governments	75,152	75,152	1	–	–	–	–	–	–	–	–	–
120	Credit institutions	41,948	41,948	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	19,983	19,983	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	7,083	7,083	–	93	93	–	–	–	–	–	–	93
150	Off-balance-sheet exposures	256,347			675								675
160	Central banks	505			–								–
170	General governments	5,443			–								–
180	Credit institutions	16,879			15								15
190	Other financial corporations	47,299			13								13
200	Non-financial corporations	112,619			645								645
210	Households	73,602			2								2
220	**Total**	**889,999**	**633,291**	**361**	**8,553**	**3,823**	**671**	**327**	**918**	**1,157**	**380**	**602**	**8,553**

3.4 Credit risk quality continued

Table 50: Credit quality of performing and non-performing exposures by past due days (UK CQ3) continued

		2022											
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005	Cash balances at central banks and other demand deposits	56,808	56,808	–	285	285	–	–	–	–	–	–	285
010	Loans and advances	413,460	413,057	403	7,905	3,234	710	786	512	1,313	541	808	7,905
020	Central banks	40,981	40,981	–	–	–	–	–	–	–	–	–	–
030	General governments	8,314	8,311	3	182	137	–	–	–	45	–	–	182
040	Credit institutions	58,133	58,125	8	141	119	23	–	–	–	–	–	141
050	Other financial corporations	65,035	65,034	2	212	30	–	–	60	–	–	122	212
060	Non-financial corporations	107,705	107,494	211	6,195	2,282	430	753	392	1,165	509	664	6,195
070	Of which SMEs	1,550	1,437	112	311	215	29	21	24	19	1	1	311
080	Households	133,292	133,112	179	1,175	667	257	33	60	103	32	23	1,175
090	Debt securities	173,150	173,147	2	142	142	–	–	–	–	–	–	142
100	Central banks	21,891	21,891	–	65	65	–	–	–	–	–	–	65
110	General governments	70,387	70,387	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	47,104	47,104	1	18	18	–	–	–	–	–	–	18
130	Other financial corporations	22,454	22,453	1	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	11,313	11,313	–	60	60	–	–	–	–	–	–	60
150	Off-balance-sheet exposures	228,580			793								793
160	Central banks	635			–								–
170	General governments	1,443			67								67
180	Credit institutions	15,443			21								21
190	Other financial corporations	34,028			29								29
200	Non-financial corporations	111,807			667								667
210	Households	65,226			9								9
220	**Total**	871,998	643,013	405	9,126	3,662	710	786	512	1,313	541	808	9,126

3.4 Credit risk quality continued

Tables 51 and 52 break down defaulted and non-defaulted exposures by exposure class, as defined in the CRR, and by geography and industry.

Table 51: Quality of non-performing exposures by geography (UK CQ4)

		2023						
		Gross carrying amount						
			Of which non-performing					
		$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment $million	Accumulated impairment $million	Provisions on off-balance-sheet commitments and financial guarantees given $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
010	**On-balance-sheet exposures**	**641,530**		**7,878**		**(5,336)**		**–**
020	Hong Kong	**78,712**		**408**		**(447)**		**–**
030	Korea	**50,573**		**144**		**(137)**		**–**
040	Singapore	**68,926**		**436**		**(459)**		**–**
050	United States	**93,596**		**2**		**(8)**		**–**
060	Other countries	**349,724**		**6,889**		**(4,285)**		**–**
070	**Off-balance-sheet exposures**	**257,022**		**675**			**(227)**	
080	United Kingdom	**20,224**		**3**			**(6)**	
090	Hong Kong	**41,374**		**–**			**(31)**	
100	Singapore	**38,981**		**35**			**(25)**	
110	United States	**41,687**		**9**			**(7)**	
120	Other countries	**114,756**		**627**			**(159)**	
130	**Total**	**898,552**		**8,553**		**(5,336)**	**(227)**	**–**

		2022						
		Gross carrying amount						
			Of which non-performing					
		$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment $million	Accumulated impairment $million	Provisions on off-balance-sheet commitments and financial guarantees given $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
010	**On-balance-sheet exposures**	594,657		8,048		(5,720)		–
020	Hong Kong	84,619		315		(387)		–
030	Korea	67,485		131		(128)		–
040	Singapore	75,176		536		(535)		–
050	United States	74,834		8		(14)		–
060	Other countries	292,544		7,058		(4,655)		–
070	**Off-balance-sheet exposures**	299,373		793			(281)	
080	United Kingdom	14,446		129			(10)	
090	Hong Kong	37,121		–			(16)	
100	Singapore	33,568		91			(26)	
110	United States	33,150		29			(25)	
120	Other countries	111,089		544			(203)	
130	**Total**	824,030		8,841		(5,720)	(281)	–

3.4 Credit risk quality continued

Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5)

		2023					
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
		$million	$million	Of which defaulted $million	$million	Accumulated impairment $million	$million
005	Cash balances at central banks and other demand deposits	68,870		404		(19)	–
010	Agriculture, forestry and fishing	717		80		(67)	–
020	Mining and quarrying	5,265		371		(156)	–
030	Manufacturing	41,645		1,564		(1,295)	–
040	Electricity, gas, steam and air conditioning supply	7,605		242		(99)	–
050	Water supply	339		43		(37)	–
060	Construction	2,175		269		(243)	–
070	Wholesale and retail trade	21,384		972		(622)	–
080	Transport and storage	6,988		158		(78)	–
090	Accommodation and food service activities	1,379		101		(24)	–
100	Information and communication	2,958		97		(74)	–
110	Financial and insurance activities	68		–		–	–
120	Real estate activities	16,154		1,647		(1,249)	–
130	Professional, scientific and technical activities	913		8		(7)	–
140	Administrative and support service activities	698		25		(13)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	175		14		(1)	–
170	Human health services and social work activities	493		40		(37)	–
180	Arts, entertainment and recreation	163		1		–	–
190	Other services	622		166		(310)	–
200	Total	109,741		5,797		(4,310)	–
210	Households	120,843		989		(697)	–
220	**Total**	**299,455**		**7,190**		**(5,027)**	–

Credit risk

3.4 Credit risk quality continued

Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) continued

		2022					
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment	Accumulated impairment	
		$million	$million	Of which defaulted $million	$million	$million	$million
005	Cash balances at central banks and other demand deposits	57,093		285		(8)	–
010	Agriculture, forestry and fishing	369		74		(31)	–
020	Mining and quarrying	4,846		227		(168)	–
030	Manufacturing	46,932		2,061		(1,348)	–
040	Electricity, gas, steam and air conditioning supply	7,015		250		(105)	–
050	Water supply	194		40		(31)	–
060	Construction	1,734		374		(315)	–
070	Wholesale and retail trade	22,714		947		(719)	–
080	Transport and storage	7,829		367		(136)	–
090	Accommodation and food service activities	1,401		66		(28)	–
100	Information and communication	3,944		158		(113)	–
110	Financial and insurance activities	11		–		–	–
120	Real estate activities	14,328		1,281		(810)	–
130	Professional, scientific and technical activities	614		13		(10)	–
140	Administrative and support service activities	819		43		(19)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	144		13		(1)	–
170	Human health services and social work activities	539		64		(46)	–
180	Arts, entertainment and recreation	169		–		(1)	–
190	Other services	298		215		(216)	–
200	Total	113,900		6,195		(4,097)	–
210	Households	134,467		1,175		(1,044)	–
220	**Total**	305,459		7,655		(5,149)	–

3.5 Risk grade profile

Exposures by internal credit grading

For CCIB IRB portfolios, an alphanumeric credit risk-grading system is used. The grading is based on the Group's internal estimate of probability of default over a one-year horizon, with customers or portfolios assessed against a range of quantitative and qualitative factors from credit risk models. The numeric grades run from 1 to 14 and some of the grades are further sub-classified. Numerically lower credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers and credit grades 13 and 14 are assigned to non-performing or defaulted customers. The Group's credit grades in CCIB are not intended to replicate external credit grades, and ratings assigned by external credit assessment institutions (ECAI) are not used in determining internal credit grades. Nonetheless, as the assessment factors used to grade a borrower may be similar, a borrower rated poorly by an ECAI is typically expected to be assigned a weak internal credit grade.

For Retail exposures, application and behaviour credit scores are calibrated to generate a PD used for RWA and capital estimate purposes for IRB portfolios and mapped to the standard alphanumeric credit risk grade system for credit risk management and reporting purposes. Where available, information from credit bureaus is considered, but is not the sole determinant for PDs.

IRB models cover a substantial majority of the Group's exposures and are used extensively in assessing risks at customer and portfolio level, setting strategy and optimising the Group's risk-return decisions. The Group makes use of internal risk estimates of PD, LGD and EAD in the areas of:

- Credit Approval and Decision – In CCIB, the level of authority required for the sanctioning of credit requests and the decision made is based on a combination of PD, LGD and EAD of the obligor with reference to the nominal exposure. In Retail, credit scores are relied upon as one of the primary drivers for credit decisioning.
- Pricing – In CCIB, a pre-deal pricing calculator, which takes into consideration PD, LGD and EAD in the calculation of expected loss and risk-weighted assets, is used for the proposed transactions to ensure appropriate returns. In Retail unsecured lending, a risk-return approach based on PD estimates is used as guidance for pricing strategy.
- Limit Setting – In CCIB, single name concentration limits are determined by PD, LGD and EAD. The limits operate on a sliding scale to ensure that the Group does not have an excessive concentration of low credit quality assets. In Retail unsecured lending, limit assignment/loan amounts are risk-based and segregated by credit score bands.

Table 53 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 55 to 66.

IRB credit risk excluding counterparty credit risk EAD increased by $11.5 billion and RWA decreased by $8.8 billion (Tables 55 to 66):

- Central governments and central banks EAD increased $15.9 billion and RWA decreased by $2.0 billion
- Institutions EAD increased $11.9 billion and RWA by $0.5 billion
- Corporates EAD decreased $7.7 billion and RWA by $6.3 billion
- Retail EAD decreased $7.8 billion and RWA by $0.2 billion

3.5 Risk grade profile continued

Table 53: IRB – Credit risk exposure by exposure class

	2023											
	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	180,664	172,579	–	181,164	0.95	0.2	45	1.22	24,116	13	209	(93)
Institutions	78,163	165,560	8	89,482	0.45	1.3	34	0.94	13,655	15	65	(24)
Corporates[3]	105,582	330,322	20	176,518	2.68	20.6	39	1.33	61,175	35	3,773	(3,820)
Other	91,468	302,556	20	161,369	2.40	15.7	40	1.24	56,213	35	3,083	(3,040)
Of which Specialised lending	11,425	24,630	20	11,974	4.37	0.6	24	2.25	3,422	29	414	(482)
Of which SME	2,689	3,136	19	3,175	11.19	4.3	28	1.34	1,540	49	276	(298)
Retail	90,866	38,056	47	108,699	1.23	4,141.6	40		22,244	20	767	(363)
Of which secured by real estate	74,977	1,988	99	76,945	0.58	315.2	15		5,228	7	65	(34)
– SME	387	54	63	420	3.44	2.4	7		29	7	1	(1)
– Non SME	74,590	1,934	100	76,525	0.59	312.8	15		5,199	7	64	(33)
Of which qualifying revolving retail	3,419	27,529	45	15,712	1.31	3,007.3	83		4,455	28	201	(97)
Of which other retail	12,470	8,539	44	16,042	4.89	819.1	69		12,561	78	501	(232)
– SME	2,004	2,117	5	1,927	8.96	26.1	50		1,110	58	98	(58)
– Non SME	10,466	6,422	57	14,115	3.90	793.0	73		11,451	81	403	(174)
Non-credit obligation assets	43	–	–	43	–				43	100		–
Total IRB[3]	455,318	706,517	21	555,906	2.05	4,163.7	40	1.12	121,233	22	4,814	(4,300)

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 Refer to Table 20 (OV1) for RWA

3.5 Risk grade profile continued

Table 53: IRB – Credit risk exposure by exposure class continued

	2022											
	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 adjust-ments and provisions $million
IRB Exposure Class												
Central governments or central banks	165,753	183,330	2	165,240	0.73	0.2	45	1.45	26,122	16	516	(183)
Institutions	69,242	171,962	7	77,623	0.33	1.3	33	1.58	13,130	17	73	(27)
Corporates[3]	116,647	318,766	21	184,208	2.25	22.0	40	1.37	67,500	37	3,707	(3,982)
Other	101,297	289,249	21	168,836	1.91	16.3	41	1.32	62,294	37	2,843	(3,089)
Of which Specialised lending	12,201	23,028	19	11,588	4.75	0.8	25	1.86	3,460	30	578	(640)
Of which SME	3,149	6,489	12	3,784	7.19	4.9	36	1.37	1,746	46	286	(253)
Retail	96,417	40,423	50	116,495	1.18	4,583.1	38		22,452	19	812	(424)
Of which secured by real estate	78,680	3,616	99	82,262	0.49	339.5	14		5,366	7	67	(41)
– SME	446	69	53	481	3.39	2.7	7		30	6	1	(1)
– Non SME	78,234	3,547	100	81,781	0.50	336.8	14		5,336	7	66	(40)
Of which qualifying revolving retail	3,222	28,096	45	15,965	1.43	3,388.1	83		4,490	28	218	(94)
Of which other retail	14,515	8,711	45	18,268	4.68	855.5	64		12,596	69	527	(289)
– SME	2,098	2,293	5	1,999	9.26	29.2	53		1,187	59	148	(116)
– Non SME	12,417	6,418	60	16,269	3.61	826.3	67		11,409	70	379	(173)
Non-credit obligation assets	828	–	–	828	–				828	100		–
Total IRB[3]	448,887	714,481	22	544,394	1.69	4,606.6	40	1.28	130,032	24	5,108	(4,616)

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 Refer to Table 20 (OV1) for RWA

3.5 Risk grade profile continued

The table below demonstrates Standard Chartered's internal ratings and its approximate relation to external credit ratings.

Tables 55 to 66 and tables 92 to 96 provide further detail on the exposure classes subject to credit and counterparty credit risk, in particular for central governments or central banks, institutions, corporates and retail. These have been split by internal credit grade which relate to the PD ranges presented. These exposure classes represent 85 per cent (2022: 78 per cent) of the Group's total credit risk exposure before collateral.

Table 54: Internal default grade probabilities and mapping to external ratings

SCB internal ratings	PD range (%)	Standard & Poor's external rating equivalent for corporates	Standard & Poor's external rating equivalent for banks	Standard & Poor's external rating equivalent for sovereigns
1A	0.000 – 0.015	AAA/AA+	AAA/AA+	AAA
1B	0.016 – 0.025	AA	AA	AA+/AA
2A	0.026 – 0.035	AA-	AA-/A+	AA-
2B	0.036 – 0.045	A+	A	A+
3A	0.046 – 0.060	A/A-	A-	A
3B	0.061 – 0.083	BBB+	BBB+	A-
4A	0.084 – 0.110	BBB+/BBB	BBB	BBB+
4B	0.111 – 0.170	BBB	BBB/BBB-	BBB
5A	0.171 – 0.300	BBB-	BBB-	BBB-
5B	0.301 – 0.425	BBB-/BB+	BB+	BB+
6A	0.426 – 0.585	BB+/BB	BB	BB+/BB
6B	0.586 – 0.770	BB	BB/BB-	BB
7A	0.771 – 1.020	BB-	BB-	BB-
7B	1.021 – 1.350	BB-	BB-/B+	BB-/B+
8A	1.351 – 1.750	BB-/B+	B+	B+
8B	1.751 – 2.350	B+	B+/B	B+/B
9A	2.351 – 3.050	B	B	B
9B	3.051 – 4.000	B	B/B-	B/B-
10A	4.001 – 5.300	B/B-	B-	B-
10B	5.301 – 7.000	B-	B-/CCC	B-
11A/B/C	7.001 – 15.750	B-/CCC+	CCC/C	B-/CCC+
12A/B/C	15.751 – 99.999	CCC+/C	CCC/C	CCC+/C
13	100	N/A	N/A	N/A
14	100	N/A	N/A	N/A
Unrated		N/A	N/A	N/A

3.5 Risk grade profile continued

Table 55: IRB approach – Credit risk exposures by exposure class and PD range for central governments or central banks (UK CR6)

PD range %	2023 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	159,359	159,617	–	165,722	0.02	0.1	45	1.23	10,178	6	15	(4)
0.00 to <0.10	157,273	155,991	–	163,991	0.02	0.1	45	1.23	9,739	6	14	(4)
0.10 to <0.15	2,086	3,626	–	1,731	0.13	–	45	1.17	439	25	1	–
0.15 to <0.25	8,827	2,689	–	8,498	0.22	–	43	1.13	3,201	38	8	(2)
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
0.50 to <0.75	620	1,208	4	273	0.51	–	43	0.90	140	51	1	–
0.75 to <2.50	5,945	2,756	3	3,933	1.07	–	45	1.47	3,388	86	19	(5)
0.75 to <1.75	5,728	2,558	3	3,836	1.05	–	45	1.49	3,296	86	18	(5)
1.75 to <2.5	216	198	–	96	2.03	–	45	0.52	92	96	1	–
2.50 to <10.00	3,478	3,944	11	1,289	4.11	–	45	1.18	1,712	133	24	(9)
2.5 to <5	3,373	3,823	11	1,278	4.08	–	45	1.17	1,693	132	24	(8)
5 to <10	105	120	27	11	7.37	–	45	2.38	19	173	–	(1)
10.00 to <100.00	1,304	1,428	–	669	28.60	–	44	0.48	1,599	239	87	(30)
10 to <20	132	57	–	132	10.64	–	44	0.64	249	189	6	(2)
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	1,172	1,371	–	538	33.00	–	45	0.43	1,350	251	80	(28)
100.00 (Default)	1,131	937	1	780	100.00	–	45	0.93	3,898	500	55	(43)
Total	180,664	172,579	–	181,164	0.95	0.2	45	1.22	24,116	13	209	(93)

PD range %	2022 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	146,156	162,632	1	146,486	0.02	0.1	45	1.45	9,965	7	12	(3)
0.00 to <0.10	145,148	159,788	–	145,644	0.02	0.1	45	1.44	9,592	7	11	(2)
0.10 to <0.15	1,008	2,844	13	842	0.16	–	45	2.78	373	44	1	(1)
0.15 to <0.25	6,862	6,526	2	6,409	0.22	–	45	1.25	2,285	36	6	(2)
0.25 to <0.50	33	28	1	101	0.14	–	24	1.48	10	10	–	–
0.50 to <0.75	1,749	2,283	6	1,378	0.47	–	46	1.53	778	56	3	(1)
0.75 to <2.50	5,852	4,797	7	5,388	1.05	–	42	1.70	3,829	71	26	(4)
0.75 to <1.75	4,048	2,643	10	4,011	0.84	–	40	1.81	2,573	64	15	(3)
1.75 to <2.5	1,804	2,154	4	1,377	1.64	–	48	1.39	1,256	91	11	(1)
2.50 to <10.00	1,943	3,677	12	1,210	3.33	–	46	1.67	1,270	105	18	(5)
2.5 to <5	1,501	3,618	12	927	2.32	–	46	1.87	861	93	10	(4)
5 to <10	442	59	–	283	6.66	–	45	1.02	409	145	8	(1)
10.00 to <100.00	2,238	2,359	22	3,446	13.01	–	46	1.10	5,541	161	206	(54)
10 to <20	1,998	2,337	22	3,180	11.37	–	46	1.13	4,877	153	166	(54)
20 to <30	–	–	–	2	0.08	–	45	2.03	–	–	–	–
30.00 to <100.00	240	22	100	264	32.76	–	46	0.68	664	252	40	–
100.00 (Default)	920	1,028	4	822	79.94	–	44	1.19	2,444	297	245	(114)
Total	165,753	183,330	2	165,240	0.73	0.2	45	1.45	26,122	16	516	(183)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 56: IRB approach – Credit risk exposures by exposure class and PD range for institutions (UK CR6)

	2023											
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	62,580	132,204	8	75,347	0.04	0.6	36	1.04	7,609	10	12	(7)
0.00 to <0.10	60,573	124,088	8	72,802	0.04	0.5	36	1.06	7,114	10	11	(7)
0.10 to <0.15	2,007	8,116	5	2,545	0.13	0.1	37	0.63	495	19	1	–
0.15 to <0.25	3,509	10,209	6	4,089	0.22	0.1	33	0.41	1,094	27	3	–
0.25 to <0.50	659	4,714	10	1,170	0.39	0.1	28	0.47	434	37	1	–
0.50 to <0.75	5,191	6,825	7	4,043	0.55	0.1	21	0.92	1,409	35	5	(1)
0.75 to <2.50	3,091	7,112	13	2,708	1.31	0.2	25	0.44	1,446	53	9	(1)
0.75 to <1.75	2,724	6,096	13	2,297	1.18	0.1	26	0.42	1,220	53	7	(1)
1.75 to <2.5	366	1,017	15	412	2.03	–	21	0.53	226	55	2	–
2.50 to <10.00	3,029	3,641	13	2,003	4.74	0.1	21	0.50	1,504	75	18	–
2.5 to <5	2,295	2,074	13	1,397	3.84	0.1	24	0.57	1,207	86	12	–
5 to <10	735	1,567	12	606	6.84	0.1	12	0.35	296	49	5	–
10.00 to <100.00	45	652	8	46	26.20	0.1	24	0.18	60	130	2	–
10 to <20	11	400	2	16	13.96	–	37	0.33	31	194	1	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	34	252	17	29	33.00	–	17	0.10	29	100	2	–
100.00 (Default)	59	203	21	76	100.00	–	26	0.63	99	130	15	(15)
Total	78,163	165,560	8	89,482	0.45	1.3	34	0.94	13,655	15	65	(24)

	2022											
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	50,974	135,346	6	60,290	0.04	0.6	35	1.35	6,324	10	9	(7)
0.00 to <0.10	49,893	128,502	7	58,880	0.04	0.5	35	1.37	6,080	10	8	(7)
0.10 to <0.15	1,081	6,844	5	1,410	0.13	0.1	33	0.79	244	17	1	–
0.15 to <0.25	4,718	12,260	9	5,594	0.21	0.1	36	0.60	1,537	27	4	(1)
0.25 to <0.50	518	3,361	7	718	0.39	0.1	27	0.48	221	31	1	–
0.50 to <0.75	4,687	10,173	10	4,551	0.54	0.1	24	0.69	1,391	31	5	–
0.75 to <2.50	3,927	4,944	16	2,635	1.16	0.2	22	11.48	1,027	39	6	(1)
0.75 to <1.75	3,045	3,739	18	1,964	0.99	0.1	22	15.26	781	40	4	–
1.75 to <2.5	882	1,205	10	671	1.65	0.1	22	0.40	246	37	2	(1)
2.50 to <10.00	4,191	4,820	19	3,472	2.71	0.2	29	0.54	2,389	69	25	(1)
2.5 to <5	4,131	4,678	18	3,394	2.72	0.2	29	0.54	2,374	70	25	(1)
5 to <10	60	142	71	78	2.18	–	33	0.43	15	19	–	–
10.00 to <100.00	192	918	14	299	9.72	–	32	0.56	192	64	6	–
10 to <20	191	894	15	298	9.67	–	32	0.56	191	64	6	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	1	24	–	1	33.01	–	39	0.96	1	100	–	–
100.00 (Default)	35	140	21	64	83.95	–	33	1.52	49	77	17	(17)
Total	69,242	171,962	7	77,623	0.33	1.3	33	1.58	13,130	17	73	(27)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 57: IRB approach – Credit risk exposures by exposure class and PD range for Corporates (UK CR6)

2023

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	47,305	167,953	19	95,707	0.07	3.8	41	1.36	15,499	16	27	(28)
0.00 to <0.10	37,025	128,617	19	78,440	0.06	2.6	41	1.34	10,968	14	18	(23)
0.10 to <0.15	10,280	39,336	18	17,268	0.13	1.2	42	1.44	4,531	26	9	(6)
0.15 to <0.25	12,124	40,934	21	19,450	0.22	2.2	38	1.39	6,291	32	16	(13)
0.25 to <0.50	6,123	27,862	19	11,738	0.39	1.5	38	1.24	5,111	44	17	(16)
0.50 to <0.75	14,681	42,932	24	22,752	0.57	2.7	35	1.22	11,400	50	45	(48)
0.75 to <2.50	10,282	32,431	20	14,221	1.35	3.9	30	1.35	8,907	63	57	(51)
0.75 to <1.75	7,542	27,405	18	11,166	1.16	2.9	30	1.36	6,622	59	38	(38)
1.75 to <2.5	2,740	5,026	31	3,054	2.03	1.0	31	1.35	2,285	75	20	(13)
2.50 to <10.00	7,277	8,404	23	6,270	4.35	2.9	34	1.30	6,233	99	90	(47)
2.5 to <5	5,564	6,327	22	4,813	3.55	2.0	35	1.34	4,825	100	62	(35)
5 to <10	1,714	2,077	27	1,457	7.06	0.9	28	1.21	1,407	97	29	(13)
10.00 to <100.00	2,913	7,147	11	1,793	21.63	2.4	30	1.25	3,571	199	116	(62)
10 to <20	2,215	6,146	8	1,041	13.71	2.1	28	1.18	1,580	152	40	(15)
20 to <30	172	265	1	212	2.00	0.1	3	0.09	940	443	15	(10)
30.00 to <100.00	524	737	25	540	33.04	0.2	34	1.12	1,052	195	60	(37)
100.00 (Default)	4,877	2,659	25	4,587	100.00	1.2	56	1.13	4,163	91	3,405	(3,555)
Total	105,582	330,322	20	176,518	2.68	20.6	39	1.33	61,175	35	3,773	(3,820)

2022

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	53,586	163,911	19	82,355	0.07	3.4	43	1.03	14,771	18	73	(321)
0.00 to <0.10	42,465	130,120	18	63,648	0.06	2.4	44	0.97	10,404	16	63	(313)
0.10 to <0.15	11,121	33,791	22	18,707	0.12	1.1	40	1.26	4,367	23	10	(9)
0.15 to <0.25	13,387	42,104	21	22,828	0.20	2.3	38	1.31	6,739	30	18	(11)
0.25 to <0.50	6,539	28,989	20	12,386	0.37	1.7	38	1.19	5,172	42	17	(10)
0.50 to <0.75	13,106	39,657	26	24,769	0.49	2.9	36	2.07	11,253	45	41	(32)
0.75 to <2.50	12,341	24,552	22	19,473	0.99	4.2	32	1.43	9,386	48	58	(125)
0.75 to <1.75	8,938	18,718	20	13,942	0.88	3.1	34	1.34	6,917	50	38	(108)
1.75 to <2.5	3,403	5,834	29	5,531	1.34	1.2	26	1.64	2,468	45	20	(17)
2.50 to <10.00	8,119	9,809	28	12,295	2.81	3.6	32	3.66	7,912	64	97	(38)
2.5 to <5	6,182	8,239	27	9,776	2.29	2.1	33	1.50	6,102	62	66	(30)
5 to <10	1,937	1,570	37	2,519	4.71	1.4	31	13.05	1,809	72	31	(7)
10.00 to <100.00	4,070	7,745	13	4,384	14.04	2.6	33	1.48	6,525	149	215	(157)
10 to <20	3,219	7,005	11	3,296	9.34	2.3	32	1.21	3,374	102	90	(36)
20 to <30	547	368	3	678	0.73	0.1	–	0.03	2,295	338	66	(102)
30.00 to <100.00	304	372	45	410	35.77	0.1	35	1.92	857	209	59	(19)
100.00 (Default)	5,499	1,999	31	5,718	88.29	1.3	51	1.43	5,742	100	3,188	(3,288)
Total	116,647	318,766	21	184,208	2.25	22.0	40	1.37	67,500	37	3,707	(3,982)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 58: IRB approach – Credit risk exposures by exposure class and PD range for Corporates – Other (UK CR6)

	2023											
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 adjust-ments and provisions $million
0.00 to <0.15	43,486	156,320	19	90,800	0.07	3.6	43	1.28	14,773	16	26	(26)
0.00 to <0.10	35,384	121,561	19	76,464	0.06	2.5	42	1.27	10,741	14	18	(22)
0.10 to <0.15	8,102	34,759	17	14,336	0.13	1.1	45	1.31	4,032	28	8	(4)
0.15 to <0.25	10,685	37,635	21	17,606	0.22	1.9	39	1.26	5,834	33	15	(8)
0.25 to <0.50	5,399	25,556	19	10,729	0.39	1.3	39	1.16	4,836	45	16	(14)
0.50 to <0.75	12,902	38,334	25	20,741	0.56	2.0	36	1.17	10,691	52	42	(44)
0.75 to <2.50	7,660	28,401	20	11,901	1.35	2.9	32	1.25	7,960	67	51	(31)
0.75 to <1.75	5,622	24,117	18	9,317	1.16	2.2	31	1.25	5,901	63	33	(28)
1.75 to <2.5	2,038	4,284	29	2,584	2.03	0.7	33	1.28	2,059	80	18	(3)
2.50 to <10.00	5,259	7,431	23	4,617	4.40	1.4	36	1.13	5,277	114	72	(31)
2.5 to <5	3,990	5,600	21	3,567	3.60	1.1	39	1.20	4,155	116	50	(23)
5 to <10	1,269	1,831	28	1,050	7.10	0.3	29	0.90	1,122	107	22	(8)
10.00 to <100.00	2,502	6,643	11	1,470	21.47	1.7	30	1.19	3,244	221	98	(54)
10 to <20	1,897	5,694	8	799	13.59	1.4	28	1.13	1,405	176	32	(12)
20 to <30	158	241	–	195	–	0.1	–	–	914	469	13	(9)
30.00 to <100.00	447	708	26	477	33.04	0.2	33	1.03	925	194	52	(33)
100.00 (Default)	3,575	2,236	26	3,505	100.00	0.9	60	1.23	3,598	103	2,763	(2,832)
Total	91,468	302,556	20	161,369	2.40	15.7	40	1.24	56,213	35	3,083	(3,040)

	2022											
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 adjust-ments and provisions $million
0.00 to <0.15	49,743	150,526	19	77,998	0.07	3.3	44	0.96	14,255	18	72	(315)
0.00 to <0.10	40,917	120,350	18	61,242	0.06	2.3	45	0.89	10,151	17	63	(312)
0.10 to <0.15	8,826	30,176	23	16,756	0.12	1.0	42	1.24	4,104	24	9	(4)
0.15 to <0.25	11,959	38,422	22	21,150	0.20	1.9	40	1.22	6,423	30	17	(6)
0.25 to <0.50	5,749	26,271	20	11,195	0.37	1.5	39	1.13	4,805	43	16	(8)
0.50 to <0.75	11,002	35,430	27	22,540	0.48	2.1	36	2.19	10,371	46	37	(23)
0.75 to <2.50	9,136	21,423	21	17,077	0.89	3.0	35	1.32	8,540	50	52	(104)
0.75 to <1.75	6,904	16,762	20	12,122	0.82	2.2	37	1.23	6,276	52	34	(96)
1.75 to <2.5	2,232	4,661	25	4,955	1.06	0.8	30	1.54	2,263	46	18	(8)
2.50 to <10.00	6,147	8,216	31	10,491	2.42	1.8	35	4.16	6,850	65	78	(30)
2.5 to <5	4,727	6,837	30	8,513	2.00	1.1	35	1.40	5,415	64	55	(23)
5 to <10	1,420	1,379	38	1,978	4.24	0.7	33	16.02	1,434	72	23	(6)
10.00 to <100.00	3,549	7,384	13	3,930	12.91	1.7	34	1.45	5,888	150	171	(147)
10 to <20	2,874	6,725	11	3,041	9.08	1.5	32	1.22	3,177	104	82	(35)
20 to <30	538	350	–	659	–	0.1	–	–	2,289	347	66	(102)
30.00 to <100.00	137	309	47	230	31.08	0.1	33	1.73	423	184	23	(10)
100.00 (Default)	4,012	1,577	30	4,455	86.38	1.0	55	1.62	5,162	116	2,400	(2,456)
Total	101,297	289,249	21	168,836	1.91	16.3	41	1.32	62,294	37	2,843	(3,089)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 59: IRB approach – Credit risk exposures by exposure class and PD range for corporates – specialised lending (UK CR6)

PD range %	2023 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	3,816	11,439	19	4,873	0.11	0.2	23	2.41	714	15	1	(2)
0.00 to <0.10	1,640	6,909	15	1,947	0.07	0.1	20	2.68	217	11	–	(1)
0.10 to <0.15	2,176	4,530	25	2,927	0.13	0.1	25	2.22	497	17	1	(2)
0.15 to <0.25	1,363	2,802	24	1,723	0.22	0.1	25	2.82	434	25	1	(5)
0.25 to <0.50	634	2,096	20	827	0.39	0.1	26	2.14	231	28	1	(2)
0.50 to <0.75	1,559	4,004	16	1,691	0.61	0.1	28	1.72	631	37	3	(4)
0.75 to <2.50	1,970	3,047	25	1,507	1.32	0.1	22	2.12	686	46	4	(20)
0.75 to <1.75	1,388	2,439	19	1,168	1.11	0.1	22	2.23	519	44	3	(10)
1.75 to <2.5	582	608	49	338	2.03	–	19	1.74	167	49	2	(10)
2.50 to <10.00	981	594	26	577	3.54	–	17	2.79	323	56	4	(12)
2.5 to <5	863	439	30	496	3.07	–	17	2.48	256	52	4	(8)
5 to <10	118	155	16	80	6.44	–	18	4.68	67	84	1	(4)
10.00 to <100.00	118	395	3	54	28.63	–	33	2.51	100	185	5	(2)
10 to <20	63	376	2	13	15.49	–	34	1.98	24	185	1	(1)
20 to <30	–	2	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	55	18	–	40	33.00	–	32	2.69	77	193	4	(1)
100.00 (Default)	984	253	20	722	100.00	–	36	0.79	303	42	395	(435)
Total	11,425	24,630	20	11,974	4.37	0.6	24	2.25	3,422	29	414	(482)

PD range %	2022 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	3,821	9,313	16	4,114	0.10	0.1	23	1.98	486	12	1	(6)
0.00 to <0.10	1,528	5,735	18	2,170	0.07	0.1	21	2.52	225	10	–	(1)
0.10 to <0.15	2,293	3,578	13	1,944	0.13	0.1	25	1.39	261	13	1	(5)
0.15 to <0.25	1,225	3,159	15	1,371	0.22	0.1	25	2.37	287	21	1	(5)
0.25 to <0.50	722	2,499	25	1,076	0.39	0.1	27	1.68	322	30	1	(2)
0.50 to <0.75	1,916	3,842	18	1,940	0.57	0.1	35	1.23	801	41	4	(9)
0.75 to <2.50	2,251	2,492	32	1,315	1.47	0.2	19	2.18	562	43	4	(20)
0.75 to <1.75	1,246	1,436	21	930	1.19	0.1	22	2.26	409	44	2	(11)
1.75 to <2.5	1,005	1,056	46	385	2.15	0.1	15	2.00	153	40	2	(9)
2.50 to <10.00	964	1,220	14	759	4.19	0.1	20	1.97	491	65	7	(5)
2.5 to <5	751	1,171	12	537	3.28	–	19	2.27	320	60	4	(5)
5 to <10	213	49	66	222	6.38	–	21	1.24	171	77	3	–
10.00 to <100.00	146	210	3	99	30.88	–	33	2.49	189	191	10	(8)
10 to <20	50	174	1	11	13.66	–	42	0.54	20	182	1	–
20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
30.00 to <100.00	96	36	–	88	32.90	–	32	2.72	169	192	9	(8)
100.00 (Default)	1,156	293	40	914	91.95	0.1	34	0.72	322	35	550	(585)
Total	12,201	23,028	19	11,588	4.75	0.8	25	1.86	3,460	30	578	(640)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 60: IRB approach – Credit risk exposures by exposure class and PD range for corporates – SME (UK CR6)

	2023											
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 adjust-ments and provisions $million**
0.00 to <0.15	3	194	14	34	0.09	–	59	3.65	12	35	–	–
0.00 to <0.10	1	147	16	29	0.09	–	61	3.63	10	34	–	–
0.10 to <0.15	2	47	8	5	0.13	–	48	3.79	2	40	–	–
0.15 to <0.25	76	497	9	121	0.23	0.2	26	1.70	23	19	–	–
0.25 to <0.50	90	210	55	182	0.40	0.1	28	1.41	44	24	–	–
0.50 to <0.75	220	594	18	320	0.62	0.6	23	1.23	78	24	–	–
0.75 to <2.50	652	983	18	813	1.40	0.9	21	1.29	261	32	2	–
0.75 to <1.75	532	849	19	681	1.27	0.6	19	1.32	202	30	2	–
1.75 to <2.5	120	134	12	132	2.10	0.3	27	1.14	59	45	–	–
2.50 to <10.00	1,037	379	19	1,076	4.80	1.5	27	1.20	633	59	14	(4)
2.5 to <5	711	288	21	750	3.75	0.9	27	1.17	414	55	8	(4)
5 to <10	327	91	15	327	7.20	0.6	27	1.27	218	67	6	(1)
10.00 to <100.00	293	109	15	269	16.29	0.7	25	1.12	227	84	13	(6)
10 to <20	255	76	17	229	14.00	0.7	21	1.17	151	66	7	(2)
20 to <30	14	22	13	17	24.29	–	40	1.08	26	153	2	(1)
30.00 to <100.00	22	11	8	23	33.00	–	56	0.74	50	217	4	(3)
100.00 (Default)	318	170	27	360	100.00	0.3	54	0.87	262	73	247	(288)
Total	2,689	3,136	19	3,175	11.19	4.3	28	1.34	1,540	49	276	(298)

	2022											
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 adjust-ments and provisions $million
0.00 to <0.15	22	4,072	6	243	0.03	–	54	1.46	30	12	–	–
0.00 to <0.10	20	4,035	6	236	0.03	–	54	1.43	28	12	–	–
0.10 to <0.15	2	37	14	7	0.13	–	52	2.46	2	29	–	–
0.15 to <0.25	203	523	23	307	0.24	0.3	14	1.07	29	9	–	–
0.25 to <0.50	68	219	22	115	0.40	0.1	32	1.99	45	39	–	–
0.50 to <0.75	188	385	27	289	0.63	0.7	21	1.15	81	28	–	–
0.75 to <2.50	954	637	22	1,081	1.47	1.0	16	1.41	284	26	2	(1)
0.75 to <1.75	788	520	22	890	1.32	0.8	16	1.37	232	26	2	(1)
1.75 to <2.5	166	117	25	191	2.15	0.3	16	1.59	52	27	–	–
2.50 to <10.00	1,008	373	19	1,045	4.68	1.7	26	1.18	571	55	12	(3)
2.5 to <5	704	231	18	726	3.79	1.0	27	1.11	367	51	7	(2)
5 to <10	304	142	22	319	6.68	0.7	24	1.34	204	64	5	(1)
10.00 to <100.00	375	151	33	355	26.08	0.9	27	1.40	448	126	34	(2)
10 to <20	295	106	17	244	13.09	0.8	20	1.30	177	73	7	(1)
20 to <30	9	18	58	19	24.80	–	7	1.15	6	32	–	–
30.00 to <100.00	71	27	78	92	60.96	–	47	1.72	265	288	27	(1)
100.00 (Default)	331	129	18	349	100.00	0.2	54	1.39	258	74	238	(247)
Total	3,149	6,489	12	3,784	7.19	4.9	36	1.37	1,746	46	286	(253)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 61: IRB approach – Credit risk exposures by exposure class and PD range for retail (UK CR6)

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
	2023											
0.00 to <0.15	62,538	17,289	52	71,447	0.07	1,221.7	29		2,935	4	12	(15)
0.00 to <0.10	55,033	13,403	51	61,766	0.06	1,007.5	28		2,330	4	8	(11)
0.10 to <0.15	7,503	3,884	56	9,682	0.12	214.2	38		605	6	3	(3)
0.15 to <0.25	5,539	3,614	46	7,195	0.19	303.2	37		752	10	3	(4)
0.25 to <0.50	4,425	3,831	48	6,231	0.34	583.2	57		1,393	22	10	(9)
0.50 to <0.75	4,491	5,459	47	7,046	0.65	403.9	64		2,334	33	26	(12)
0.75 to <2.50	6,391	4,401	36	7,923	1.46	700.0	60		4,758	60	67	(37)
0.75 to <1.75	4,874	3,608	37	6,175	1.28	512.2	60		3,368	55	45	(25)
1.75 to <2.5	1,518	792	31	1,750	2.13	188.1	62		1,391	79	23	(12)
2.50 to <10.00	5,582	2,897	44	6,820	4.53	710.1	67		6,865	101	195	(75)
2.5 to <5	3,873	2,192	48	4,894	3.35	515.4	69		4,826	99	108	(43)
5 to <10	1,710	705	34	1,927	7.32	194.9	63		2,038	106	86	(32)
10.00 to <100.00	1,298	441	33	1,427	27.67	172.5	63		2,146	150	231	(63)
10 to <20	774	312	33	865	13.65	91.8	65		1,311	152	80	(26)
20 to <30	157	41	38	170	23.67	26.7	63		301	177	25	(8)
30.00 to <100.00	368	88	28	390	58.46	53.8	56		534	137	126	(27)
100.00 (Default)	602	124	7	610	100.00	47.0	50		1,061	174	223	(148)
Total	90,866	38,056	47	108,699	1.23	4,142	40		22,244	20	767	(363)

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
	2022											
0.00 to <0.15	66,779	19,897	56	77,902	0.06	1,398.5	29		3,395	4	12	(9)
0.00 to <0.10	59,008	15,149	55	67,284	0.06	1,158.2	27		2,656	4	8	(7)
0.10 to <0.15	7,771	4,748	60	10,618	0.12	240.3	39		739	7	4	(2)
0.15 to <0.25	5,839	4,043	49	7,810	0.19	345.1	38		848	11	5	(9)
0.25 to <0.50	4,755	3,939	50	6,686	0.33	697.9	56		1,538	23	11	(10)
0.50 to <0.75	4,135	4,497	47	6,213	0.65	383.4	61		1,944	31	22	(11)
0.75 to <2.50	6,703	4,196	37	8,170	1.44	669.4	58		4,597	56	65	(40)
0.75 to <1.75	5,382	3,482	38	6,631	1.28	500.0	56		3,369	51	45	(29)
1.75 to <2.5	1,321	714	33	1,539	2.14	169.3	64		1,228	80	20	(11)
2.50 to <10.00	6,393	3,212	43	7,735	4.80	836.1	62		7,067	91	208	(84)
2.5 to <5	4,333	2,276	46	5,336	3.47	613.7	64		4,811	90	109	(56)
5 to <10	2,060	936	38	2,399	7.50	222.5	58		2,256	94	99	(28)
10.00 to <100.00	1,197	514	33	1,353	27.48	201.4	63		2,049	151	219	(61)
10 to <20	732	344	32	829	13.47	108.8	64		1,227	148	73	(21)
20 to <30	151	58	39	171	23.39	33.4	66		315	184	26	(9)
30.00 to <100.00	314	112	36	353	58.34	58.9	60		507	144	120	(31)
100.00 (Default)	616	125	9	626	100.00	51.3	50		1,014	162	270	(200)
Total	96,417	40,423	50	116,495	1.18	4,583.1	38		22,452	19	812	(424)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 62: IRB approach – Credit risk exposures by exposure class and PD range for retail – secured by real estate property – SME (UK CR6)

	2023											
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	**58**	**2**	**98**	**59**	**0.09**	**0.5**	**13**		**2**	**3**	**–**	**–**
0.00 to <0.10	**31**	**1**	**96**	**32**	**0.07**	**0.3**	**14**		**1**	**3**	**–**	**–**
0.10 to <0.15	**27**	**–**	**–**	**27**	**0.13**	**0.2**	**13**		**1**	**4**	**–**	**–**
0.15 to <0.25	**44**	**15**	**64**	**53**	**0.19**	**0.3**	**10**		**2**	**4**	**–**	**–**
0.25 to <0.50	**40**	**2**	**38**	**41**	**0.38**	**0.3**	**1**		**–**	**–**	**–**	**–**
0.50 to <0.75	**47**	**3**	**41**	**48**	**0.60**	**0.3**	**2**		**1**	**2**	**–**	**–**
0.75 to <2.50	**121**	**17**	**71**	**133**	**1.38**	**0.7**	**5**		**9**	**7**	**–**	**–**
0.75 to <1.75	**105**	**16**	**70**	**116**	**1.28**	**0.6**	**6**		**8**	**7**	**–**	**–**
1.75 to <2.5	**16**	**1**	**80**	**17**	**2.12**	**0.1**	**4**		**1**	**6**	**–**	**–**
2.50 to <10.00	**57**	**13**	**52**	**63**	**4.79**	**0.2**	**9**		**9**	**14**	**–**	**–**
2.5 to <5	**37**	**11**	**52**	**42**	**3.81**	**0.2**	**10**		**7**	**17**	**–**	**–**
5 to <10	**20**	**2**	**48**	**21**	**6.76**	**0.1**	**6**		**2**	**10**	**–**	**–**
10.00 to <100.00	**15**	**2**	**90**	**17**	**25.23**	**0.1**	**8**		**3**	**18**	**–**	**–**
10 to <20	**8**	**2**	**89**	**10**	**14.07**	**–**	**5**		**1**	**10**	**–**	**–**
20 to <30	**4**	**–**	**100**	**4**	**26.60**	**–**	**11**		**1**	**25**	**–**	**–**
30.00 to <100.00	**3**	**–**	**100**	**3**	**61.60**	**–**	**14**		**1**	**33**	**–**	**–**
100.00 (Default)	**5**	**–**	**77**	**6**	**100.00**	**–**	**4**		**3**	**50**	**1**	**(1)**
Total	**387**	**54**	**63**	**420**	**3.44**	**2.4**	**7**		**29**	**7**	**1**	**(1)**

	2022											
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	67	1	96	68	0.09	0.6	13		2	3	–	–
0.00 to <0.10	38	1	96	39	0.06	0.4	14		1	3	–	–
0.10 to <0.15	29	–	–	29	0.13	0.2	13		1	3	–	–
0.15 to <0.25	64	12	64	71	0.20	0.3	7		2	3	–	–
0.25 to <0.50	55	2	67	56	0.37	0.4	3		1	2	–	–
0.50 to <0.75	38	3	34	39	0.62	0.3	3		1	3	–	–
0.75 to <2.50	125	20	67	138	1.34	0.7	5		9	7	–	–
0.75 to <1.75	107	18	69	119	1.22	0.6	6		8	7	–	–
1.75 to <2.5	18	2	53	19	2.09	0.1	3		1	5	–	–
2.50 to <10.00	64	26	35	73	4.64	0.3	7		7	10	–	–
2.5 to <5	34	23	34	42	3.35	0.2	4		3	7	–	–
5 to <10	30	3	44	31	6.37	0.1	9		4	13	–	–
10.00 to <100.00	30	4	67	32	19.57	0.1	5		4	13	–	–
10 to <20	23	3	85	25	13.47	–	4		2	8	–	–
20 to <30	4	–	25	4	24.55	–	7		1	25	–	–
30.00 to <100.00	3	1	18	3	60.35	–	11		1	33	–	–
100.00 (Default)	3	1	63	4	100.00	–	10		4	100	1	(1)
Total	446	69	53	481	3.39	2.7	7		30	6	1	(1)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 63: IRB approach – Credit risk exposures by exposure class and PD range for retail – secured by real estate property Non SME (UK CR6)

	2023											
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	61,340	1,161	100	62,503	0.07	227.8	14		2,418	4	6	(2)
0.00 to <0.10	54,264	591	100	54,858	0.06	204.8	14		1,982	4	5	(2)
0.10 to <0.15	7,075	570	100	7,645	0.12	23.0	14		436	6	1	–
0.15 to <0.25	5,033	427	100	5,460	0.19	21.9	14		459	8	1	–
0.25 to <0.50	2,769	118	100	2,887	0.35	15.5	17		378	13	2	–
0.50 to <0.75	2,844	105	100	2,949	0.61	24.9	20		680	23	4	–
0.75 to <2.50	1,800	115	100	1,914	1.33	13.8	16		572	30	4	–
0.75 to <1.75	1,402	50	100	1,452	1.09	10.8	16		378	26	2	–
1.75 to <2.5	398	64	100	463	2.08	3.1	16		195	42	2	–
2.50 to <10.00	352	5	100	357	4.76	3.9	16		204	57	3	–
2.5 to <5	231	3	100	234	3.52	2.4	16		124	53	1	–
5 to <10	122	2	100	123	7.12	1.5	15		80	65	1	–
10.00 to <100.00	203	2	100	205	35.94	2.4	15		166	81	11	(3)
10 to <20	70	1	100	71	13.49	1.1	16		64	90	2	–
20 to <30	23	–	100	23	24.00	0.2	13		20	87	1	–
30.00 to <100.00	110	1	101	110	52.93	1.1	14		81	74	8	(2)
100.00 (Default)	249	1	100	250	100.00	2.6	23		322	129	33	(28)
Total	74,590	1,934	100	76,525	0.59	312.8	15		5,199	7	64	(33)

	2022											
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	65,418	2,428	100	67,848	0.06	258.4	14		2,796	4	6	(1)
0.00 to <0.10	58,089	1,409	100	59,500	0.06	235.6	13		2,249	4	4	(1)
0.10 to <0.15	7,329	1,019	100	8,348	0.12	22.8	16		547	7	2	–
0.15 to <0.25	5,221	610	100	5,830	0.19	21.4	15		527	9	2	–
0.25 to <0.50	2,687	254	100	2,941	0.34	14.2	18		387	13	2	–
0.50 to <0.75	2,571	139	100	2,710	0.61	22.6	18		519	19	3	(1)
0.75 to <2.50	1,607	110	100	1,716	1.32	11.6	16		480	28	4	–
0.75 to <1.75	1,263	70	100	1,332	1.09	9.2	16		318	24	3	–
1.75 to <2.5	344	40	100	384	2.09	2.3	16		162	42	1	–
2.50 to <10.00	314	2	100	316	4.65	3.6	15		176	56	2	–
2.5 to <5	216	1	100	217	3.54	2.4	15		109	50	1	–
5 to <10	98	1	100	99	7.07	1.3	15		67	68	1	–
10.00 to <100.00	189	2	100	191	32.46	2.3	15		165	86	10	(4)
10 to <20	80	1	100	81	13.36	1.2	16		76	94	2	(1)
20 to <30	18	–	100	18	23.53	0.2	17		24	133	1	(1)
30.00 to <100.00	91	1	100	92	51.21	0.9	14		65	71	7	(2)
100.00 (Default)	227	2	100	229	100.00	2.7	25		286	125	37	(34)
Total	78,234	3,547	100	81,781	0.50	336.8	14		5,336	7	66	(40)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 64: IRB approach – Credit risk exposures by exposure class and PD range for retail – qualifying revolving (UK CR6)

	2023											
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	**869**	**13,963**	**46**	**7,290**	**0.07**	**933.3**	**85**		**301**	**4**	**5**	**(11)**
0.00 to <0.10	**533**	**11,028**	**46**	**5,553**	**0.06**	**750.1**	**84**		**194**	**3**	**3**	**(8)**
0.10 to <0.15	**335**	**2,934**	**48**	**1,737**	**0.11**	**183.2**	**86**		**107**	**6**	**2**	**(3)**
0.15 to <0.25	**133**	**2,256**	**37**	**958**	**0.21**	**240.9**	**73**		**90**	**9**	**1**	**(3)**
0.25 to <0.50	**333**	**2,817**	**45**	**1,591**	**0.32**	**500.0**	**83**		**257**	**16**	**4**	**(5)**
0.50 to <0.75	**503**	**4,437**	**47**	**2,598**	**0.67**	**326.7**	**88**		**708**	**27**	**15**	**(7)**
0.75 to <2.50	**575**	**2,580**	**41**	**1,637**	**1.48**	**455.4**	**82**		**778**	**48**	**20**	**(12)**
0.75 to <1.75	**452**	**2,202**	**42**	**1,381**	**1.36**	**357.7**	**83**		**627**	**45**	**16**	**(9)**
1.75 to <2.5	**123**	**378**	**35**	**257**	**2.11**	**97.8**	**76**		**152**	**59**	**4**	**(2)**
2.50 to <10.00	**711**	**1,325**	**42**	**1,273**	**4.80**	**431.9**	**80**		**1,411**	**111**	**49**	**(21)**
2.5 to <5	**396**	**991**	**41**	**800**	**3.34**	**310.1**	**80**		**733**	**92**	**21**	**(10)**
5 to <10	**315**	**334**	**47**	**473**	**7.26**	**121.8**	**81**		**678**	**143**	**28**	**(11)**
10.00 to <100.00	**190**	**151**	**46**	**260**	**28.40**	**95.5**	**81**		**626**	**241**	**60**	**(17)**
10 to <20	**109**	**85**	**47**	**149**	**13.62**	**48.2**	**80**		**355**	**238**	**16**	**(5)**
20 to <30	**26**	**23**	**46**	**36**	**23.61**	**15.2**	**80**		**101**	**281**	**7**	**(2)**
30.00 to <100.00	**55**	**43**	**44**	**74**	**60.68**	**32.1**	**81**		**171**	**231**	**36**	**(9)**
100.00 (Default)	**105**	**–**	**–**	**105**	**100.00**	**23.6**	**67**		**284**	**270**	**47**	**(21)**
Total	**3,419**	**27,529**	**45**	**15,712**	**1.31**	**3,007.3**	**83**		**4,455**	**28**	**201**	**(97)**

	2022											
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	871	15,078	47	7,974	0.07	1,069.2	85		327	4	5	(6)
0.00 to <0.10	535	11,766	47	6,050	0.06	862.3	84		208	3	3	(4)
0.10 to <0.15	336	3,312	48	1,924	0.11	206.9	87		119	6	2	(2)
0.15 to <0.25	136	2,427	38	1,067	0.21	282.3	73		90	8	2	(5)
0.25 to <0.50	320	2,701	46	1,553	0.32	605.4	82		220	14	4	(4)
0.50 to <0.75	399	3,551	47	2,059	0.67	305.8	87		545	26	12	(5)
0.75 to <2.50	523	2,458	41	1,535	1.49	432.5	82		731	48	19	(10)
0.75 to <1.75	404	2,055	42	1,269	1.35	341.1	83		573	45	15	(8)
1.75 to <2.5	119	403	36	266	2.12	91.4	77		158	59	4	(2)
2.50 to <10.00	678	1,647	42	1,377	5.17	546.7	81		1,580	115	58	(26)
2.5 to <5	357	1,102	40	792	3.40	407.0	80		719	91	21	(15)
5 to <10	321	545	48	585	7.56	139.7	83		861	147	37	(11)
10.00 to <100.00	187	233	45	292	28.90	119.3	82		696	238	70	(17)
10 to <20	104	116	46	159	13.42	63.1	81		366	230	18	(5)
20 to <30	29	40	44	46	23.39	20.2	82		125	272	9	(3)
30.00 to <100.00	54	77	44	87	59.91	35.9	83		205	236	43	(9)
100.00 (Default)	108	1	–	108	100.00	26.9	66		301	279	48	(21)
Total	3,222	28,096	45	15,965	1.43	3,388.1	83		4,490	28	218	(94)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 65: IRB approach – Credit risk exposures by exposure class and PD range for retail – SME (UK CR6)

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
2023												
0.00 to <0.15	17	13	6	14	0.09	0.8	70		2	14	–	–
0.00 to <0.10	8	8	8	8	0.07	0.5	70		1	13	–	–
0.10 to <0.15	9	5	3	7	0.13	0.3	70		1	14	–	–
0.15 to <0.25	98	204	8	109	0.20	1.2	42		15	14	–	–
0.25 to <0.50	119	137	2	104	0.38	2.0	46		23	22	–	–
0.50 to <0.75	163	186	3	146	0.62	2.3	45		49	34	–	–
0.75 to <2.50	788	738	4	748	1.49	9.2	51		369	49	6	(2)
0.75 to <1.75	582	529	4	552	1.30	6.9	50		259	47	4	(1)
1.75 to <2.5	206	209	3	196	2.03	2.3	53		110	56	2	(1)
2.50 to <10.00	577	523	5	556	4.76	6.7	52		351	63	14	(2)
2.5 to <5	371	287	6	363	3.62	4.1	53		226	62	7	(1)
5 to <10	206	236	4	194	6.91	2.7	52		124	64	7	–
10.00 to <100.00	154	194	9	156	23.08	2.5	49		135	87	18	(3)
10 to <20	117	157	11	122	12.88	1.9	48		104	85	8	(1)
20 to <30	5	8	–	4	24.80	0.1	66		5	125	1	–
30.00 to <100.00	32	29	2	30	64.02	0.4	51		26	87	10	(2)
100.00 (Default)	88	122	6	94	100.00	1.4	63		166	177	60	(51)
Total	2,004	2,117	5	1,927	8.96	26.1	50		1,110	58	98	(58)

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
2022												
0.00 to <0.15	20	17	8	16	0.08	1.3	72		2	13	–	–
0.00 to <0.10	12	12	9	11	0.06	0.9	71		1	9	–	–
0.10 to <0.15	8	5	5	5	0.12	0.4	74		1	20	–	–
0.15 to <0.25	136	262	11	155	0.20	1.8	40		20	13	–	(2)
0.25 to <0.50	178	194	2	154	0.38	2.7	46		34	22	–	–
0.50 to <0.75	213	228	3	190	0.62	2.9	46		71	37	1	–
0.75 to <2.50	695	695	3	637	1.46	9.5	59		374	59	6	(2)
0.75 to <1.75	519	555	3	476	1.26	7.0	58		269	57	4	(1)
1.75 to <2.5	176	140	4	161	2.07	2.5	62		105	65	2	(1)
2.50 to <10.00	571	587	6	555	4.83	7.5	55		377	68	15	(3)
2.5 to <5	360	342	7	348	3.57	4.6	55		238	68	7	(2)
5 to <10	211	245	5	207	6.95	2.9	54		139	67	8	(1)
10.00 to <100.00	155	190	8	155	21.86	2.3	53		161	104	19	(3)
10 to <20	121	164	9	124	12.72	1.8	51		129	104	8	(1)
20 to <30	7	8	2	6	24.91	0.1	69		8	133	1	–
30.00 to <100.00	27	18	3	25	65.69	0.3	60		24	96	10	(2)
100.00 (Default)	130	120	7	137	100.00	1.2	57		148	108	107	(106)
Total	2,098	2,293	5	1,999	9.26	29.2	53		1,187	59	148	(116)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 66: IRB approach – Credit risk exposures by exposure class and PD range for retail – Non SME (UK CR6)

	2023											
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	**254**	**2,150**	**62**	**1,581**	**0.06**	**59.3**	**77**		**212**	**13**	**1**	**(2)**
0.00 to <0.10	**197**	**1,775**	**63**	**1,315**	**0.05**	**51.8**	**77**		**152**	**12**	**–**	**(1)**
0.10 to <0.15	**57**	**375**	**56**	**266**	**0.11**	**7.5**	**79**		**60**	**23**	**–**	**–**
0.15 to <0.25	**231**	**712**	**54**	**615**	**0.18**	**38.9**	**78**		**186**	**30**	**1**	**(1)**
0.25 to <0.50	**1,164**	**757**	**59**	**1,608**	**0.34**	**65.4**	**75**		**735**	**46**	**4**	**(4)**
0.50 to <0.75	**934**	**728**	**51**	**1,305**	**0.68**	**49.7**	**77**		**896**	**69**	**7**	**(5)**
0.75 to <2.50	**3,107**	**951**	**40**	**3,491**	**1.49**	**220.9**	**70**		**3,030**	**87**	**37**	**(23)**
0.75 to <1.75	**2,333**	**811**	**42**	**2,674**	**1.28**	**136.2**	**67**		**2,096**	**78**	**23**	**(15)**
1.75 to <2.5	**775**	**140**	**30**	**817**	**2.18**	**84.8**	**82**		**933**	**114**	**15**	**(9)**
2.50 to <10.00	**3,885**	**1,031**	**67**	**4,571**	**4.33**	**267.4**	**70**		**4,890**	**107**	**129**	**(52)**
2.5 to <5	**2,838**	**900**	**69**	**3,455**	**3.34**	**198.6**	**72**		**3,736**	**108**	**79**	**(32)**
5 to <10	**1,047**	**131**	**53**	**1,116**	**7.41**	**68.8**	**63**		**1,154**	**103**	**50**	**(21)**
10.00 to <100.00	**736**	**92**	**58**	**789**	**25.06**	**72.0**	**74**		**1,216**	**154**	**142**	**(40)**
10 to <20	**469**	**67**	**66**	**513**	**13.68**	**40.6**	**76**		**787**	**153**	**54**	**(20)**
20 to <30	**98**	**10**	**48**	**103**	**23.52**	**11.2**	**67**		**174**	**169**	**16**	**(6)**
30.00 to <100.00	**168**	**15**	**26**	**173**	**59.84**	**20.2**	**70**		**255**	**147**	**72**	**(14)**
100.00 (Default)	**155**	**1**	**74**	**155**	**100.00**	**19.4**	**67**		**286**	**185**	**82**	**(47)**
Total	**10,466**	**6,422**	**57**	**14,115**	**3.90**	**793.0**	**73**		**11,451**	**81**	**403**	**(174)**

	2022											
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	403	2,373	67	1,996	0.06	69.0	78		268	13	1	(2)
0.00 to <0.10	334	1,961	69	1,684	0.05	59.0	78		197	12	1	(2)
0.10 to <0.15	69	412	59	312	0.11	10.0	80		71	23	–	–
0.15 to <0.25	282	732	55	687	0.17	39.3	79		209	30	1	(2)
0.25 to <0.50	1,515	788	59	1,982	0.34	75.2	75		896	45	5	(6)
0.50 to <0.75	914	576	52	1,215	0.67	51.8	75		808	67	6	(5)
0.75 to <2.50	3,753	913	43	4,144	1.44	215.1	59		3,003	72	36	(28)
0.75 to <1.75	3,089	784	44	3,435	1.29	142.1	55		2,201	64	23	(20)
1.75 to <2.5	664	129	35	709	2.18	73.0	81		802	113	13	(8)
2.50 to <10.00	4,766	950	68	5,414	4.59	278.0	59		4,927	91	133	(55)
2.5 to <5	3,366	808	71	3,937	3.50	199.5	64		3,742	95	80	(39)
5 to <10	1,400	142	54	1,477	7.50	78.5	49		1,185	80	53	(16)
10.00 to <100.00	636	85	55	683	25.03	77.4	72		1,023	150	120	(37)
10 to <20	403	60	62	440	13.55	42.7	74		654	149	45	(14)
20 to <30	92	10	51	97	23.31	12.9	65		157	162	15	(5)
30.00 to <100.00	141	15	33	146	60.72	21.8	69		212	145	60	(18)
100.00 (Default)	148	1	58	148	100.00	20.5	67		275	186	77	(38)
Total	12,417	6,418	60	16,269	3.61	826.3	67		11,409	70	379	(173)

1 Weighted averages are based on EAD

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

3.5 Risk grade profile continued

Table 67 sets the allocation of exposures subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three and IRB Approach laid down in Chapter 3 of Title II of Part Three to the exposure classes as defined under the IRB Approach. This template excludes counterparty credit risk (CCR) exposures (Chapter 6 of Title II of Part Three CRR), and securitisation exposures.

Table 67: Scope of the use of IRB and SA approaches (UK CR6-A)

		2023				
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach $million	Total exposure value for exposures subject to the Standardised approach and to the IRB approach $million	Percentage of total exposure value subject to the permanent partial use of the SA %	Percentage of total exposure value subject to IRB Approach %	Percentage of total exposure value subject to a roll-out plan %
1	Central governments or central banks	190,009	227,910	16.63	–	83.37
1.1	Of which Regional governments or local authorities		–	–	–	–
1.2	Of which Public sector entities		368	100.00	–	–
2	Institutions	154,202	155,320	0.72	–	99.28
3	Corporates	281,404	299,578	6.07	–	93.93
3.1	Of which Corporates – Specialised lending, excluding slotting approach		16,142	–	–	100.00
3.2	Of which Corporates – Specialised lending under slotting approach		7,823	–	–	100.00
3.3	Of which Corporates – SMEs		16,936	79.85	–	20.15
4	Retail	108,886	114,769	5.13	–	94.87
4.1	Of which Retail – Secured by real estate SMEs		431	2.54	–	97.46
4.2	Of which Retail – Secured by real estate non-SMEs		76,752	0.30	–	99.70
4.3	Of which Retail – Qualifying revolving		15,712	–	–	100.00
4.4	Of which Retail – Other SMEs		2,152	1.81	–	98.19
4.5	Of which Retail – Other non-SMEs		19,722	28.42	–	71.58
5	Equity	–	150	100.00	–	–
6	Other non-credit obligation assets	43	43	–	–	100.00
17	**Total**	734,543	797,771	7.93	–	92.07

		2022[1]				
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach $million	Total exposure value for exposures subject to the Standardised approach and to the IRB approach $million	Percentage of total exposure value subject to the permanent partial use of the SA %	Percentage of total exposure value subject to IRB Approach %	Percentage of total exposure value subject to a roll-out plan %
1	Central governments or central banks	187,294	242,624	22.81	–	77.19
1.1	Of which Regional governments or local authorities		463	100.00	–	–
1.2	Of which Public sector entities		1,894	100.00	–	–
2	Institutions	135,760	135,862	0.08	–	99.92
3	Corporates	286,923	303,213	5.37	–	94.63
3.1	Of which Corporates – Specialised lending, excluding slotting approach		16,218	–	–	100.00
3.2	Of which Corporates – Specialised lending under slotting approach		8,089	–	–	100.00
3.3	Of which Corporates – SMEs		16,382	70.94	–	29.06
4	Retail	116,723	121,810	4.18	–	95.82
4.1	Of which Retail – Secured by real estate SMEs		498	2.96	–	97.04
4.2	Of which Retail – Secured by real estate non-SMEs		82,056	0.34	–	99.66
4.3	Of which Retail – Qualifying revolving		15,965	–	–	100.00
4.4	Of which Retail – Other SMEs		2,271	2.05	–	97.95
4.5	Of which Retail – Other non-SMEs		21,019	22.60	–	77.40
5	Equity	–	234	100.00	–	–
6	Other non-credit obligation assets	828	828	–	–	100.00
17	**Total**	727,528	804,571	9.58	–	90.42

1 The 2022 comparatives have been restated to correctly reflect in line with adjustment posted for exposures subject to the permanent partial use of the SA

3.6 Credit risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, correlation and credit risk of the guarantor. The presence of credit risk mitigation is not a substitute for the ability to pay, which is the primary consideration for any credit decision, but may influence credit limit sizing, for example eligible financial collateral taken under eligible master netting agreements supported by a legal opinion may be netted against exposures. Where appropriate, credit derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, such derivatives are used in a controlled manner with reference to their expected volatility. Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. Potential concentration risk from the use of financial collaterals, guarantee and credit derivatives is managed through the credit monitoring process. The Group uses credit limits to record guarantees taken against each guarantor where a capital benefit is taken. The Group uses netting in the case of financial market's transactions under master netting agreements supported by a legal opinion.

Our approach to credit risk mitigation can be found in the Risk management approach section of the 2023 Annual Report and Accounts on page 237.

The table below 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 68: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (UK CR3)

		2023				
		Exposures unsecured $million	Exposures secured $million	of which secured by collateral $million	of which secured by financial guarantees $million	of which secured by credit derivatives $million
1	Total loans	**347,191**	**127,434**	**120,833**	**6,601**	**–**
2	Total debt securities	**161,432**	**138**	**118**	**20**	
3	**Total exposures**	**508,623**	**127,572**	**120,951**	**6,620**	**–**
4	Of which non-performing exposures	**2,304**	**1,176**	**1,059**	**117**	**–**
5	Of which defaulted	**2,304**	**1,176**			

		2022				
		Exposures unsecured $million	Exposures secured $million	of which secured by collateral $million	of which secured by financial guarantees $million	of which secured by credit derivatives $million
1	Total loans	325,777	147,197	138,742	8,455	–
2	Total debt securities	172,712	406	321	85	
3	**Total exposures**	498,483	147,610	139,070	8,540	–
4	Of which non-performing exposures	2,123	1,410	1,323	87	–
5	Of which defaulted	2,123	1,410			

3.6 Credit risk mitigation continued

Table 69 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 69: Standardised approach – Credit risk exposure and CRM effects (UK CR4)

		2023					
		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	**19,540**	**63,095**	**21,630**	**870**	**1,925**	**9**
4	Multilateral development banks	**19,507**	**13,193**	**21,929**	**148**	**1,279**	**6**
6	Institutions	**1,477**	**1,837**	**1,173**	**12**	**361**	**30**
7	Corporates	**18,150**	**34,963**	**10,819**	**925**	**8,498**	**72**
8	Retail	**14,281**	**17,538**	**10,764**	**644**	**8,092**	**71**
9	Secured on real estate property	**8,425**	**415**	**8,327**	**204**	**4,123**	**48**
10	Exposures in default	**174**	**17**	**173**	**10**	**183**	**100**
11	Items belonging to regulatory high risk categories	**1,642**	**661**	**1,500**	**94**	**2,392**	**150**
15	Equity	**820**	**–**	**820**	**–**	**2,050**	**250**
16	Other items[2]	**19,183**	**6,411**	**16,594**	**501**	**10,062**	**59**
17	**Total Standardised[3]**	**103,199**	**138,130**	**93,729**	**3,408**	**38,965**	**40**

		2022					
		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	30,216	54,854	32,609	720	2,275	7
4	Multilateral development banks	20,801	12,140	22,377	115	–	–
6	Institutions	49	1,006	302	45	73	21
7	Corporates	16,798	33,449	10,840	996	8,549	72
8	Retail	12,368	14,977	9,812	811	7,440	70
9	Secured on real estate property	7,532	486	7,531	206	3,615	47
10	Exposures in default	218	33	214	18	232	100
11	Items belonging to regulatory high risk categories	1,058	750	976	108	1,627	150
15	Equity	1,552	–	1,552	–	3,880	250
16	Other items[2]	17,015	5,976	17,268	262	9,241	53
17	**Total Standardised**	107,607	123,671	103,481	3,281	36,932	35

1 EAD before the effect of collateral and substitution

2 Other items include public sector entities

3 Refer to table 20 (OV1): Standardised approach $35,039 million and amount below threshold for deduction $3,926 million RWA

3.7 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.

3.7 Standardised risk weight profile continued

Table 70: Standardised approach (UK CR5)

		2023													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deduc-ted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	**21,657**	**–**	**–**	**22**	**–**	**51**	**–**	**16**	**2**	**750**	**–**	**–**	**22,499**	**–**
3	Public sector entities	**5,458**	**–**	**–**	**20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,478**	**–**
4	Multilateral development banks	**20,012**	**–**	**–**	**108**	**–**	**1,399**	**–**	**558**	**–**	**–**	**–**	**–**	**22,076**	**–**
6	Institutions	**–**	**–**	**–**	**780**	**–**	**400**	**–**	**5**	**–**	**–**	**–**	**–**	**1,185**	**5**
7	Corporates	**–**	**–**	**–**	**3,501**	**120**	**99**	**–**	**8,023**	**–**	**–**	**–**	**–**	**11,741**	**7,707**
8	Retail	**–**	**–**	**–**	**–**	**–**	**–**	**11,409**	**–**	**–**	**–**	**–**	**–**	**11,409**	**11,408**
9	Secured on real estate property	**–**	**–**	**–**	**–**	**6,544**	**–**	**–**	**1,988**	**–**	**–**	**–**	**–**	**8,532**	**8,532**
10	Exposures in default	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**183**	**–**	**–**	**–**	**–**	**183**	**183**
11	Items belonging to regulatory high risk categories	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,594**	**–**	**–**	**–**	**1,593**	**1,320**
15	Equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**820**	**–**	**–**	**820**	**820**
16	Other items[1]	**1,046**	**–**	**–**	**250**	**–**	**–**	**–**	**9,728**	**–**	**–**	**592**	**–**	**11,615**	**3,514**
17	**Total Standardised**	**48,173**	**–**	**–**	**4,681**	**6,664**	**1,949**	**11,409**	**20,501**	**1,596**	**1,570**	**592**	**–**	**97,131**	**33,489**

		2022													
		Risk Weight													
		0%	2%	4%	20%	35%	50%	75%	100%	150%	250%	Others	Deduc-ted	Total	Of which unrated
	Standardised Exposure Class														
1	Central governments or central banks	32,075	–	–	128	–	100	–	237	9	780	–	–	33,329	–
3	Public sector entities	6,093	–	–	62	–	–	–	–	–	–	–	–	6,155	–
4	Multilateral development banks	22,492	–	–	–	–	–	–	–	–	–	–	–	22,492	–
6	Institutions	–	–	–	335	–	12	–	–	–	–	–	–	347	–
7	Corporates	–	–	–	3,238	178	510	–	7,910	–	–	–	–	11,836	7,902
8	Retail	–	–	–	–	–	–	10,623	–	–	–	–	–	10,623	10,623
9	Secured on real estate property	–	–	–	–	6,185	–	–	1,552	–	–	–	–	7,737	7,737
10	Exposures in default	–	–	–	–	–	–	–	232	–	–	–	–	232	232
11	Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	1,084	–	–	–	1,084	886
15	Equity	–	–	–	–	–	–	–	–	–	1,552	–	–	1,552	1,552
16	Other items[1]	1,822	–	–	111	–	–	–	8,759	–	–	683	–	11,375	3,922
17	**Total Standardised**	62,482	–	–	3,874	6,363	622	10,623	18,690	1,093	2,332	683	–	106,762	32,854

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

3.7 Standardised risk weight profile continued

Standardised EAD post CRM and post CCF decreased by $9.5 billion:

- Central governments or central banks decreased $10.8 billion driven by a reduction in nostro balances.
- Institutions increased $0.8 billion

3.8 Securitisation

Securitisation is defined by the CRR as a transaction or scheme where the credit risk of an exposure or pool of exposures is tranched and where the payments arising from the transaction or scheme are dependent upon the performance of the underlying exposure(s) and where the subordination of tranches determine the distribution of losses during the ongoing life of the transaction or the scheme.

Securitisation can be categorised as either:

- Traditional securitisation: A securitisation involving the economic transfer of the exposures being securitised via the transfer of ownership of securitised exposures from the originator institution to a securitisation special purpose entity (SSPE), where the securitised assets are beyond the reach of the originator and its creditors. The purchase of the assets by the SSPE are usually funded via the issuance of securities where the payments obligations does not belong to the originator institution.
- Synthetic transaction: A securitisation where the originator retains the ownership of the underlying exposure(s) and transfer the associated credit risk of the securitised exposures to third party through the use of credit derivatives or guarantees.

The Group has undertaken securitisation of its own originated assets to diversify sources of funding and capital management and may play one or more of the following roles in a securitisation transaction:

Originator – The Group securitised assets (Corporate loans and trade finance facilities) originated in its normal course of business for capital management and diversification of its sources of funding. The Group may be exposed to credit and market risk on the underlying assets, particularly if the structure of the transaction does not transfer these risks to third parties.

Investor – To generate financial returns, the group may purchase securitised issued by third-party SSPE or purchased securities from SSPE which it originates for market making purpose.

Arranger – The Group may act as arranger for securitisation transactions it originates or by its customers, usually financial institution or large corporates.

Underwriter – The Group may underwrite the securities issued by a SSPE originated by the Group or for its customers.

Credit Event Monitor Agent – Monitor the credit quality of the underlying securitised assets on behalf of the SSPE or investors

Account Bank – The Group may hold the bank account of a SSPE originated by the Group on its own books

Program Manager – Report on the performance of the securitised assets of the SSPE to investors

Servicer – Manage and service the asset pool of the securitisation transactions

Securitisation Positions – Investor role

The carrying value of asset backed securities (ABS) of $17.6 billion (2022: $19.2 billion), held either as investments or arranged for clients, represents 2 per cent of the Group's total assets (2022: 2 per cent). This portfolio only constitutes third party securitisations, and does not include self-securitisation (retained positions).

The portfolio primarily comprises of two main strategies, firstly, a mix of client-based and market making trades booked in Financial Markets, and portfolios of liquid ABS investments for the Treasury Markets (TM) book.

The credit quality of the ABS portfolio remains strong, with over 98.3 per cent of the overall portfolio rated Investment Grade, and 93.2 per cent of the overall portfolio is rated as AAA. The portfolio is diversified across asset classes and geographies. Residential mortgage-backed securities (RMBS) make up 37.3 per cent of the overall portfolio and have a weighted averaged credit rating of AAA.

Other ABS include Auto ABS, comprising 3.5 per cent of the overall portfolio, CLOs (49.2 per cent) The balance of Other ABS mainly includes securities backed by Credit Cards, consumer loans, diversified payment rights, and receivables ABS.

The notional and carrying values of the ABS purchased or retained by the Group are shown in the table below analysed by underlying asset type. ABS are accounted for as financial assets. For further details regarding recognition and impairment, refer to the note 33 to the financial statements of the 2023 Annual Report and Accounts, page 457. The ABS portfolio is assessed frequently for objective evidence of impairment. In 2023 there were no additional impairments in the portfolio.

Valuation of retained interest is initially and subsequently determined using market price quotations where available or internal pricing models that utilise variables such as yield curves, prepayment speeds, default rates, loss severity, interest rate volatilities and spreads. The assumptions used for valuation are based on observable transactions in similar securities and are verified by external pricing sources, where available.

The ABS portfolio is closely managed by a centralised dedicated team. The team has developed a detailed analysis and reporting framework of the underlying portfolio to allow senior management to make an informed holding decision with regards to specific assets, asset classes or parts of an asset class. These ABS portfolio reports are closely monitored by the Risk function in the Group.

The notional and carrying values of the ABS purchased or retained by the Group are shown below in the table analysed by underlying asset type.

3.8 Securitisation continued

Securitisation Positions – Originator role

Synthetic Securitisation
The Group via its Financing Risk (FR) Balance Sheet Securitisation unit buys synthetic protection for its banking book credit portfolio. Securitisation provides capacity for client-focused growth and improves efficiency of economic and regulatory capital. The Group as the originator performs multiple roles, including protection buyer, calculation agent and credit event monitor agent. The protection buyer executes and maintains securitisation transactions. The calculation agent computes periodic coupon payments and loss payouts. The credit event monitor agent validates and provides notifications of credit events.

Treasury Markets unit performs a different role, acting as deposit taker for funds collected from the credit protection providers. Deposits collected eliminate counterparty risk for transactions where the Group is the protection buyer.

The securitised assets consist of commercial loans and trade finance facilities extended by the Group's branches and subsidiaries to borrowers mainly from the emerging markets in Asia, Africa and Middle East. The securitised assets are subject to changes in general economic conditions, performance of relevant financial markets, political events and developments or trends in a particular industry. Historically, the trading volume of loans in these emerging markets has been small relative to other more developed debt markets due to limited liquidity in the secondary loan market.

The securitised assets are originated by the Group in its ordinary course of business. Given the synthetic nature of securitisations originated by Financing Risk- Balance Sheet Securitisation unit, the securitised assets remain on the Group's balance sheet and continue to be subject to the Group's credit review and monitoring process and risk methodology. Accordingly retained positions are not hedged.

In its role as credit event monitor agent, Financing Risk- Balance Sheet Securitisation unit monitors the credit risk of the underlying securitised assets by leveraging on the Group's client and risk management system.

As of 31 December 2023, $4.7 million of Trade Finance (2022: $9.6 million) and $84.3 million of Commercial Loans (2022: $34 million) totalling $89 million (2022: $43.6 million) of securitised exposures were classified as impaired and past due.

The Group has 15 synthetic securitisation transactions originated and managed by Financing Risk Balance Sheet Securitisation unit, with an aggregate hedge capacity of $24 billion (2022: $20.1 billion). These transactions do not qualify under the Simple, Transparent and Standardized (STS) securitisation framework. Financing Risk Balance Sheet Securitisation unit as the originator has not acted as sponsor to securitise third-party exposures and does not manage or advise any third-party entity that invests in the securitisation positions.

The Group use SSPE or issue credit linked notes to securitise customer loan and advances and other debts which have been originated to diversify our sources of funding for asset origination and for capital efficiency (RWA savings) purposes. In certain transactions, the group transfer credit risk of underlying securitised assets to non-consolidated securitisation special purpose entity (SSPE) via credit derivatives (See below table). In these transactions, the underlying assets are not sold into the relevant SSPE. Instead, the credit risk of the underlying assets is transferred to the SSPE synthetically via credit default swaps whereby the SSPEs act as sellers of credit protection and receive premiums paid by the Group in return. The SSPE in turn issue credit-linked notes to third party investors who fund the credit protection in exchange for coupon on the notes purchased. The premium received by the SSPE and interest earned on the funded amount of the purchased notes are passed through to the third-party investors as coupon on the purchased notes. Payment to the third-party investors is made in accordance with the priority of payments stipulated in the transaction documents.

Securitisation Special Purpose Vehicle (SSPE)	Exposure type	Start date	Scheduled maturity	Maximum notional $million	EAD $million	Capital requirement before securitisation $million	Capital requirement after securitisation $million
Gongga (Corporate Loans) Limited	Coporate Loans	Aug-19	Aug-24	2,000	1,180	51	28
Sumeru IV (Corporate Loans) Designated Activity Company	Coporate Loans	Mar-22	Sep-25	1,500	1,445	67	23
Total				**3,500**	**2,625**	**118**	**51**

Traditional Securitisation
The Group execute traditional securitisation transaction to diversify its sources of funding. The Group originated a revolving cashflow traditional trade finance securitisation transaction, which consolidated the SSPE (Prunelli Issuer S.a.r.l) into the Group's financials as required under IFRS 10 as the Group was deemed to have control over the SSPE. Assets sold to the SSPE continue to remain on the Group's balance sheet as they did not satisfy derecognition criteria under the Group's accounting policy.

As of 31 December 2023, the outstanding securitised exposures were $1,110 million (2022: $1,911 million).

Governance of securitisation activities
Securitisation transactions proposed for funding and capital management will obtain support from the Corporate, Commercial, Institutional Banking Risk Committee (CCIBRC). For a securitisation transaction that will lead to reduction in regulatory capital, it must be submitted to UK PRA for review one-month post deal close.

Execution of each securitisation transaction must either be approved through a Product Programme (PPG) or an individual Transaction Programme Approval (TPA) where approvals across all functions involved in the transaction are obtained. Specifically, Compliance covers issues like confidentiality of clients' information and insider information, Group Tax provides an opinion on taxation, Group Risk advises on the regulatory treatment and Finance advises on the accounting treatment and facilitates communication with the regulator.

3.8 Securitisation continued

Regulatory treatment for securitisation positions

For both non-trading and trading book securitisation positions, the Group follow the hierarchy of RWA calculation approaches described in the securitisation framework as prescribed from the regulator. For the bank's originated positions, these are all reported under the internal ratings based approach (SEC-IRBA).

For synthetic securitisation transactions originated by the Group in which meet the Significant risk transfer requirement ("SRT") under the CRR, the underlying assets are de-recognised for regulatory purposes and any retained exposures to the securitisation, including derivatives or liquidity facilities (if any) are risk weighted as securitisation positions. Where securitisations do not achieve SRT (for instance when they are entered into for funding purpose), their associated exposures will be presented in other sections of the pillar 3 report.

Accounting

Accounting assessment takes place at the time of transaction closing. The Group consolidate structured entities (including SSPE) when the substance of the relationship indicates control over the SSPE. The Group controls an entity if it has all the three elements of control which are i) power over the entity; ii) the ability to use its power over the entity to affect the returns of the Group and iii) exposure to variable returns from its involvement with the entity. The consolidation treatment is initially assessed at inception and is reassessed if circumstances indicate that there are changes to one or more of the three elements of control.

A securitisation transaction is recognised as a sale or partial sale where derecognition is achieved. The difference between the carrying amount and the consideration received is recorded in the income statement. Securitisation transactions which do not achieve derecognition are treated as financing activity. In a synthetic securitisation transaction, the underlying assets are not sold into the securitisation special purpose entity (SSPE). Instead, the underlying assets' performance is transferred into the SSPE through a synthetic instrument such as a CDS, a credit-linked note or a financial guarantee. Synthetic securitisation are assessed using the same accounting approach summarised above, with the associated credit derivative accounted as a financial guarantee under IFRS 9. As of both 31 December 2023 and 31 December 2022, no securitised assets have been derecognised from the Group's balance sheet.

Financial assets awaiting for securitisation are valued using the Group's accounting policy for financial instrument. There are no assets classify as awaiting securitisation for both 31 December 2023 and 31 December 2022.

Any financial support or contractual arrangements provided to unconsolidated entities for securitised assets would be recognised as a liability on balance sheet if it met the relevant IFRS criteria. The Group has not provided support to any securitisation transactions beyond its contractual obligations.

The Group's approach to accounting for SSPEs can be found in the notes to the financial statements in the 2023 Annual Report and Accounts.

Analysis of securitisation positions

Synthetic Securitisation:

- 1 transaction referencing $1.6 billion trade finance assets matured in 2023. There were 3 new synthetic securitisations that were executed in 2023, referencing $2 billion of trade finance assets and $4.0 billion of commercial loans. Of the 3 transactions, only 2 transactions qualified for capital relief.

3.8 Securitisation continued

The following tables shows the distribution of the Group's securitisation exposures across risk-weights. The vast majority of the Group's exposure to securitisation programmes is to the lower risk weighted tranches.

Table 71: Securitisation exposures in the non-trading book (UK-SEC1)

		2023						
		Institution acts as originator						
		STS		Non-STS		Synthetic		
		$million	of which SRT $million	$million	of which SRT $million	$million	of which SRT $million	Sub-total $million
1	**Total exposures**	–	–	–	–	16,342	–	16,342
2	Retail (total)	–	–	–	–	–	–	–
3	residential mortgage	–	–	–	–	–	–	–
4	credit card	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–
6	re-securitisation	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	16,342	–	16,342
8	loans to corporates	–	–	–	–	13,084	–	13,084
9	commercial mortgage	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	3,258	–	3,258
11	other wholesale	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–

		2023							
		Institution acts as sponsor				Institution acts as investor			
		Traditional				Traditional			
		STS $million	Non-STS $million	Synthetic $million	Sub-total $million	STS $million	Non-STS $million	Synthetic $million	Sub-total $million
1	**Total exposures**	–	–	–	–	305	17,274	–	17,580
2	Retail (total)	–	–	–	–	305	7,289	–	7,594
3	residential mortgage	–	–	–	–	287	6,270	–	6,557
4	credit card	–	–	–	–	–	452	–	452
5	other retail exposures	–	–	–	–	18	567	–	585
6	re-securitisation	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	9,985	–	9,985
8	loans to corporates	–	–	–	–	–	8,655	–	8,655
9	commercial mortgage	–	–	–	–	–	410	–	410
10	lease and receivables	–	–	–	–	–	920	–	920
11	other wholesale	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 71: Securitisation exposures in the non-trading book (UK-SEC1) continued

		2022						
		Institution acts as originator						
		STS		Non-STS		Synthetic		
		$million	of which SRT $million	$million	of which SRT $million	$million	of which SRT $million	Sub-total $million
1	**Total exposures**	–	–	–	–	17,069	–	17,069
2	Retail (total)	–	–	–	–	–	–	–
3	residential mortgage	–	–	–	–	–	–	–
4	credit card	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–
6	re-securitisation	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	17,069	–	17,069
8	loans to corporates	–	–	–	–	13,478	–	13,478
9	commercial mortgage	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	3,590	–	3,590
11	other wholesale	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–

		2022							
		Institution acts as sponsor				Institution acts as investor			
		Traditional				Traditional			
		STS $million	Non-STS $million	Synthetic $million	Sub-total $million	STS $million	Non-STS $million	Synthetic $million	Sub-total $million
1	**Total exposures**	–	–	–	–	536	18,622	–	19,157
2	Retail (total)	–	–	–	–	514	8,472	–	8,987
3	residential mortgage	–	–	–	–	514	7,100	–	7,614
4	credit card	–	–	–	–	–	552	–	552
5	other retail exposures	–	–	–	–	–	820	–	820
6	re-securitisation	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	21	10,149	–	10,171
8	loans to corporates	–	–	–	–	21	8,799	–	8,821
9	commercial mortgage	–	–	–	–	–	314	–	314
10	lease and receivables	–	–	–	–	–	1,026	–	1,026
11	other wholesale	–	–	–	–	–	10	–	10
12	re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 72: Securitisation exposures in the trading book (UK-SEC2)

		2023						
		Institution acts as originator						
		STS		Non-STS		Synthetic		
		$million	of which SRT $million	$million	of which SRT $million	$million	of which SRT $million	Sub-total $million
1	**Total exposures**	–	–	–	–	–	–	–
2	Retail (total)	–	–	–	–	–	–	–
3	residential mortgage	–	–	–	–	–	–	–
4	credit card	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–
6	re-securitisation	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–
8	loans to corporates	–	–	–	–	–	–	–
9	commercial mortgage	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	–	–	–
11	other wholesale	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–

		2023							
		Institution acts as sponsor				Institution acts as investor			
		Traditional				Traditional			
		STS $million	Non-STS $million	Synthetic $million	Sub-total $million	STS $million	Non-STS $million	Synthetic $million	Sub-total $million
1	**Total exposures**	–	–	–	–	4	749	–	753
2	Retail (total)	–	–	–	–	4	242	–	246
3	residential mortgage	–	–	–	–	4	239	–	243
4	credit card	–	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	3	–	3
6	re-securitisation	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	506	–	506
8	loans to corporates	–	–	–	–	–	387	–	387
9	commercial mortgage	–	–	–	–	–	11	–	11
10	lease and receivables	–	–	–	–	–	109	–	109
11	other wholesale	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 72: Securitisation exposures in the trading book (UK-SEC2) continued

		2022						
		Institution acts as originator						
		STS		Non-STS		Synthetic		
		$million	of which SRT $million	$million	of which SRT $million	$million	of which SRT $million	Sub-total $million
1	**Total exposures**	–	–	–	–	–	–	–
2	Retail (total)	–	–	–	–	–	–	–
3	residential mortgage	–	–	–	–	–	–	–
4	credit card	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–
6	re-securitisation	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–
8	loans to corporates	–	–	–	–	–	–	–
9	commercial mortgage	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	–	–	–
11	other wholesale	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–

		2022							
		Institution acts as sponsor				Institution acts as investor			
		Traditional				Traditional			
		STS $million	Non-STS $million	Synthetic $million	Sub-total $million	STS $million	Non-STS $million	Synthetic $million	Sub-total $million
1	**Total exposures**	–	–	–	–	10	629	–	639
2	Retail (total)	–	–	–	–	10	553	–	563
3	residential mortgage	–	–	–	–	10	541	–	551
4	credit card	–	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	12	–	12
6	re-securitisation	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	76	–	76
8	loans to corporates	–	–	–	–	–	35	–	35
9	commercial mortgage	–	–	–	–	–	24	–	24
10	lease and receivables	–	–	–	–	–	17	–	17
11	other wholesale	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 73: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (UK-SEC3)

		2023								
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW $million	>20% to 50% RW $million	>50% to 100% RW $million	>100% to <1250% RW $million	1250% RW/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	**13,307**	**3,035**	**–**	**–**	**–**	**16,342**	**–**	**–**	**–**
2	Traditional transactions	–	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	13,307	3,035	–	–	–	16,342	–	–	–
10	Securitisation	13,307	3,035	–	–	–	16,342	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–	–
12	Wholesale	13,307	3,035	–	–	–	16,342	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–

		2023							
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	**3,123**	**–**	**–**	**–**	**250**	**–**	**–**	**–**
2	Traditional transactions	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–
9	Synthetic transactions	3,123	–	–	–	250	–	–	–
10	Securitisation	3,123	–	–	–	250	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–
12	Wholesale	3,123	–	–	–	250	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 73: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (UK-SEC3) continued

		2022								
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW $million	>20% to 50% RW $million	>50% to 100% RW $million	>100% to <1250% RW $million	1250% RW/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	17,069	–	–	–	–	17,069	–	–	–
2	Traditional transactions	–	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	17,069	–	–	–	–	17,069	–	–	–
10	Securitisation	17,069	–	–	–	–	17,069	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–	–
12	Wholesale	17,069	–	–	–	–	17,069	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–

		2022							
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	2,951	–	–	–	236	–	–	–
2	Traditional transactions	–	–	–	–	–	–	–	–
3	Securitisation	–	–	–	–	–	–	–	–
4	Retail underlying	–	–	–	–	–	–	–	–
5	Of which STS	–	–	–	–	–	–	–	–
6	Wholesale	–	–	–	–	–	–	–	–
7	Of which STS	–	–	–	–	–	–	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–
9	Synthetic transactions	2,951	–	–	–	236	–	–	–
10	Securitisation	2,951	–	–	–	236	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–
12	Wholesale	2,951	–	–	–	236	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 74: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (UK-SEC4)

	2023								
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
	≤20% RW $million	>20% to 50% RW $million	>50% to 100% RW $million	>100% to <1250% RW $million	1250% RW/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1 Total exposures	**16,391**	**895**	**221**	**73**	–	–	**15,687**	**1,893**	–
2 Traditional transactions	**16,391**	**895**	**221**	**73**	–	–	**15,687**	**1,893**	–
3 Securitisation	**16,391**	**895**	**221**	**73**	–	–	**15,687**	**1,893**	–
4 Retail underlying	**6,993**	**602**	–	–	–	–	**5,890**	**1,704**	–
5 Of which STS	**305**	–	–	–	–	–	**287**	**18**	–
6 Wholesale	**9,398**	**293**	**221**	**73**	–	–	**9,796**	**189**	–
7 Of which STS	–	–	–	–	–	–	–	–	–
8 Re-securitisation	–	–	–	–	–	–	–	–	–
9 Synthetic transactions	–	–	–	–	–	–	–	–	–
10 Securitisation	–	–	–	–	–	–	–	–	–
11 Retail underlying	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–
13 Re-securitisation	–	–	–	–	–	–	–	–	–

	2023							
	RWEA (by regulatory approach)				Capital charge after cap			
	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1 Total exposures	–	**2,854**	**360**	–	–	**228**	**29**	–
2 Traditional transactions	–	**2,854**	**360**	–	–	**228**	**29**	–
3 Securitisation	–	**2,854**	**360**	–	–	**228**	**29**	–
4 Retail underlying	–	**969**	**285**	–	–	**78**	**23**	–
5 Of which STS	–	**29**	**2**	–	–	**29**	**2**	–
6 Wholesale	–	**1,885**	**75**	–	–	**151**	**6**	–
7 Of which STS	–	–	–	–	–	–	–	–
8 Re-securitisation	–	–	–	–	–	–	–	–
9 Synthetic transactions	–	–	–	–	–	–	–	–
10 Securitisation	–	–	–	–	–	–	–	–
11 Retail underlying	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–		–
13 Re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 74: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (UK-SEC4) continued

		2022								
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW $million	>20% to 50% RW $million	>50% to 100% RW $million	>100% to <1250% RW $million	1250% RW/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	9,917	8,910	217	113	–	–	17,515	1,643	–
2	Traditional transactions	9,917	8,910	217	113	–	–	17,515	1,643	–
3	Securitisation	9,917	8,910	217	113	–	–	17,515	1,643	–
4	Retail underlying	5,315	3,656	16	–	–	–	7,568	1,419	–
5	Of which STS	514	–	–	–	–	–	514	–	–
6	Wholesale	4,602	5,254	202	113	–	–	9,947	223	–
7	Of which STS	21	–	–	–	–	–	21	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	–	–	–	–	–	–	–
10	Securitisation	–	–	–	–	–	–	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–	–
12	Wholesale	–	–	–	–	–	–	–	–	–
13	Re-securitisation	–	–	–	–	–	–	–	–	–

		2022							
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million	SEC-IRBA $million	SEC-ERBA (including IAA) $million	SEC-SA $million	1250%/ deductions $million
1	**Total exposures**	–	3,550	303	–	–	284	24	–
2	Traditional transactions	–	3,550	303	–	–	284	24	–
3	Securitisation	–	3,550	303	–	–	284	24	–
4	Retail underlying	–	1,423	213	–	–	114	17	–
5	Of which STS	–	51	–	–	–	51	–	–
6	Wholesale	–	2,127	91	–	–	170	7	–
7	Of which STS	–	2	–	–	–	2	–	–
8	Re-securitisation	–	–	–	–	–	–	–	–
9	Synthetic transactions	–	–	–	–	–	–	–	–
10	Securitisation	–	–	–	–	–	–	–	–
11	Retail underlying	–	–	–	–	–	–	–	–
12	Wholesale	–	–	–	–	–	–		–
13	Re-securitisation	–	–	–	–	–	–	–	–

3.8 Securitisation continued

Table 75: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments (UK-SEC5)

		2023			2022		
		Exposures securitised by the institution – Institution acts as originator or as sponsor			Exposures securitised by the institution – Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
		$million	Of which exposures in default $million	$million	$million	Of which exposures in default $million	$million
1	**Total exposures**	**12,932**	**89**	**–**	17,145	48	–
2	Retail (total)	**–**	**–**	**–**	–	–	–
3	residential mortgage	**–**	**–**	**–**	–	–	–
4	credit card	**–**	**–**	**–**	–	–	–
5	other retail exposures	**–**	**–**	**–**	–	–	–
6	re-securitisation	**–**	**–**	**–**	–	–	–
7	Wholesale (total)	**12,932**	**89**	**–**	17,145	48	–
8	loans to corporates	**9,704**	**84**	**–**	13,478	38	–
9	commercial mortgage	**–**	**–**	**–**	76	–	–
10	lease and receivables	**3,228**	**5**	**–**	3,590	10	–
11	other wholesale	**–**	**–**	**–**	–	–	–
12	re-securitisation	**–**	**–**	**–**	–	–	–

4. Traded risk

Our approach to Traded risk can be found in the Enterprise Risk Management approach section in the 2023 Annual Report and Accounts on pages 325 to 326.

4.1 Market risk

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
- 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

Trading book

The Trading book contains positions held with trading intent or hedges for such positions. The Traded Risk Framework sets out the Group's standard systematic approach to risk managing market risk. The Trading Book Policy Statement identifies the policies and procedures determining the positions included in the Trading book and their risk management and valuation. All trading book desks are subject to market risk limits. Traded Risk Management, an independent risk control function, monitors the limits and reports daily to senior management.

Valuation framework

Valuation of financial assets and liabilities held at fair value is subject to an independent review by Valuation Methodology within the Finance function. For those financial assets and liabilities whose fair value is determined by reference to externally quoted prices or market observable pricing inputs or to a valuation model, an assessment is made by Valuation Methodology against external market data and consensus services. Valuation Methodology also ensures adherence to the valuation adjustment frameworks to incorporate bid/ask spreads, model risk and other reserves, and, where appropriate, to mark all positions in accordance with prevailing accounting and regulatory guidelines.

The Valuation and Benchmarks Committee (VBC), a sub-committee of the Corporate, Commercial and Institutional Banking Risk Committee, provides oversight and governance of all financial markets valuation adjustments and price testing frameworks and reviews the results of the valuation methodology process on a monthly basis. In addition, the VBC also provides governance over the Group's benchmark rates review process.

Our approach to market risk can be found in the Risk management approach section in the 2023 Annual Report and Accounts on pages 325 to 326.

Management VaR

Management VaR is one of the tools used by management to monitor the total market risk within the trading and non-trading books.

Regulatory VaR

Regulatory VaR is used to estimate the potential loss, from market movements, across trading book positions for which the Bank has received permission to apply the internal model approach (IMA). Regulatory VaR, including Stressed VaR and Risk Not in VaR (RNIV) measures, is used to calculate market risk RWAs for positions falling under the IMA permission.

Regulatory VaR vs Management VaR

Variable	Regulatory VaR	Management VaR
Variable	Regulatory VaR	Management VaR
Confidence level	99%	97.5%
Historical Observation	260 business days unweighted	260 business days unweighted
Liquidity Horizon	1 day Scaled to 10-day VaR by multiplying by the square root of 10. A more conservative multiplier is applied if statistical hypothesis testing shows that the square root of 10 multiplier is not sufficiently appropriate.	1 day
Updating Frequency	1 day	1 day
Scope	As approved by the PRA, under Internal Model Approval (IMA)	All non-structural market risk exposures across the trading and non-trading books.

The VaR simulation applies full revaluation to all products, except for some simple cash flow products where the cash flows are discounted with a single benchmark yield curve adjusted by the IR VaR shocks.

The VaR simulations currently generally apply relative returns to most market risk factors except interest rates where absolute changes in zero coupon yields are applied.

4.1 Market risk continued

The PRA has granted the Group permission to apply IMA for the following entities:

Standard Chartered Bank	Solo and consolidated
Standard Chartered Bank (Singapore) Ltd	Consolidated
Standard Chartered Bank (Hong Kong) Ltd	Consolidated
Standard Chartered Bank (China) Ltd	Consolidated
Standard Chartered Bank Korea Ltd	Consolidated
Standard Chartered Bank Malaysia Berhad	Consolidated
Standard Chartered Bank (Taiwan) Ltd	Consolidated
Standard Chartered Bank (Thai) PCL	Consolidated
Standard Chartered Bank (Vietnam) Ltd	Consolidated
Standard Chartered Bank AG	Consolidated

Backtesting

Backtesting is performed to ensure that the VaR model is fit for purpose. It measures the ability of the model to correctly reflect the potential level of losses under normal trading conditions, for a certain confidence level.

A backtesting breach is recorded when the net trading P&L loss in one day is greater than the estimated VaR for the same day. Prudential regulation specifies that a model with more than five but fewer than ten backtesting exceptions in a 12-month period is deemed to be in the 'amber zone'. At the end of 2023 the Group is in the 'amber zone' with five backtesting exceptions in 2023. For details see the further Pillar 3 disclosure on regulatory backtesting below.

Stressed VaR

Stressed VaR applies the same model as for regulatory VaR but using a one-year historical observation period from a stressed period relevant to the trading book portfolio. In 2023, the stressed period applied was the 260 business days ending 30 June 2009 reflecting the Global Financial Crisis.

Stress testing

Group-wide stress testing is performed to measure the potential loss on a portfolio of financial positions due to low probability market events or risk to the Group posed by a breakdown of risk model assumptions.

So stress testing supplements the use of VaR as the primary measure of risk. The roles and responsibilities of the various business functions are set out in the Traded Risk Stress Testing standard.

Market risk changes

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

The average level of total trading and non-trading VaR in 2023 was $53.3 million, 1.5 per cent higher than 2022 ($52.5 million). The actual level of total trading and non-trading VaR in 2023 was $44.5 million, 20.2 per cent lower than 2022 ($55.8 million), due to a reduction in non-trading positions.

For the trading book, the average level of VaR in 2023 was $21.5 million, 19.4 per cent higher than 2022 ($18.0 million). Trading activities have remained relatively unchanged, and client driven.

4.1 Market risk continued

Table 76: Daily value at risk (VaR at 97.5%, one day)

	2023				2022			
	Average $million	High $million	Low $million	Year End $million	Average $million	High $million	Low $million	Year End $million
Trading[1] and non-trading[2]								
Interest Rate Risk	**39.5**	**54.1**	**23.2**	**30.5**	27.8	42.1	21.0	24.7
Credit Spread Risk	**33.8**	**48.0**	**25.0**	**31.7**	34.2	47.1	20.3	32.9
Foreign Exchange Risk	**7.0**	**12.2**	**4.2**	**7.4**	6.5	10.3	4.8	6.8
Commodity Risk	**5.8**	**9.7**	**3.7**	**4.3**	7.0	11.9	3.5	8.3
Equity Risk	**0.1**	**0.4**	**–**	**–**	0.1	0.2	–	0.1
Diversification effect	**(32.9)**	**N/A**	**N/A**	**(29.4)**	(23.1)	N/A	N/A	(17.0)
Total Trading[1] and non-trading[2]	**53.3**	**65.5**	**44.2**	**44.5**	52.5	64.1	40.3	55.8
Trading[1]								
Interest Rate Risk	**13.1**	**20.4**	**7.7**	**11.6**	8.1	11.7	5.3	9.0
Credit Spread Risk	**9.4**	**12.4**	**7.4**	**9.4**	9.5	14.9	5.0	8.7
Foreign Exchange Risk	**7.0**	**12.2**	**4.2**	**7.4**	6.5	10.3	4.8	6.8
Commodity Risk	**5.8**	**9.7**	**3.7**	**4.4**	7.0	11.9	3.5	8.3
Equity Risk	**–**	**–**	**–**	**–**	–	–	–	–
Diversification effect	**(13.8)**	**N/A**	**N/A**	**(11.5)**	(13.1)	N/A	N/A	(11.0)
Total Trading[1]	**21.5**	**30.6**	**14.7**	**21.3**	18.0	24.4	12.6	21.8
Non-trading[2]								
Interest Rate Risk	**34.2**	**43.6**	**19.7**	**23.9**	26.3	44.5	18.1	23.5
Credit Spread Risk	**28.3**	**40.1**	**21.5**	**24.4**	28.8	37.8	18.7	29.2
Equity Risk	**0.1**	**0.4**	**–**	**–**	0.1	0.2	–	0.1
Diversification effect	**(18.6)**	**N/A**	**N/A**	**(12.7)**	(10.6)	N/A	N/A	(11.5)
Total Non-trading[2]	**44.0**	**53.4**	**32.0**	**35.6**	44.6	52.5	35.1	41.3

1 The trading book for Market Risk is defined in accordance with the UK onshored Capital Requirements Regulation Part 3 Title I Chapter 3, which restricts the positions permitted in the trading book

2 The non-trading book VaR does not include syndicated loans

Traded risk

The following table sets out how trading and non-trading VaR is distributed across the Group's businesses.

Table 77: Daily value at risk (VaR at 97.5%, one day) by business

	2023				2022			
	Average $million	High $million	Low $million	Year End $million	Average $million	High $million	Low $million	Year End $million
Trading[1] and non-trading[2]	**53.1**	**65.5**	**44.2**	**44.5**	52.5	64.1	40.3	55.8
Trading[1]								
Macro Trading[3]	**13.8**	**20.2**	**9.2**	**15.4**	12.8	17.4	10.2	16.9
Global Credit	**12.8**	**18.2**	**8.5**	**10.1**	10.1	15.7	4.2	8.4
XVA	**4.8**	**7.0**	**3.4**	**4.5**	3.9	5.0	2.4	4.6
Diversification effect	**(9.9)**	**N/A**	**N/A**	**(8.7)**	(8.8)	N/A	N/A	(8.1)
Total	**21.5**	**30.6**	**14.7**	**21.3**	18.0	24.4	12.6	21.8
Non-trading[2]								
Treasury[4]	**43.4**	**50.2**	**31.1**	**34.9**	38.7	47.5	29.7	40.3
Global Credit	**3.9**	**13.6**	**2.0**	**4.0**	3.4	5.0	2.3	3.5
Listed Private Equity	**0.1**	**0.4**	**–**	**–**	0.1	0.2	–	0.1
Diversification effect	**(3.4)**	**N/A**	**N/A**	**(3.3)**	2.4	N/A	N/A	(2.6)
Total	**44.0**	**53.4**	**32.0**	**35.6**	44.6	52.5	35.1	41.3

1 The trading book for Market Risk is defined in accordance with the UK onshored Capital Requirements Regulation Part 3 Title I Chapter 3, which restricts the positions permitted in the trading book

2 The non-trading book VaR does not include syndicated loans

3 Macro Trading comprises the Rates, FX and Commodities businesses

4 Treasury comprises Treasury Markets and Treasury Capital Management businesses

4.1 Market risk continued

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 PRA standardised approach (SA).

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

Table 78: Market risk regulatory capital requirements

	2023		2022	
Market risk capital requirements for trading book	Risk Weighted Assets $million	Regulatory capital requirement $million	Risk Weighted Assets $million	Regulatory capital requirement $million
Interest rate[1]	**7,272**	**582**	4,580	366
Equity	**15**	**1**	9	1
Options	**75**	**6**	67	5
Commodity[2]	**527**	**42**	397	32
Foreign exchange[2]	**4,071**	**326**	4,529	362
Internal Models Approach[3]	**12,907**	**1,033**	11,097	888
Total	**24,867**	**1,990**	20,679	1,654

1 Securitisation positions contributed $51 million to the interest rate position risk requirement (PRR) and $640 million to interest rate RWA as at 31 December 2023 (securitised positions contributed $12.2million to the interest rate PRR and $152 million to interest rate RWA as at 31 December 2022)

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 79: Market risk under standardised approach (UK MR1)

		2023	2022
		Risk Weighted Assets $million	Risk Weighted Assets $million
	Outright products		
1	Interest rate risk (general and specific)	**7,272**	4,580
2	Equity risk (general and specific)	**15**	9
3	Foreign exchange risk	**4,071**	4,529
4	Commodity risk	**527**	397
	Options	**75**	67
5	Simplified approach	**–**	–
6	Delta-plus method	**7**	5
7	Scenario approach	**68**	62
8	Securitisation (specific risk)[1]	**640**	152
9	**Total**	**11,960**	9,582

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

Internal Models Approach

The table below shows the average, high and low VaR and Stressed VaR for the period January 2023 to December 2023 and the actual position on 31 December 2023. The results reflect only the Group portfolio covered by the internal model approach and are calculated at a 99 per cent confidence level.

Table 80: IMA values for trading portfolios (UK MR3)

		2023 $million	2022 $million
	VaR (10 day 99%)[1]		
1	Maximum value	**98**	63
2	Average value	**56**	45
3	Minimum value	**31**	29
4	Period end[2]	**54**	54
	Stressed VaR (10 day 99%)[1]		
5	Maximum value	**168**	219
6	Average value	**91**	114
7	Minimum value	**51**	57
8	Period end[2]	**127**	119
	Incremental Risk Charge (99.9%)[1]		
9	Maximum value	**–**	–
10	Average value	**–**	–
11	Minimum value	**–**	–
12	Period end[2]	**–**	–
	Comprehensive Risk capital charge (99.9%)[1]		
13	Maximum value	**–**	–
14	Average value	**–**	–
15	Minimum value	**–**	–
16	Period end[2]	**–**	–

1 Represents only the Group's portfolio covered by the IMA and calculated at the 99 per cent confidence level. Details of the Group's management VaR covering all non-structured market risk exposures, across the trading and non-trading books, calculated at the 97.5 per cent confidence level can be found in the Group's Year End Report 2023 on page 287 and in tables 76 and 77 on page 103

2 Actual one day VaR as at period end date

Table 81: Market risk under the internal Model Approach (IMA) (UK MR2-A)

		2023		2022	
		RWAs $million	Own funds requirements $million	RWAs $million	Own funds requirements $million
1	**VaR (higher of values a and b)**	**2,965**	**237**	2,126	170
(a)	Previous day's VaR	**679**	**54**	672	54
(b)	Average of the daily VaR	**2,965**	**237**	2,126	170
2	**SVaR (higher of values a and b)**	**4,240**	**339**	4,090	327
(a)	Latest SVaR	**1,587**	**127**	1,486	119
(b)	Average of the SVaR	**4,240**	**339**	4,090	327
3	**IRC (higher of values a and b)**	**–**	**–**	–	–
(a)	Most recent IRC measure	**–**	**–**	–	–
(b)	12 weeks average IRC measure	**–**	**–**	–	–
4	**Comprehensive risk measure (higher of values a, b and c)**	**–**	**–**	–	–
(a)	Most recent risk measure of comprehensive risk measure	**–**	**–**	–	–
(b)	12 weeks average of comprehensive risk measure	**–**	**–**	–	–
(c)	Comprehensive risk measure Floor	**–**	**–**	–	–
5	**Other[1]**	**5,703**	**456**	4,881	391
6	**Total[2,3]**	**12,908**	**1,032**	11,098	889

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 Year End Report 2023 on page 287

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

3 Represents only the Group's portfolio covered by the IMA and calculated at the 99 per cent confidence level. Details of the Group's management VaR covering all non-structured market risk exposures, across the trading and non-trading books, calculated at the 97.5 per cent confidence level can be found in the Group's Year End Report 2023 on pages 286 to 287 and in tables 76 and 77 on page 103

4.1 Market risk continued

Backtesting

In 2023, there were five regulatory backtesting negative exceptions at Group level (in 2022, there were eight regulatory backtesting negative exceptions at Group level). Group exceptions occurred on:

- 16 March: After the US authorities put Silicon Valley Bank and Signature Bank into administration there were strong market reactions including notable interest rate yield rises on the 16 March
- 1 June: After announcement of planned potential economic reforms in Nigeria there were sharp movements in the offshore Naira FX market in anticipation of Naira devaluation
- 12 June: After the governor of the Central Bank of Nigeria was removed there were further sharp movements in the offshore Naira FX market
- 1 November and 3 November: After the Nigerian government announced on 30 October that it plans to target an exchange rate of 750 Naira per dollar, the onshore spot market became more volatile on low volumes

Five Group exceptions in the previous 250 business days is within the 'amber 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 VaR model has been developed to enhance its responsiveness to abrupt upturns in market volatility and has been submitted for internal model approach regulatory approval. 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 82: 2023 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)

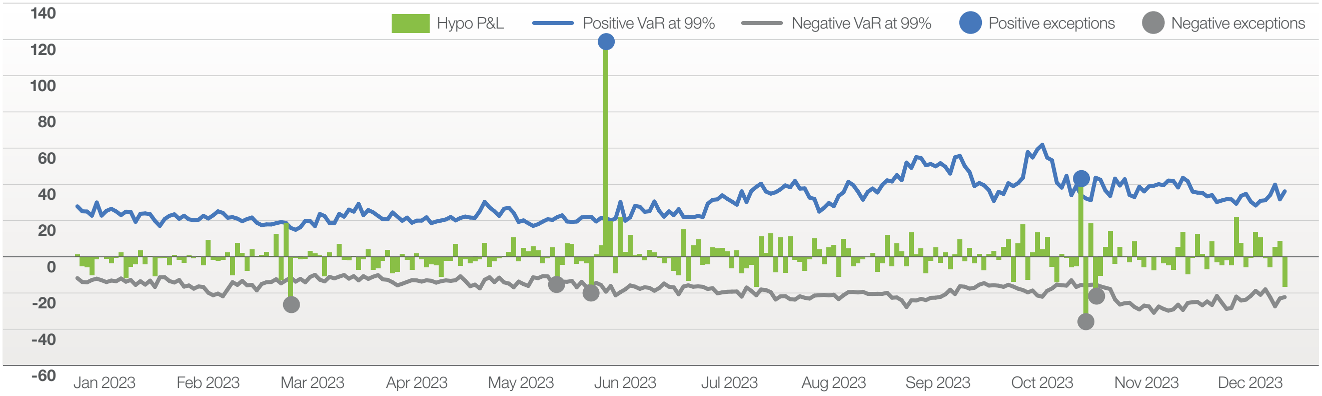
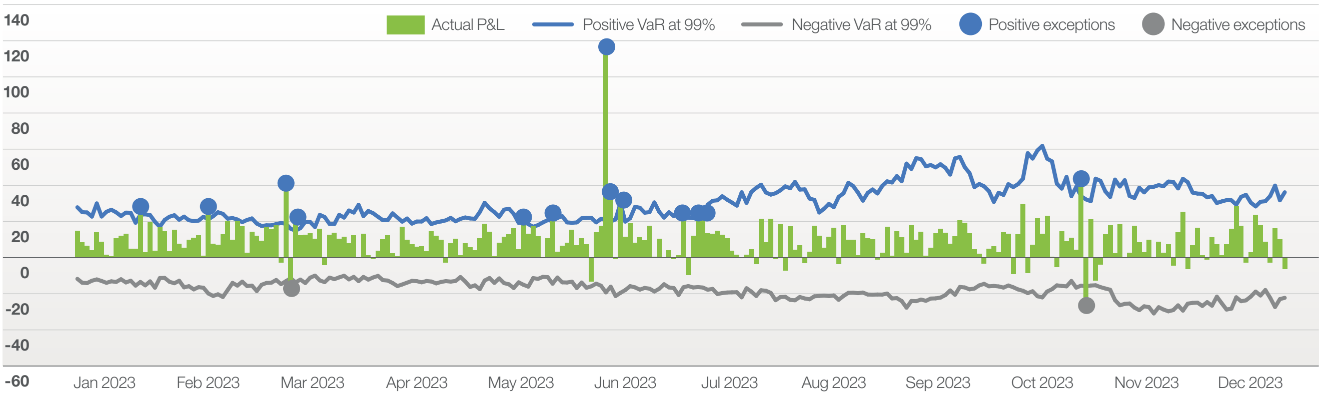


Table 83: 2023 Backtesting chart for Internal Model Approach regulatory trading book at Group level with actual profit and loss (P&L) versus VaR (99 per cent, one day) (MR4)



4.2 Counterparty credit risk

Counterparty credit risk (CCR) is the risk that a 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, but also arises in the non-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) measure. 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.

Wrong-way risk

Wrong-way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor. Specifically, as the MTM on a derivative or repo contract increases in favour of the Group, the driver of this MTM change also reduces the ability of the counterparty to meet its payment, margin call or collateral posting requirements. Wrong-way risk mostly arises from FX transactions and financing transactions. The Group employs various policies and procedures to ensure that wrong-way risk exposures are recognised upfront, monitored, and where required, contained by limits on country, tenor, collateral type and counterparty.

Stress testing

Stress testing is an integral part of CCR management, complementing PFE or other portfolio limits. Single and multi-factor scenarios are regularly applied to the CCR portfolio to identify and quantify exposures that could become a concern for the Group. The stressed exposures are monitored monthly at regional and global counterparty credit risk exposure forums. The relevance and severity of the stress scenarios are periodically reviewed with cross functional stakeholders.

Exposure value calculation

Exposure calculation used for risk management is based on a PFE measure (at 75% confidence interval). The PFE is mostly calculated from simulation models, and from PFE add-ons for the non-simulated products.

Derivatives exposures for capital calculation purposes are calculated using a combination of Internal Model Method (IMM) and Standardised Approach Method (SA-CCR). Under the IMM approach, EAD is calculated by multiplying the effective expected positive exposure by a factor stipulated by the regulator called alpha. The Group has been granted permission by the regulator to use the IMM approach for "vanilla" Interest Rate and Foreign Exchange over-the-counter derivatives. The IMM model is subject to model validation including regular model performance monitoring. For derivative products, that do not fall under the IMM method, EAD is calculated using the sum of current replacement cost and potential future credit exposure as per the SA-CCR rules. This approach is used for all derivative products not covered by our Internal Models Method (IMM) permission.

Exposure for repurchase transactions and securities lending or borrowing transactions for capital calculation purposes is calculated using the Financial Collateral Comprehensive Method. Supervisory volatility adjustments are applied to both collateral and exposure legs and the benefit of master netting agreements is taken into consideration.

The Group has credit policies and procedures setting out the criteria for collateral to be recognised as a credit risk mitigant, including requirements concerning legal certainty, priority, concentration, correlation, liquidity and valuation parameters such as frequency of review and independence. The Group seeks to negotiate Credit Support Annexes (CSA) with counterparties when collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of a CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral is specified in the legal document and is typically cash or highly liquid securities.

The MTM of all trades captured under CSAs is calculated daily. Additional collateral will be called from the counterparty if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA. Additional collateral may be required from the counterparty to provide an extra buffer to the daily variation margin process.

The Group also has policies and procedures in place setting out the criteria for guarantees to be recognised as a credit risk mitigant. Where guarantees meet regulatory criteria, the Group treats the exposure as guarantor risk from counterparty credit risk capital standpoint.

Credit valuation adjustments

CVA measures potential MTM loss associated with the deterioration in the creditworthiness of the counterparty. The Group applies standardised approach to calculate CVA capital charge on over-the-counter derivative contracts. Details on CVA are provided in note 13 of the 2023 Annual Report and Accounts on page 401.

Table 84 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 85 specifies the methods used by the Group to calculate counterparty credit risk regulatory requirements, followed by Table 86 which demonstrates the risk-weighted exposure amounts to central counterparties by derivative types.

Table 87 indicates the notional amounts of credit derivative transactions segregated between protection bought and sold within each product type.

Table 88 describes the exposure value subject to credit valuation adjustment charge and related RWA.

4.2 Counterparty credit risk continued

Table 84: Composition of collateral for CCR exposures (UK CCR5)

		2023					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted			
		Segregated $million	Unsegregated $million	Segregated $million	Unsegregated $million	Fair value of collateral received $million	Fair value of collateral posted $million
	Collateral type						
1	Cash	**–**	**8,800**	**2,070**	**12,987**	**76,460**	**110,751**
2	Debt	**382**	**1,864**	**2,423**	**1,003**	**96,836**	**40,590**
3	Equity	**–**	**–**	**–**	**–**	**6,290**	**–**
4	Other	**–**	**–**	**–**	**–**	**9,479**	**47,745**
5	**Total**	**382**	**10,663**	**4,493**	**13,990**	**189,065**	**199,086**

		2022					
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted			
		Segregated $million	Unsegregated $million	Segregated $million	Unsegregated $million	Fair value of collateral received $million	Fair value of collateral posted $million
	Collateral type						
1	Cash	–	10,752	928	15,282	37,833	109,218
2	Debt	273	2,899	3,399	849	92,818	46,270
3	Equity	–	–	–	–	–	–
4	Other	–	–	–	–	4,295	61,826
5	**Total**	273	13,650	4,327	16,132	134,946	217,314

4.2 Counterparty credit risk continued

Table 85: Analysis of CCR exposure by approach (UK CCR1)

		2023							
		Replacement cost (RC) $million	Potential future exposure (PFE) $million	EEPE $million	Alpha used for computing regulatory exposure value	Exposure value pre-CRM $million	Exposure value post-CRM $million	Exposure value $million	RWEA $million
UK1	Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
UK2	Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	1,794	3,076		1.4	8,638	6,668	6,667	3,457
2	IMM (for derivatives and SFTs)			13,725	1.6	27,723	21,960	21,953	9,085
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			13,725		27,723	21,960	21,953	9,085
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					171,464	147,925	148,004	5,295
5	VaR for SFTs					–	–	–	–
6	**Total**					**207,825**	**176,552**	**176,624**	**17,837**

		2022							
		Replacement cost (RC) $million	Potential future exposure (PFE) $million	EEPE $million	Alpha used for computing regulatory exposure value	Exposure value pre-CRM $million	Exposure value post-CRM $million	Exposure value $million	RWEA $million
UK1	Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
UK2	Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	1,655	2,989		1.4	8,456	6,509	6,509	3,873
2	IMM (for derivatives and SFTs)			14,640	1.6	32,253	23,425	23,423	8,740
2a	Of which securities financing transactions netting sets			–		–	–	–	–
2b	Of which derivatives and long settlement transactions netting sets			14,640		32,253	23,425	23,423	8,740
2c	Of which from contractual cross-product netting sets			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					171,901	147,991	147,991	3,046
5	VaR for SFTs					–	–	–	–
6	**Total**					212,610	177,924	177,922	15,660

Traded risk

4.2 Counterparty credit risk continued

Table 86: Exposures to CCPs (UK CCR8)

		2023		2022	
		Exposure Value $million	RWA $million	Exposure Value $million	RWA $million
1	**Exposures to QCCPs (total)**		**725**		706
2	Trade exposure	**7,291**	**599**	10,630	645
3	Of which OTC derivatives	**3,869**	**300**	7,883	548
4	Of which exchange-traded derivatives	**2,519**	**281**	1,480	71
5	Of which SFTs	**903**	**18**	1,266	25
6	Of which collateral posted	**–**	**–**	–	–
7	Segregated initial margin	**–**		–	
8	Non-segregated initial margin	**–**	**–**	–	–
9	Prefunded default fund contributions	**480**	**126**	357	61
10	Unfunded default fund contributions	**–**	**–**	–	–
11	**Exposures to non-QCCPs (total)**		**193**		64
12	Trade exposure	**191**	**191**	64	64
13	Of which OTC derivatives	**99**	**99**	36	36
14	Of which exchange-traded derivatives	**92**	**92**	29	29
15	Of which SFTs	**–**	**–**	–	–
16	Of which collateral posted	**–**	**–**	–	–
17	Segregated initial margin	**–**		–	
18	Non-segregated initial margin	**–**	**–**	–	–
19	Prefunded default fund contributions	**–**	**2**	–	–
20	Unfunded default fund contributions	**–**	**–**	–	–

Table 87: Credit derivatives exposures (UK CCR6)

		2022		2022	
		Protection bought $million	Protection sold $million	Protection bought $million	Protection sold $million
	Notionals				
1	Single-name credit default swaps	**51,745**	**46,726**	50,087	45,954
2	Index credit default swaps	**86,984**	**81,752**	76,349	72,338
3	Total return swaps	**25,036**	**2,075**	12,336	288
4	Credit options	**–**	**–**	–	–
5	Other Credit derivatives	**139**	**352**	180	105
	Total notionals	**163,904**	**130,904**	138,953	118,685
	Fair values				
6	Positive fair value (asset)	**815**	**1,691**	1,046	1,062
7	Negative fair value (liability)	**(2,349)**	**(362)**	(1,252)	(542)

Table 88: Transactions subject to own funds requirements for CVA risk (UK CCR2)

		2023		2022	
		Exposure Value $million	RWA $million	Exposure Value $million	RWA $million
1	Total transactions subject to the Advanced method	**–**	**–**	–	–
2	(i) VaR component (including the 3× multiplier)		**–**		–
3	(ii) stressed VaR component (including the 3× multiplier)		**–**		–
4	Transactions subject to the Standardised method	**17,151**	**2,046**	17,231	1,879
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**–**	**–**	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**17,151**	**2,046**	17,231	1,879

4.2 Counterparty credit risk continued

Table 89 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 89: Standardised approach – CCR exposures by regulatory exposure class and risk weights (UK CCR3)

	2023												
	Risk Weight												
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others	Total
Standardised Exposure Class													
1 Central governments or central banks	227	–	–	–	–	–	–	–	–	–	–	–	227
4 Multilateral development banks	356	–	–	–	14	–	8	–	–	–	–	–	378
6 Institutions	–	5,994	235	–	20	–	8	–	–	3	–	–	6,260
7 Corporates	–	–	–	–	152	3	13	–	–	1,839	–	–	2,007
8 Retail	–	–	–	–	–	–	–	–	2	–	–	–	2
10a Secured on real estate property	–	–	–	–	–	8	–	–	–	–	–	–	8
10b Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–	–
10c Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	–	–	1	–	1
10d Other items	740	–	–	–	–	–	–	–	–	–	–	–	740
11 Total Standardised	**1,323**	**5,994**	**235**	**–**	**186**	**11**	**29**	**–**	**2**	**1,842**	**1**	**–**	**9,623**

	2022												
	Risk Weight												
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others	Total
Standardised Exposure Class													
1 Central governments or central banks	67	–	–	–	1	–	2	–	–	–	–	–	70
4 Multilateral development banks	597	–	–	–	–	–	–	–	–	–	–	–	597
6 Institutions	–	9,643	918	–	14	–	–	–	–	–	–	–	10,575
7 Corporates	–	–	–	–	284	3	10	–	–	972	–	–	1,269
8 Retail	–	–	–	–	–	–	–	–	3	–	–	–	3
10a Secured on real estate property	–	–	–	–	–	7	–	–	–	–	–	–	7
10b Exposures in default	–	–	–	–	–	–	–	–	–	–	–	–	–
10c Items belonging to regulatory high risk categories	–	–	–	–	–	–	–	–	–	–	2	–	2
10d Other items	720	–	–	–	–	–	–	–	–	–	–	–	720
11 Total Standardised	1,384	9,643	918	–	299	10	12	–	3	972	2	–	13,243

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.

- Central governments or central banks EAD decreased by $10.8 billion
- Institutions EAD increased by $5.1 billion
- Corporates EAD increased by $4.5 billion

Table 90: IRB – CCR exposures by exposure class

	2023						
	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	**10,050**	**4.23**	**110**	**18**	**0.42**	**3,119**	**31**
Institutions	**59,749**	**0.34**	**1,326**	**10**	**0.56**	**3,998**	**7**
Corporates	**103,624**	**0.23**	**12,611**	**10**	**0.40**	**9,055**	**9**
Of which specialised lending	**785**	**0.61**	**518**	**43**	**2.54**	**374**	**48**
Of which SME	**118**	**12.35**	**216**	**62**	**3.56**	**162**	**138**
Total IRB	**173,423**	**0.50**	**14,047**	**11**	**0.46**	**16,172**	**9**

	2022						
	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	20,827	2.53	112	28	0.27	1,159	6
Institutions	54,612	0.24	1,381	11	0.51	3,431	6
Corporates	99,142	0.24	13,153	12	0.38	10,158	10
Of which specialised lending	604	2.09	511	49	1.89	396	66
Of which SME	803	0.12	211	3	0.13	18	2
Total IRB	174,581	0.51	14,646	8	0.41	14,748	8

1 Weighted averages are based on EAD

2 Number of obligors is based on number of counterparties

4.2 Counterparty credit risk continued

Table 91: IRB approach – CCR exposures by exposure class and PD scale for central governments or central banks (UK CCR4)

	2023						
PD range %	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	**7,607**	**0.05**	**66**	**15**	**0.34**	**258**	**3**
0.15 to < 0.25	**175**	**0.22**	**5**	**20**	**1.35**	**36**	**20**
0.25 to < 0.50	**–**	**–**	**1**	**–**	**–**	**–**	**–**
0.50 to < 0.75	**2**	**0.53**	**7**	**45**	**1.00**	**1**	**57**
0.75 to < 2.50	**10**	**0.88**	**9**	**45**	**1.00**	**7**	**74**
2.50 to < 10.00	**1,289**	**7.94**	**13**	**11**	**1.06**	**480**	**37**
10.00 to < 100.00	**967**	**33.00**	**5**	**45**	**0.01**	**2,337**	**242**
100.00 (default)	**–**	**–**	**4**	**–**	**–**	**–**	**–**
Total	**10,050**	**4.23**	**110**	**18**	**0.42**	**3,119**	**31**

	2022						
PD range %	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	18,857	0.03	61	28	0.15	360	2
0.15 to < 0.25	682	0.22	5	45	1.18	241	35
0.25 to < 0.50	–	–	2	–	–	–	–
0.50 to < 0.75	1	0.51	7	45	1.00	1	56
0.75 to < 2.50	595	1.92	11	40	2.58	202	34
2.50 to < 10.00	187	3.70	15	44	0.83	224	120
10.00 to < 100.00	5	18.00	7	46	1.09	11	236
100.00 (default)	500	100.00	4	3	0.41	119	24
Total	20,827	2.53	112	28	0.27	1,159	6

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 92: IRB approach – CCR exposures by exposure class and PD scale for institutions (UK CCR4)

	2023						
PD range %	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	44,346	0.05	683	11	0.56	2,056	5
0.15 to < 0.25	7,837	0.22	122	5	0.65	419	5
0.25 to < 0.50	1,339	0.39	73	6	0.58	123	9
0.50 to < 0.75	2,298	0.56	126	8	0.55	342	15
0.75 to < 2.50	2,680	1.04	141	6	0.31	366	14
2.50 to < 10.00	1,034	3.61	124	11	0.75	218	21
10.00 to < 100.00	192	30.90	39	41	0.06	465	242
100.00 (default)	23	100.00	18	6	0.13	10	42
Total	59,749	0.34	1,326	10	0.56	3,998	7

	2022						
PD range %	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	40,877	0.06	711	13	0.54	2,102	5
0.15 to < 0.25	5,245	0.22	136	7	0.60	395	8
0.25 to < 0.50	2,320	0.39	57	3	0.22	79	3
0.50 to < 0.75	3,839	0.64	148	6	0.34	414	11
0.75 to < 2.50	751	1.31	127	6	0.30	94	13
2.50 to < 10.00	1,568	2.69	153	9	0.47	298	19
10.00 to < 100.00	3	18.00	41	46	1.00	7	235
100.00 (default)	9	100.00	8	45	1.00	41	449
Total	54,612	0.24	1,381	11	0.51	3,431	6

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 93: IRB approach – CCR exposures by exposure class and PD scale for corporates (UK CCR4)

PD range %	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] %
2023							
0.00 to < 0.15	**80,089**	**0.07**	**5,613**	**8**	**0.34**	**3,191**	**4**
0.15 to < 0.25	**10,730**	**0.22**	**2,035**	**14**	**0.64**	**1,568**	**15**
0.25 to < 0.50	**3,624**	**0.39**	**1,029**	**18**	**0.66**	**815**	**22**
0.50 to < 0.75	**6,603**	**0.59**	**1,338**	**18**	**0.40**	**1,651**	**25**
0.75 to < 2.50	**2,052**	**1.23**	**1,271**	**30**	**0.75**	**1,207**	**59**
2.50 to < 10.00	**340**	**5.94**	**521**	**22**	**1.00**	**222**	**65**
10.00 to < 100.00	**153**	**16.60**	**485**	**29**	**0.66**	**227**	**148**
100.00 (default)	**33**	**100.00**	**319**	**53**	**1.28**	**174**	**527**
Total	**103,624**	**0.23**	**12,611**	**10**	**0.40**	**9,055**	**9**
2022							
0.00 to < 0.15	76,378	0.08	5,949	11	0.32	3,566	5
0.15 to < 0.25	11,283	0.22	2,052	13	0.50	1,382	12
0.25 to < 0.50	3,132	0.39	1,086	1	0.68	901	29
0.50 to < 0.75	6,120	0.53	1,428	20	0.48	1,691	28
0.75 to < 2.50	1,770	1.28	1,290	45	1.14	1,580	89
2.50 to < 10.00	248	3.43	573	59	1.38	402	162
10.00 to < 100.00	186	28.48	451	58	1.27	580	312
100.00 (default)	24	100.00	324	64	2.96	56	233
Total	99,142	0.24	13,153	12	0.38	10,158	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 94: IRB approach – CCR exposures by exposure class and PD scale for corporates – specialised lending (UK CCR4)

	2023						
PD range %	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	327	0.12	123	45	2.76	104	32
0.15 to < 0.25	143	0.22	86	32	3.54	48	33
0.25 to < 0.50	74	0.38	56	45	2.39	41	56
0.50 to < 0.75	152	0.49	128	52	1.68	112	74
0.75 to < 2.50	73	1.27	68	42	1.54	59	81
2.50 to < 10.00	14	3.29	26	25	2.49	9	68
10.00 to < 100.00	–	33.00	5	36	1.00	–	198
100.00 (default)	2	100.00	26	15	4.12	–	–
Total	785	0.61	518	43	2.54	374	48

	2022						
PD range %	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	119	0.11	117	48	2.32	32	27
0.15 to < 0.25	92	0.22	76	42	2.25	35	38
0.25 to < 0.50	68	0.35	68	56	1.72	43	63
0.50 to < 0.75	201	0.49	100	57	1.59	163	81
0.75 to < 2.50	70	1.37	72	38	1.57	52	75
2.50 to < 10.00	33	2.83	46	38	2.38	32	98
10.00 to < 100.00	19	33.00	5	36	1.02	36	195
100.00 (default)	3	100.00	27	17	4.72	4	116
Total	604	2.09	511	49	1.89	396	66

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 95: IRB approach – CCR exposures by exposure class and PD scale for corporates – SME (UK CCR4)

	2023						
PD range %	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	**86**	**0.12**	**7**	**63**	**4.49**	**48**	**56**
0.15 to < 0.25	**–**	**0.25**	**26**	**87**	**1.00**	**–**	**45**
0.25 to < 0.50	**1**	**0.39**	**12**	**63**	**1.00**	**–**	**43**
0.50 to < 0.75	**12**	**0.51**	**26**	**59**	**1.00**	**6**	**49**
0.75 to < 2.50	**4**	**1.57**	**49**	**62**	**1.01**	**4**	**91**
2.50 to < 10.00	**1**	**4.49**	**31**	**65**	**1.50**	**1**	**125**
10.00 to < 100.00	**–**	**29.34**	**17**	**86**	**1.00**	**–**	**337**
100.00 (default)	**14**	**100.00**	**48**	**59**	**1.00**	**104**	**728**
Total	**118**	**12.35**	**216**	**62**	**3.56**	**162**	**138**

	2022						
PD range %	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	785	0.04	8	2	0.11	2	–
0.15 to < 0.25	–	0.22	25	67	1.00	–	38
0.25 to < 0.50	4	0.39	15	64	1.03	2	46
0.50 to < 0.75	–	0.53	19	67	4.06	–	96
0.75 to < 2.50	1	1.38	52	67	1.27	1	91
2.50 to < 10.00	11	3.44	37	58	1.00	11	99
10.00 to < 100.00	–	11.79	12	86	1.00	1	281
100.00 (default)	–	100.00	43	–	2.57	–	–
Total	803	0.12	211	3	0.13	18	2

1 Weighted averages are based on EAD

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

Traded risk

5. Operational Risk

The Group applies the Standardised Approach for measuring the capital requirements for operational risk. The table below reflects the risk-weighted assets and capital requirements resultant from operational risk.

Table 96: Operational risk own funds requirements and risk-weighted exposure amounts (UK OR1)

		2023				
		Relevant indicator				
	Banking activities	Year 3 $million	Year 2 $million	Last year $million	Own funds requirements $million	Risk weighted exposure amount $million
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	14,516	14,516	16,122	2,229	27,861
3	Subject to TSA:	14,516	14,516	16,122		
4	Subject to ASA:	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–
		2022				
		Relevant indicator				
	Banking activities	Year 3 $million	Year 2 $million	Last year $million	Own funds requirements $million	Risk weighted exposure amount $million
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	15,170	14,516	14,516	2,174	27,177
3	Subject to TSA:	15,170	14,516	14,516		
4	Subject to ASA:	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

6. Interest rate risk in the banking book

The Group defines Interest Rate Risk in the Banking Book ('IRRBB') as the potential for loss of future earnings or economic value following adverse movements in interest rates, which arises from a mismatch in the re-pricing profile of assets, liabilities, and off-balance sheet items in the banking book.

Risk Control and Governance

Treasury is responsible for monitoring IRRBB through the Treasury Risk Type Framework, policies and Risk Appetite, subject to independent oversight and challenge from Risk and Internal Audit.

The Board delegates the management of IRRBB to the Group Asset & Liability Committee (GALCO), which provides oversight of Group-level IRRBB and works in conjunction with Country ALCOs to monitor IRRBB as per the Risk Type Framework. IRRBB is managed at a country level by the Country ALCO, chaired by the Country CEO.

IRRBB models and methodologies are defined for the Group by the Treasury function, independently validated and approved by the Risk function. Country modelling assumptions are derived locally using the Group's methodologies and are reviewed by Country ALCO.

The Group uses Funds Transfer Pricing (FTP) to transfer re-pricing risk from the business to Treasury, including that arising from structural positions such as the investment of equity and non-maturity deposit balances. For non-maturity deposits (NMDs), the assumed duration is dependent on the portion that can be considered stable and the degree to which these balances are considered price sensitive.

Certain structural balances have been approved by GALCO and Country ALCOs to be risk managed directly under the Group's structural hedging programme. Other re-pricing risks transferred to Treasury are managed on an integrated basis with a securities portfolio maintained for liquidity and investment management purposes. Any basis risk that is not transferred and cannot be hedged by Treasury is reported and overseen at local ALCOs where material.

Re-pricing risk arising within Treasury is managed using a combination of on-balance sheet short and long tenor securities and derivative hedges. Derivative hedges are subject to Fair Value and Cash Flow Hedge accounting treatment where available. These interest rate risk positions and limits are independently monitored by the Risk function.

Key Risk Measures

The Group uses two key metrics for measuring IRRBB: Net Interest Income ('NII') Sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon from defined movements in interest rates; and Economic Value of Equity ('EVE'), a value measure which estimates the potential change in the present value of the Group's Banking Book assets and liabilities from defined movements in interest rates. These measures differ in their coverage of the drivers of interest rate risk and the time horizon for these to materialise but used together they can provide a complementary and rounded view of the Group's risk profile. Both NII Sensitivity and EVE are monitored monthly against defined Risk Appetite limits, which are set at the Group level and, where appropriate, at a country level in compliance with local regulatory requirements.

NII Sensitivity and EVE are indicative stress tests calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios that assess vulnerabilities in the Group's business model and key behavioural assumptions under interest rate shocks and stresses. These stress tests are supplemented by internal NII forecasts which are used for financial planning purposes.

Stress tests are performed monthly to identify structural risks to Net Interest Income or the Economic Value of the Banking Book under adverse but plausible interest rate scenarios. Additionally, stress testing of IRRBB is covered as part of ICAAP and BoE concurrent stress testing exercises (more information on stress testing can be found in table 97). Stress testing of price risk on Fair Value instruments in the Banking Book is conducted by Traded Risk Management under the Traded Risk Framework.

Prescribed Regulatory Interest Rate Shock and Stress Scenarios

The following table shows the Group's NII sensitivity and EVE regulatory metrics under each of the interest rate shock scenarios prescribed by the PRA (Rule 9.4A of the PRA Rulebook: CRR Firms: Interest Rate Risk Arising from Non-Trading Activities Instrument 2020 and in accordance with EBA Article 448(1) CRR). The sensitivities are indicative and subject to standardised shocks and parametric assumptions that may differ to those used in the Group's own internal models, please see next section for more information.

The sensitivities should not be considered an income or profit forecast. Furthermore, the regulatory EVE results should not be considered a proxy for expected income or capital impacts on a going concern basis.

Key modelling and parametric assumptions

Net Interest Income Sensitivity

For regulatory NII sensitivities, currency specific shocks are applied as follows:

- A parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves, including +/– 200 bps immediate shock for USD and HKD; +/– 150 bps for SGD; +/– 250 bps for CNY and GBP; and +/– 300 bps for KRW.

The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the change in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment. Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability re-pricing tenors, and price flooring.

Economic Value of Equity Sensitivity

The regulatory EVE sensitivities have been calculated under six standardised interest rate shock scenarios for measuring EVE under the standard outlier test, defined by the PRA.

For EVE, commercial margins and other spread components have been included in the modelled cashflows. The sensitivity represents a hypothetical impact to capital assuming a complete balance sheet run-off, assuming no new business. Balances are adjusted for assumed behavioural profiles, primarily non-maturity deposits, which reflect quantitative and qualitative assessments of the expected stability, rate sensitivity and run-off of client balances under varying interest rate conditions.

In line with regulatory guidelines:

- all equity instruments that have no coupon or call dates have been excluded;
- market interest rate floors start at -1.0% for the overnight tenor on the yield curve and increase by 5bps per year to 0.0% at the 20 year tenor point on the yield curve; and
- the aggregate EVE sensitivity for each interest rate shock scenario is calculated by adding together the negative and positive changes to EVE occurring in each currency. Positive values are weighted by 50%, but the full impact of negative values is included.

As at 31 December 2023, the average repricing maturity assigned to Non-Maturity Deposits was 4.4 months and the longest repricing maturity was 60 months.

Table 97: Quantitative information on IRRBB (UK IRRBB1)

		Change in EVE		Change in NII		Tier 1 capital	
		2023	2022	2023	2022	2023	2022
010	Parallel shock up	**(2,017)**	(2,066)	**1,531**	1,711	**–**	
020	Parallel shock down	**946**	1,110	**(2,024)**	(1,926)	**–**	
030	Steepener shock	**(373)**	(194)	**–**			
040	Flattener shock	**(279)**	(396)	**–**			
050	Short rates shock up	**(821)**	(1,130)	**–**			
060	Short rates shock down	**311**	542	**–**			
070	Maximum	**(2,017)**	(2,066)	**(2,024)**	(1,926)	**–**	
080	**Tier 1 capital**					**39,806**	40,634

As at 31 December 2023, the maximum EVE decline was $2,024 million under the parallel shock up. This does not represent the expected impact to capital. EVE sensitivity is driven by duration mismatches in the balance sheet. The magnitude of the result is largely due to the exclusion of equity, in line with regulatory guidelines, versus the inclusion of a structural hedge that is designed to stabilise the net interest income arising from the deployment of equity.

In addition, EVE sensitivity shows the theoretical reduction in the value of the structural hedge when rates rise but does not capture the benefit to future income that would result from rising interest rates as demonstrated by the NII Sensitivity.

Duration mismatches for the remainder of the balance sheet are largely immaterial, however, the sensitivity is amplified by large shocks to Emerging Markets currencies, and the impact of weighting positive values at the currency level by 50%. This 50% haircut on positive EVE values is also the main driver of asymmetry between EVE up and down shocks.

The behavioural lives of some Non-Maturity Deposit balances have been extended to better reflect the observed and modelled behaviour of these balances. The Group has taken a conservative approach in determining the duration of these liabilities, combining assessments of historical behaviour using Risk-approved models with forward looking expert judgement given the rapid and significant changes in the interest rate environment across a number of the Group's markets.

The most adverse impact to NII under the regulatory scenarios was a reduction of $1, 971 million under the parallel shock down. While the interest rate shocks used to compute the regulatory NII sensitivity are larger than the Group's NII sensitivities used for risk management, the drivers of the sensitivities and the limitations of these measures are consistent (please see page 102 of the Full Year Report 2023 for more information).

7 Liquidity risk

Liquidity & Funding risk management

For information on the Group's Liquidity & Funding risk management practices and risk profile we refer to the Principal Risks and Risk Profile sections of the 2023 Annual Report and Accounts on pages 325 and 326 respectively.

Liquidity Coverage Ratio (LCR) disclosure

The Liquidity Coverage Ratio (LCR) is a regulatory stress ratio measuring the proportion of High-Quality Liquid Assets (HQLA) against net outflows over 30 calendar days. An essential component of the Basel III reforms, the LCR was introduced in October 2015 with the goal of promoting the short-term resilience of a firm's liquidity risk profile.

The Group monitors and reports its LCR under UK onshored Commission Delegated Regulation 2015/61 (LCR Delegated Act rules) and is also subject to local prudential LCR requirements across our footprint, where applicable. The Prudential Regulation Authority (PRA), as the Group's competent authority, accelerated LCR implementation by setting an initial industry-wide minimum threshold of 80 per cent on 1 October 2015 before increasing to 90 per cent on 1 January 2017 ahead of full implementation (100 per cent) from 1 January 2018.

The LCR is a Pillar 1 regulatory requirement calculated by applying standardised haircuts, outflow and inflow factors to HQLA, liabilities and assets respectively. Risks not captured, or not fully captured, under the standardised Pillar 1 ratio (e.g. Intra-day risk or other risks specific to each firm) are known as Pillar 2 risks and are captured under a separate Pillar 2 regulatory framework. These Pillar 2 requirements are set in the form of fixed or variable add-ons to LCR Pillar 1 requirements. Therefore, it should be noted that the HQLA reported in the table below is held to meet Pillar 1 and Pillar 2 risks along with internal Board approved risk appetite.

HQLA

HQLA eligible securities, as defined under LCR Delegated Act rules, fall into three categories: Level 1, Level 2A, and Level 2B liquid assets. Level 1 liquid assets, which are of the highest quality and deemed the most liquid (e.g. central bank reserves or securities issued by the U.S. Treasury Department), are subject to no or little discount (or haircuts) to their market value and may be largely used without limit in the liquidity buffer, except for Level 1 covered bonds.

Level 2A and 2B securities are recognised as being relatively stable and reliable sources of liquidity, but not to the same extent as Level 1 assets. LCR rules therefore set a 40 per cent composition cap on the combined amount of Level 2A and Level 2B that firms may hold in their total eligible liquidity buffer. Level 2B liquid assets, which are considered less liquid and more volatile than Level 2A liquid assets, are subject to large and varying haircuts and may not exceed 15 per cent of the total eligible HQLA.

To be recognised as HQLA eligible, securities must also meet various operational and general requirements designed to ensure that such assets have robust liquidity characteristics and can be freely converted into cash within a short timeframe, without significant loss in value.

Outflows

Expected outflows are generally calculated as a percentage outflow of on-balance sheet items (e.g. funding received) and off-balance sheet commitments (e.g. credit and liquidity lines) made by firms. This outflow varies typically by counterparty. For example, the outflow expected on retail deposits is lower than the outflow expected on deposits provided by corporates or financial institutions.

Inflows

Expected inflows are also generally calculated as a percentage inflow on-balance sheet items and include inflows (e.g. from retail or corporate loans) that will be repaid within 30 days. To ensure a minimum level of liquid asset holdings, and to prevent firms from relying solely on anticipated inflows to meet their liquidity coverage ratio, the prescribed amount of inflows that can offset outflows is capped at 75 per cent of total expected outflows.

Calculated pursuant to LCR Delegated Act rules, the following table sets forth simple averages of month-end Group LCR observations over the 12-months preceding each quarter. For a period end Group LCR disclosure, refer to page 290 of the 2023 Annual Report and Accounts.

Table 98: Liquidity Coverage Ratio (LCR) (UK LIQ1)

		2023							
		Total unweighted value (average)				Total weighted value (average)			
		31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million	31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					178,289	177,767	181,663	185,986
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	145,569	148,432	151,822	155,462	14,555	15,343	16,109	16,638
3	Stable deposits	37,815	38,224	38,608	38,922	1,891	1,911	1,930	1,946
4	Less stable deposits	107,754	110,207	113,214	116,540	12,664	13,432	14,179	14,692
5	Unsecured wholesale funding, of which:	270,811	266,165	265,664	264,910	121,163	118,416	118,997	119,196
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	124,999	122,617	119,363	116,323	31,105	30,544	29,764	29,038
7	Non-operational deposits (all counterparties)	141,179	138,834	141,240	142,912	85,425	83,159	84,173	84,484
8	Unsecured debt	4,633	4,714	5,061	5,675	4,633	4,714	5,061	5,675
9	Secured wholesale funding					4,915	4,844	5,175	5,182
10	Additional requirements	96,031	96,968	98,310	100,421	30,845	30,789	30,671	31,016
11	Outflows related to derivative exposures and other collateral requirements	15,359	15,514	16,074	16,987	15,291	15,397	15,295	15,319
12	Outflows related to loss of funding on debt products	2	2	2	2	2	2	2	2
13	Credit and liquidity facilities	80,670	81,452	82,234	83,433	15,553	15,390	15,374	15,696
14	Other contractual funding obligations	13,386	13,459	12,665	12,096	8,522	8,414	8,116	8,172
15	Other contingent funding obligations	229,134	230,818	234,414	238,805	2,574	2,393	2,401	2,512
16	**Total cash outflows**					182,573	180,200	181,470	182,716
	Cash inflows								
17	Secured lending (e.g. reverse repos)	62,786	63,571	63,891	60,759	5,629	6,488	7,456	7,846
18	Inflows from fully performing exposures	57,188	58,054	57,588	57,488	40,029	41,394	41,422	41,134
19	Other cash inflows	28,487	28,217	27,428	27,855	18,713	18,459	17,540	17,672
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	148,462	149,842	148,907	146,102	64,371	66,341	66,418	66,652
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	139,392	141,591	140,752	139,529	64,371	66,341	66,418	66,652
	Total adjusted value								
21	**Liquidity buffer**					178,289	177,767	181,663	185,986
22	**Total net cash outflows**					118,202	113,859	115,052	116,064
23	**Liquidity coverage ratio (%)**					151%	156%	158%	160%

Table 98: Liquidity Coverage Ratio (LCR) (UK LIQ1) continued

		2022							
		Total unweighted value (average)				Total weighted value (average)			
		31.03.22 $million	30.06.22 $million	30.09.22 $million	31.12.22 $million	31.03.22 $million	30.06.22 $million	30.09.22 $million	31.12.22 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					176,162	179,218	179,778	178,203
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	143,693	143,638	143,567	144,095	13,372	13,332	13,436	13,882
3	Stable deposits	39,586	38,915	38,239	37,709	1,979	1,946	1,912	1,885
4	Less stable deposits	104,106	104,723	105,329	106,386	11,392	11,387	11,524	11,996
5	Unsecured wholesale funding, of which:	276,867	280,243	278,698	274,975	125,941	126,675	125,423	123,977
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	126,241	128,516	128,390	125,837	31,355	31,946	31,934	31,304
7	Non-operational deposits (all counterparties)	145,490	146,632	145,350	143,770	89,451	89,635	88,530	87,306
8	Unsecured debt	5,135	5,094	4,958	5,367	5,135	5,094	4,958	5,367
9	Secured wholesale funding					4,332	4,869	4,954	5,234
10	Additional requirements	87,642	89,934	93,042	94,488	26,517	27,579	29,278	30,174
11	Outflows related to derivative exposures and other collateral requirements	11,964	12,480	13,789	14,839	11,947	12,467	13,765	14,796
12	Outflows related to loss of funding on debt products	2	2	2	2	2	2	2	2
13	Credit and liquidity facilities	75,676	77,451	79,251	79,647	14,568	15,110	15,511	15,376
14	Other contractual funding obligations	10,376	10,765	11,487	12,514	7,691	7,665	7,959	8,462
15	Other contingent funding obligations	213,251	222,149	225,742	226,817	4,496	4,090	3,536	2,970
16	**Total cash outflows**					182,350	184,210	184,586	184,698
	Cash inflows								
17	Secured lending (e.g. reverse repos)	59,704	61,417	61,103	62,614	5,481	5,326	5,224	5,536
18	Inflows from fully performing exposures	57,631	55,878	55,437	55,757	40,386	38,462	37,928	38,553
19	Other cash inflows	23,639	25,256	27,288	27,922	14,167	15,621	17,543	18,205
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	140,975	142,552	143,829	146,293	60,033	59,409	60,695	62,294
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	124,685	127,469	131,378	135,604	60,033	59,409	60,695	62,294
	Total adjusted value								
21	**Liquidity buffer**					176,162	179,218	179,778	178,203
22	**Total net cash outflows**					122,316	124,801	123,891	122,404
23	**Liquidity coverage ratio (%)**					144%	144%	145%	146%

The ratios reported in the above table are simple averages of month-end Group LCR ratios over the twelve months preceding each quarter. Therefore, these ratios may not be equal to the implied LCR calculated when using the average component amounts reported under 'Liquidity buffer' and 'Total net cash outflows' in the above table.

The Group continued to maintain a strong average LCR position over the reporting period with a prudent surplus to both Board approved risk appetite and regulatory requirements.

The Group's average LCR was 160.4 per cent in the fourth quarter (first quarter: 151.2 per cent), reflecting the liquidity strength of the Group's balance sheet throughout the year.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is a regulatory ratio measuring Available Stable Funding ("ASF") compared to Required Stable Funding ("RSF") over the time horizon of one year. The increase in the average NSFR from 129.6 per cent in FY22 to 136% in FY23 is driven by higher levels of ASF from retail deposits and term funding, as the Group continues to maintain a strong and resilient funding profile.

Table 99: Net Stable Funding Ratio (UK LIQ2)

		2023				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
Available stable funding (ASF) Items						
1	Capital items and instruments	47,014	250	780	12,969	60,373
2	Own funds	47,014	250	780	12,969	60,373
3	Other capital instruments		–	–	–	–
4	Retail deposits		146,387	10,686	1,478	144,293
5	Stable deposits		28,626	370	111	27,657
6	Less stable deposits		117,761	10,316	1,367	116,636
7	Wholesale funding:		389,607	44,945	48,860	196,940
8	Operational deposits		108,911	–	–	54,456
9	Other wholesale funding		280,696	44,945	48,860	142,484
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	336	58,656	996	1,135	1,631
12	NSFR derivative liabilities	336				
13	All other liabilities and capital instruments not included in the above categories		58,656	996	1,135	1,631
14	**Total available stable funding (ASF)**					403,238
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					9,353
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		3,488	–	–	1,744
17	Performing loans and securities:		188,685	54,886	189,048	237,696
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		23,974	1,406	1,336	3,069
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		66,526	26,403	15,159	39,594
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		45,877	12,479	73,111	91,440
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,415	375	2,977	3,314
22	Performing residential mortgages, of which:		3,926	2,801	62,867	45,384
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,546	1,448	57,082	39,101
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		48,382	11,799	36,576	58,210
25	Interdependent assets		–	–	–	–
26	Other assets:	–	67,711	261	39,572	41,536
27	Physical traded commodities				8,650	7,352
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	9,822	8,349
29	NSFR derivative assets		364	–	–	364
30	NSFR derivative liabilities before deduction of variation margin posted		17,255	–	–	863
31	All other assets not included in the above categories		50,091	261	21,099	24,607
32	Off-balance sheet items		39,595	25,203	77,534	6,139
33	**Total RSF**					296,467
34	**Net Stable Funding Ratio (%)**					136.0%

Table 99: Net Stable Funding Ratio (UK LIQ2) continued

		2022				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
Available stable funding (ASF) Items						
1	Capital items and instruments	47,292	1,629	1,708	13,791	61,936
2	Own funds	47,292	1,629	1,708	13,791	61,936
3	Other capital instruments		–	–	–	–
4	Retail deposits		136,178	7,688	1,091	132,158
5	Stable deposits		31,237	502	134	30,287
6	Less stable deposits		104,940	7,186	957	101,871
7	Wholesale funding:		392,017	45,194	41,267	192,988
8	Operational deposits		122,571	–	–	61,286
9	Other wholesale funding		269,446	45,194	41,267	131,702
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	553	60,605	1,418	1,435	2,058
12	NSFR derivative liabilities	553				
13	All other liabilities and capital instruments not included in the above categories		60,605	1,418	1,435	2,058
14	**Total available stable funding (ASF)**					389,140
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					10,557
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		3,573	–	–	1,787
17	Performing loans and securities:		197,987	54,075	188,528	238,672
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		35,122	1,646	662	3,340
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		55,330	22,004	12,163	32,740
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		47,215	14,931	89,369	104,494
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,925	476	16,339	12,318
22	Performing residential mortgages, of which:		3,210	2,468	53,787	38,698
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,970	1,162	49,300	33,611
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		57,110	13,027	32,548	59,400
25	Interdependent assets		–	–	–	–
26	Other assets:	–	79,355	940	40,693	23,732
27	Physical traded commodities				10,479	8,907
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	9,329	7,930
29	NSFR derivative assets		157	–	–	157
30	NSFR derivative liabilities before deduction of variation margin posted		27,678	–	–	1,384
31	All other assets not included in the above categories		51,521	940	20,885	5,354
32	Off-balance sheet items		47,367	24,558	70,504	6,094
33	**Total RSF**					300,340
34	**Net Stable Funding Ratio (%)**					129.6%

HQLA composition

Figures reported in this section are simple averages of the 12 data points over the reporting period Jan 2023 to Dec 2023.

Our average weighted HQLA over the reporting period was approximately $186 billion. Of this amount, 95 per cent consisted of Level 1 assets in the form of unencumbered central bank reserves (average 51 per cent) and high quality level 1 securities 44 per cent). Level 1 securities were mainly composed of central bank and government assets as well as securities issued by multilateral development banks and international organisations. In addition, 5 per cent of average weighted HQLA over the period consisted of Level 2A assets (mainly third country central/regional governments and public sector entities). The remaining average weighted HQLA was made up of Asset- backed securities recognised as Level 2B under LCR rules.

The Group's combined Level 2A and Level 2B securities (5 per cent) was well below the 40 per cent composition cap for such assets as required under LCR Delegated Act rules with Level 2B securities (0 per cent) falling below the required 15 per cent of total HQLA limit.

HQLA presented herein excludes excess liquidity held at certain subsidiaries that is not transferable within the Group.

Our liquidity management function in Treasury actively manages the size and composition of our eligible HQLA to ensure it is well diversified and reflects the Group's Board approved risk appetite and supporting risk measures, regulatory and internal stress testing requirements, the currency denomination of outflows, amongst other relevant considerations.

Table 100: Total eligible high-quality liquid assets (HQLA)

	Average unweighted	Average weighted
Level 1 reserves	50%	51%
Level 1 liquid securities	44%	44%
Level 2A liquid assets	5%	5%
Level 2B liquid assets	1%	0%

Concentration of funding and liquidity sources

The Group's funding strategy is largely driven by its policy to maintain adequate liquidity at all times, in all geographic locations and in all currencies, and hence to be in a position to meet all obligations as they fall due.

With a sufficiently flexible funding strategy we are able to reduce liquidity risk by diversifying our liquidity resources. Our high degree of geographic diversification constitutes a material risk offset because of our ability to raise a variety of funding across a number of markets in which we operate.

The Group has established internal measures to closely monitor and highlight any build up in counterparty, industry and tenor concentrations to ensure it can meet liquidity needs under different stress scenarios and different time horizons.

Our funding profile over the reporting period was well diversified across different sources by product, business and tenor. Consistent with the Group's funding strategy, customer assets were largely funded out of customer deposits, which are considered a stable source of funding. Customer deposits are primarily sourced from Current Account Saving Account balances along with time deposits and these are further diversified across different customer segments, currencies, tenors and markets.

For further details on the Group's funding profile, refer to pages 290 to 292 of the 2023 Annual Report and Accounts.

Derivative exposures and potential collateral calls

In the normal course of business, the Group deals in the Over-the-counter (OTC) and exchange traded derivative markets with both collateralised and uncollateralised derivative counterparties. Trades are taken primarily to facilitate client activity or for hedging our own risk exposures; as such, derivatives are not generally held for position-taking.

The LCR Delegated Act requires HQLA to be held against net contractual and contingent outflows relating to derivative transactions. These include:

- Net Contractual outflows over a 30-day calendar period – if subject to either legally enforceable master netting agreements and/or covered by collateral agreements (e.g. CSA), these cash flows can be netted at a counterparty level
- The impact of an adverse market scenario on the collateral requirements of the Group's derivatives portfolio
- Incremental collateral required to be posted in the event of a deterioration in the Group's own credit quality (e.g. a three-notch downgrade in the firm's long-term external credit rating)
- The counterparties' contractual right to substitute higher quality collateral with lower quality collateral
- The devaluation of existing collateral posted to counterparties
- Callable/due excess collateral that a firm may be contractually required to return to a counterparty

In addition to regulatory requirements, the Group employs various measures to actively reduce the risk of potential collateral calls on our derivative positions.

On average over the reporting period, weighted 'Outflows related to derivative exposures and other collateral requirements' made up only 8 per cent of the Group's total weighted outflows.

Currency mismatch in the LCR

The Group LCR is calculated and reported on a consolidated basis and in its reporting currency, US dollars. Although not required to meet minimum LCR requirements in other currencies, we report other significant currency LCRs to the PRA as part of the monthly LCR submission as well as to senior stakeholders in the form of internal monthly MI.

To minimise currency mismatch risk, the Group seeks to fund assets in the same currency, however, due to our global footprint, cross currency funding is utilised to appropriately manage currency gaps when it makes economic sense to do so.

To the extent mismatches arise, these are managed via the Group's currency convertibility framework. The framework identifies currencies that are expected to have limited convertibility during a stress, and sets thresholds on the amount of currency surplus that can be used to meet outflows in other currencies. HQLA amounts reported in Table 98 above therefore exclude surplus liquidity across the Group considered non-convertible in stress.

The implementation of liquidity metrics (such as ADR) at country level ensures that a large portion of assets is funded out of liabilities raised in the same currency. We also monitor closely, against set limits, the amount of foreign currency that can be swapped to local currency, and vice versa, in addition to currency mismatches by different tenor buckets.

7.1 Encumbered and unencumbered assets

The following disclosures of encumbered and unencumbered assets are based on the requirements in Part Eight of the CRR Article 443.

Standard Chartered's primary funding source is its customer deposit base. Given this structural unsecured funding position we have little requirement to fund ourselves in secured markets, and therefore our overall low level of encumbrance reflects this position. However, we do provide collateralised financing services to clients and these result in off-balance sheet encumbrance. The Group monitors the mix of secured and unsecured funding sources within the Group's funding plan and seeks to efficiently utilise available collateral to raise secured funding and meet other collateral requirements.

Table 101: Encumbered and unencumbered assets (UK AE1)

		2023							
		Carrying amount of encumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Fair value of encumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Carrying amount of unencumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Fair value of unencumbered assets $million	of which notionally eligible EHQLA and HQLA $million
010	Assets of the Reporting Institution	**43,784**	**20,060**			**789,287**	**192,115**		
030	Equity instruments	**–**	**–**	**–**	**–**	**3,277**	**13**	**3,277**	**–**
040	Debt securities	**28,724**	**20,060**	**28,724**	**20,060**	**176,319**	**115,744**	**174,034**	**113,568**
050	of which: covered bonds	**1**	**1**	**1**	**1**	**7,581**	**7,563**	**7,581**	**7,563**
060	of which: asset-backed securities	**3,214**	**2**	**3,214**	**2**	**16,128**	**2,575**	**16,123**	**1,836**
070	of which: issued by general governments	**19,826**	**17,621**	**19,826**	**17,621**	**74,110**	**65,175**	**72,474**	**60,158**
080	of which: issued by financial corporations	**7,777**	**1,613**	**7,748**	**1,613**	**70,312**	**25,980**	**70,180**	**25,836**
090	of which: issued by non-financial corporations	**974**	**120**	**974**	**120**	**9,774**	**5,742**	**9,751**	**5,741**
120	Other Assets	**15,059**	**–**			**609,691**	**76,358**		

		2022							
		Carrying amount of encumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Fair value of encumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Carrying amount of unencumbered assets $million	of which notionally eligible EHQLA and HQLA $million	Fair value of unencumbered assets $million	of which notionally eligible EHQLA and HQLA $million
010	Assets of the Reporting Institution[1]	41,073	10,281			798,444	164,431		
030	Equity instruments	–	–	–	–	3,754	14	3,754	–
040	Debt securities[1]	17,108	10,281	17,248	10,197	178,986	99,783	177,495	95,386
050	of which: covered bonds	2	2	2	2	8,461	8,208	8,461	7,380
060	of which: asset-backed securities	3,361	29	3,361	29	14,934	579	15,038	532
070	of which: issued by general governments[1]	12,640	10,246	12,640	10,162	69,672	65,303	67,841	60,435
080	of which: issued by financial corporations[1]	2,206	37	2,346	37	72,719	21,598	72,321	21,293
090	of which: issued by non-financial corporations	2,060	10	2,060	10	10,386	7,943	10,361	7,093
120	Other Assets	23,965	–			616,020	63,783		

1. AE1 for 2022 has been restated to align with changes in the reporting methodology made in 2023

Table 102: Collateral received and own debt securities issued (UK AE2)

		2023			
		Fair Value of encumbered collateral received or own debt securities issued $million	of which notionally eligible EHQLA and HQLA $million	Fair Value of collateral received or own debt securities issued available for encumbrance $million	of which notionally eligible EHQLA and HQLA $million
130	Collateral received by the reporting institution	72,504	46,152	39,170	28,383
140	Loans on Demand	–	–	–	–
150	Equity Instruments	–	–	–	–
160	Debt securities	72,504	46,152	39,170	28,383
170	of which: covered bonds	–	–	–	–
180	of which: Asset backed securities	1,372	393	1,921	690
190	of which: issued by General Governments	41,189	37,250	26,221	20,835
200	of which: issued by Financial Corporations	24,541	10,755	8,304	3,192
210	of which: issued by Non Financial Corporations	4,640	2,091	1,962	681
220	Loans and Advances other than Loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	**Own debt securities issued other than own covered bonds or securitisations**	–	–	–	–
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			–	–
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	116,288	65,510		

		2022			
		Fair Value of encumbered collateral received or own debt securities issued $million	of which notionally eligible EHQLA and HQLA $million	Fair Value of collateral received or own debt securities issued available for encumbrance $million	of which notionally eligible EHQLA and HQLA $million
130	Collateral received by the reporting institution	67,709	56,628	46,657	29,112
140	Loans on Demand	–	–	–	–
150	Equity Instruments	–	–	–	–
160	Debt securities	67,709	56,628	46,657	29,112
170	of which: covered bonds	–	–	–	–
180	of which: Asset backed securities	1,430	516	1,404	699
190	of which: issued by General Governments	54,667	51,997	34,521	26,176
200	of which: issued by Financial Corporations	5,084	280	6,191	454
210	of which: issued by Non Financial Corporations	5,741	1,843	5,940	1,894
220	Loans and Advances other than Loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241	Own covered bonds and asset-backed securities issued and not yet pledged			–	–
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	110,865	67,889		

Table 103: Sources of encumbrance (UK AE3)

		2023		2022	
		Matching liabilities contingent liabilities or securities lent $million	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered $million	Matching liabilities contingent liabilities or securities lent $million	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered $million
010	Carrying amount of selected financial liabilities	63,562	66,521	72,838	72,076

The Group's median asset encumbrance for 2023 was $116 billion, which primarily relates to Debt securities and cash collateral pledged against derivatives included within other assets.

Encumbered assets represent assets pledged or subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. Debt securities are predominantly related to repurchase agreements.

Furthermore, the unencumbered assets that cannot be encumbered also remain at low level and include Unsettled trades, Goodwill, Hong Kong government certificates of indebtedness, non-group acceptance, Property and plant, and tax assets.

The Group provides collateralised security financing services to its clients, which is also used to manage the Group's own short-term cash and collateral needs. For securities accepted as collateral, mandates are credit rating driven with appropriate notional limits per rating, asset and individual bond concentration. Most of the collateral the Group uses in repo/reverse repo and stock lending/stock borrowing transactions are investment grade government issued. Information on over-collateralisation can be found in the Credit risk mitigation section of the 2023 Annual Report and Accounts on pages 258 to 260.

8. Remuneration

The disclosures follow the requirements set out in Article 450 of chapter 4 of the 'Disclosure (CRR)' part of the PRA Rulebook.

Identification of material risk takers

Individuals have been identified as Material Risk Takers (MRTs) in line with the qualitative and quantitative criteria set by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). MRTs are identified on both a: (i) Standard Chartered PLC (Group) basis; and (ii) solo level consolidated entities under Standard Chartered Bank UK (Solo) basis.

Qualitative criteria

The qualitative criteria broadly identifies the following colleagues as Group MRTs:

- directors (both executive and non-executive) of Standard Chartered PLC
- a member of senior management
- senior colleagues within the audit, compliance, legal and risk functions
- senior colleagues within Material Business Units (MBUs)
- colleagues who are members of specific committees
- colleagues who are able to initiate or approve credit risk exposures above a certain threshold and sign off on trading book transactions at or above a specific value at risk limit
- colleagues whose professional activities may have a significant impact on the risk profile of a MBU and are above certain pay thresholds
- traders and senior colleagues in Financial Markets who earn above certain pay thresholds.

Quantitative criteria

The quantitative criteria identifies colleagues:

- who have been awarded total remuneration of GBP660,000 or more in the previous financial year
- whose total remuneration in the preceding year is within the top 0.3 per cent of the Group or Solo entity.

For the purpose of the Pillar 3 tables on pages 131 to 135, supervisory function is defined as non-executive directors of Standard Chartered PLC, management function is defined as executive directors of Standard Chartered PLC and other senior management is defined as senior managers under the Senior Manager and Certification Regime and members of the Group Management Team.

Solo MRTs are identified based on similar criteria applied to the Solo entity.

MRT remuneration delivery

Remuneration for MRTs was delivered in 2023 through a combination of salary, pension, benefits and variable remuneration.

Variable remuneration for MRTs is structured in line with the PRA and FCA's remuneration rules. For the 2023 performance year, the following structure applies:

- At least 40 per cent of an MRT's variable remuneration will be deferred over a minimum period of four years and a maximum of seven years depending on the applicable identification criteria.
- 60 per cent of an MRT's variable remuneration will be deferred if variable remuneration exceeds GBP500,000.
- Non-deferred variable remuneration will be delivered 50 per cent in shares, subject to a minimum 12 month retention period, and 50 per cent in cash.
- At least 50 per cent of deferred variable remuneration will be delivered entirely in shares, subject to a minimum 12 month retention period (with the exception of deferred shares awarded to higher paid MRTs, which are subject to a six month minimum retention period in line with the regulations).
- For some MRTs, part of their 2023 variable remuneration may be in LTIP share awards which are released after a minimum of four years, subject to the satisfaction of performance measures and holding periods.
- As explained on page 211, all variable remuneration is subject to remuneration adjustment provisions. This provides the Group with the ability to reduce or revoke variable remuneration in respect of a risk, control or conduct issue, event or behaviour.

Further information on the remuneration policy and practices can be found in the SC PLC Group's 2023 Directors' remuneration report on pages 182 to 207.

Table 104: Remuneration awarded for the financial year (UK REM1)

		2023				2022			
		MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million	MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million
	Fixed remuneration								
1	Number of identified staff	**13**	**2**	**15**	**669**	14	2	16	580
2	Total fixed remuneration	**5**	**6**	**32**	**367**	4	6	32	307
3	Of which: cash-based	**5**	**4**	**32**	**367**	4	4	32	307
UK-4a	Of which: shares or equivalent ownership interests	**–**	**2**	**–**	**–**	–	2	–	–
5	Of which: share-linked instruments or equivalent non-cash instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-5x	Of which: other instruments	**–**	**–**	**–**	**–**	–	–	–	–
7	Of which: other forms	**–**	**–**	**–**	**–**	–	–	–	–
	Variable remuneration								
9	Number of identified staff	**13**	**2**	**15**	**669**	14	2	16	580
10	Total variable remuneration	**–**	**7**	**48**	**346**	–	10	46	316
11	Of which: cash-based	**–**	**1**	**18**	**174**	–	2	18	160
12	Of which: deferred	**–**	**–**	**9**	**89**	–	–	9	83
UK-13a	Of which: shares or equivalent ownership interests	**–**	**6**	**30**	**172**	–	8	28	156
UK-14a	Of which: deferred	**–**	**4**	**20**	**91**	–	7	18	83
UK-13b	Of which: share-linked instruments or equivalent non-cash instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-14b	Of which: deferred	**–**	**–**	**–**	**–**	–	–	–	–
UK-14x	Of which: other instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-14y	Of which: deferred	**–**	**–**	**–**	**–**	–	–		–
15	Of which: other forms	**–**	**–**	**–**	**–**	–	–	–	–
16	Of which: deferred	**–**	**–**	**–**	**–**	–	–	–	–
17	**Total remuneration (2 + 10)**	**5**	**13**	**80**	**713**	4	15	77	623

Table 105: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (UK REM2)

		2023			
		MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards – Number of identified staff	**–**	**–**	**–**	**3**
2	Guaranteed variable remuneration awards -Total amount	**–**	**–**	**–**	**1.91**
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	**–**	**–**	**–**	**–**
	Severance payments awarded in previous periods, that have been paid out during the financial year	**–**	**–**	**–**	**–**
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	**–**	**–**	**–**	**–**
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	**–**	**–**	**–**	**–**
	Severance payments awarded during the financial year	**–**	**–**	**–**	**–**
6	Severance payments awarded during the financial year – Number of identified staff	**–**	**–**	**–**	**–**
7	Severance payments awarded during the financial year – Total amount	**–**	**–**	**–**	**–**
8	Of which paid during the financial year	**–**	**–**	**–**	**–**
9	Of which deferred	**–**	**–**	**–**	**–**
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	**–**	**–**	**–**	**–**
11	Of which highest payment that has been awarded to a single person	**–**	**–**	**–**	**–**

Table 106: Deferred remuneration (UK REM3)

		2023							
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods $million	Of which due to vest in the financial year $million	Of which vesting in subsequent financial years $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years $million	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments $million	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year $million	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods $million
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	**43**	**10**	**33**	**(7)**	–	**2**	**3**	**2**
8	Cash-based	–	–	–	–	–	–	–	–
9	Shares or equivalent ownership interests	43	10	33	(7)	–	2	3	2
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	**118**	**16**	**102**	**(5)**	–	**4**	**10**	**6**
14	Cash-based	28	4	25	–	–	–	4	–
15	Shares or equivalent ownership interests	89	12	77	(5)	–	4	7	6
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	**485**	**126**	**358**	–	–	**11**	**120**	**44**
20	Cash-based	216	52	164	–	–	–	49	–
21	Shares or equivalent ownership interests	235	64	171	–	–	9	62	38
22	Share-linked instruments or equivalent non-cash instruments	34	10	24	–	–	1	9	5
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	**645**	**151**	**494**	**(12)**	–	**16**	**133**	**51**

Table 106: Deferred remuneration (UK REM3) continued

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods $million	Of which due to vest in the financial year $million	Of which vesting in subsequent financial years $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years $million	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments $million	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year $million	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods $million
		2022							
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	46	17	29	(6)	–	12	10	5
8	Cash-based	–	–	–	–	–	–	–	–
9	Shares or equivalent ownership interests	46	17	29	(6)	–	12	10	5
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	128	25	104	(11)	–	27	13	7
14	Cash-based	24	3	21	–	–	–	3	–
15	Shares or equivalent ownership interests	104	22	82	(11)	–	27	10	7
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	505	159	346	–	–	86	153	56
20	Cash-based	169	44	126	–	–	–	41	–
21	Shares or equivalent ownership interests	296	105	191	–	–	76	102	56
22	Share-linked instruments or equivalent non-cash instruments	40	11	29	–	–	10	11	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	679	200	479	(18)	–	125	176	68

Table 107: Remuneration of 1 million EUR or more per year (UK REM4)

	EUR	2023 Identified staff that are high earners as set out in Article 450(i) CRR Number of employees	2022 Identified staff that are high earners as set out in Article 450(i) CRR Number of employees
1	1,000,000 to below 1,500,000	**150**	148
2	1,500,000 to below 2,000,000	**40**	44
3	2,000,000 to below 2,500,000	**26**	20
4	2,500,000 to below 3,000,000	**10**	14
5	3,000,000 to below 3,500,000	**10**	8
6	3,500,000 to below 4,000,000	**6**	4
7	4,000,000 to below 4,500,000	**3**	–
8	4,500,000 to below 5,000,000	**3**	5
9	5,000,000 to below 6,000,000	**4**	2
10	6,000,000 to below 7,000,000	**1**	1
11	7,000,000 to below 8,000,000	**–**	–
12	8,000,000 to below 8,500,000	**–**	–
13	8,500,000 to below 9,000,000	**1**	1
14	9,000,000 to below 9,500,000	**1**	1
15	9,500,000 to below 10,000,000	**–**	–
16	10,000,000 to below 10,500,000	**1**	1
17	13,000,000 to below 13,500,000	**1**	1
	Total	**257**	250

Table 108: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (UK REM5)

		2023					
		Management body remuneration			Business areas		
		MB Supervisory function $million	MB Management function $million	Total MB $million	Investment banking $million	Retail banking $million	Asset management $million
1	Total number of identified staff						
2	Of which: members of the MB	13	2	15			
3	Of which: other senior management				3	1	–
4	Of which: other identified staff				340	38	8
5	Total remuneration of identified staff	5	13	18	457	54	8
6	Of which: variable remuneration	–	7	7	241	29	4
7	Of which: fixed remuneration	5	6	11	216	26	4

		2023			
		Business areas			
		Corporate functions $million	Independent internal control functions $million	All other $million	Total $million
1	Total number of identified staff				699
2	Of which: members of the MB				
3	Of which: other senior management	7	3	1	
4	Of which: other identified staff	142	132	9	
5	Total remuneration of identified staff	194	86	12	
6	Of which: variable remuneration	90	32	5	
7	Of which: fixed remuneration	103	54	7	

		2022					
		Management body remuneration			Business areas		
		MB Supervisory function $million	MB Management function $million	Total MB $million	Investment banking $million	Retail banking $million	Asset management $million
1	Total number of identified staff						
2	Of which: members of the MB	14	2	16			
3	Of which: other senior management				3	1	–
4	Of which: other identified staff				260	31	8
5	Total remuneration of identified staff	4	15	20	374	46	7
6	Of which: variable remuneration	–	10	10	209	26	3
7	Of which: fixed remuneration	4	6	10	165	20	4

		2022			
		Business areas			
		Corporate functions $million	Independent internal control functions $million	All other $million	Total $million
1	Total number of identified staff				612
2	Of which: members of the MB				
3	Of which: other senior management	9	3	16	
4	Of which: other identified staff	138	130	13	
5	Total remuneration of identified staff	198	85	11	
6	Of which: variable remuneration	95	34	5	
7	Of which: fixed remuneration	103	51	6	

9. 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.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement.

Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

Annex 1

Standard Chartered Significant Subsidiaries

Capital resources of Significant Subsidiaries

For local capital adequacy purposes, a range of approaches are applied in accordance with the regulatory requirements in force in each jurisdiction. Wherever possible, the approaches adopted at the Group level are applied locally.

Under Part 2, rule 2.3 of the CRR requires the application of disclosure requirements of Large subsidiaries of UK parent institutions, UK parent financial holding companies

The capital resources of the Group's significant subsidiaries under CRR Part 2 are presented below. These subsidiaries are Standard Chartered – solo consolidated, a UK regulated banking entity, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank Korea Limited, and Standard Chartered Bank (Singapore) Limited.

The capital resources of these subsidiaries are calculated in accordance with the regulatory requirements applicable in the countries in which they are incorporated, and therefore cannot be aggregated, but are presented to align with the Group format.

The table below provides a summary view of the significant subsidiaries. The significant subsidiary data is subject to change due to local timing and local regulatory requirements.

Table 109: Capital resources of significant subsidiaries

	2023				2022			
	Standard Chartered – Solo consolidation $million	Standard Chartered Bank (HK) Ltd $million	Standard Chartered Bank Korea Ltd $million	Standard Chartered Bank (Singapore) Ltd $million	Standard Chartered – Solo consolidation $million	Standard Chartered Bank (HK) Ltd $million	Standard Chartered Bank Korea Ltd[1] $million	Standard Chartered Bank (Singapore) Ltd $million
Local Regulator	**PRA**	**HKMA**	**FSS**	**MAS**	PRA	HKMA	FSS	MAS
Common Equity Tier 1 capital before regulatory adjustments	**23,728**	**15,838**	**3,902**	**6,159**	22,961	15,288	3,965	6,162
Regulatory adjustments	**(8,998)**	**(7,334)**	**(169)**	**(786)**	(8,882)	(6,886)	(236)	(658)
Common Equity Tier 1 capital	**14,730**	**8,504**	**3,733**	**5,373**	14,079	8,402	3,729	5,504
Additional Tier 1 (AT1) capital: instruments	**3,871**	**2,382**	**233**	**1,391**	4,178	2,384	237	1,066
Tier 1 capital (T1 = CET1 + AT1)	**18,601**	**10,886**	**3,966**	**6,765**	18,257	10,786	3,967	6,571
Tier 2 capital	**9,113**	**1,472**	**793**	**2,643**	10,801	1,387	835	1,714
Total capital (TC = T1 + T2)	**27,714**	**12,358**	**4,759**	**9,407**	29,058	12,173	4,802	8,285
Total risk-weighted assets	**122,408**	**59,763**	**21,092**	**41,346**	131,175	64,667	26,932	37,385
Capital Ratios								
Common Equity Tier 1	**12.0%**	**14.2%**	**17.7%**	**13.0%**	10.7%	13.0%	13.8%	14.7%
Tier 1 Capital	**15.2%**	**18.2%**	**18.8%**	**16.4%**	13.9%	16.7%	14.7%	17.6%
Total Capital	**22.6%**	**20.7%**	**22.6%**	**22.8%**	22.2%	18.8%	17.8%	22.2%

1 2022 Capital resources have been re-presented to align with local regulatory returns, which included late adjustments for Standard Chartered Bank Korea Ltd

Capital management – Standard Chartered – Solo consolidated

The Risk management approach section of the 2023 Annual Report and Accounts sets out our approach to capital management (pages 325 to 326). Tables 106 to 130 summarise the consolidated capital position of Standard Chartered – solo consolidated, as well as a summary of exposures, credit quality and remuneration.

Table 110: Composition of regulatory own funds (UK CC1) – Solo consolidation

		2023 $million	2022 $million
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	20,893	20,892
	Of which: Share premium accounts	296	296
2	Retained earnings[1]	3,439	4,408
3	Accumulated other comprehensive income (and other reserves)	(3,317)	(4,166)
5	Minority interests (amount allowed in consolidated CET1)	–	–
5a	Independently reviewed interim and year-end profits/(loss)[2]	2,879	2,016
	Foreseeable dividends[3]	(166)	(189)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**23,728**	22,961
	Common Equity Tier 1 capital: regulatory adjustments	–	
7	Additional value adjustments	(417)	(534)
8	Intangible assets (net of related tax liability)	(3,544)	(3,548)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met)	(22)	(51)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	51	522
12	Negative amounts resulting from the calculation of expected loss amounts	(276)	(331)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(49)	24
15	Defined-benefit pension fund assets	(73)	(70)
	Fair value gains and losses from own credit risk related to derivative liabilities	(98)	(61)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(4,412)	(4,365)
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(48)	(115)
UK-20c	of which: securitisation positions	(21)	(18)
UK-20d	of which: free deliveries	(27)	(97)
22	Amount exceeding the 17,65% threshold (negative amount)	(110)	(332)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments	–	(21)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(8,998)**	(8,882)
29	**Common Equity Tier 1 (CET1) capital**	**14,730**	14,079
	Additional Tier 1 (AT1) capital: instruments	–	
30	Capital instruments and the related share premium accounts	4,742	4,750
31	of which: classified as equity under applicable accounting standards	4,742	4,750
32	of which: classified as liabilities under applicable accounting standards	–	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**4,742**	4,750
	Additional Tier 1 capital: regulatory adjustments	–	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	(20)	(20)
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(851)	(552)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(871)**	(572)
44	**Additional Tier 1 (AT1) capital**	**3,871**	4,178
45	**Tier 1 capital (T1 = CET1 + AT1)**	**18,601**	18,257
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	12,209	13,018
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	–	–
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	–	–
51	**Tier 2 (T2) capital before regulatory adjustments**	**12,209**	13,018

Table 110: Composition of regulatory own funds (UK CC1) – Solo consolidation continued

		2023 $million	2022 $million
	Tier 2 capital: regulatory adjustments		
47	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans	**(30)**	(30)
52	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	**(3,066)**	(2,187)
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(3,096)**	(2,217)
58	**Tier 2 (T2) capital**	**9,113**	10,801
59	**Total capital (TC = T1 + T2)**	**27,714**	29,058
60	**Total Risk exposure amount**	**122,408**	131,175
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**12.0%**	10.7%
62	Tier 1 (as a percentage of total risk exposure amount)	**15.2%**	13.9%
63	Total capital (as a percentage of total risk exposure amount)	**22.6%**	22.1%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	**9.5%**	9.3%
65	of which: capital conservation buffer requirement	**2.50%**	2.50%
66	of which: countercyclical buffer requirement	**0.38%**	0.18%
67	of which: systemic risk buffer requirement	**–**	–
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**–**	–
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**5.4%**	4.1%
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities 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)	**1,401**	1,535
72	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 17.65% thresholds and net of eligible short positions)	**6,245**	5,988
73	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**376**	490
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	**–**	–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**231**	220
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	**–**	–
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**399**	461

1 Retained earnings 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 FY 2023 represent ordinary dividends and preference dividends

Table 111: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) – Solo consolidation

	2023		2022	
	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	52,758	52,758	38,867	38,868
Financial assets held at fair value through profit or loss	86,412	84,712	75,792	74,131
Derivative financial instruments	53,221	53,221	65,481	65,481
Loans and advances to banks	10,135	10,135	18,548	18,548
Loans and advances to customers	75,883	75,883	80,611	80,626
Investment securities	92,771	91,480	95,372	95,422
Other assets	41,859	43,526	55,229	54,701
Current tax assets	395	433	347	386
Prepayments and accrued income	1,386	1,386	1,598	1,598
Interests in associates and joint ventures	–	–	–	67
Goodwill and intangible assets	2,359	2,359	2,279	2,279
Of which: goodwill	2,349	2,349	2,269	2,269
Of which: other intangibles (excluding MSRs)	10	10	10	10
Of which: MSRs	–	–	–	–
Property, plant and equipment	521	521	430	430
Deferred tax assets	379	379	579	579
Assets classified as held for sale	68	68	592	592
Total assets	418,147	416,861	435,725	433,708
Liabilities				
Deposits by banks	18,280	18,280	17,901	17,901
Customer accounts	121,648	121,648	137,422	137,422
Repurchase agreements and other similar secured borrowing	11,977	11,977	1,724	1,724
Financial liabilities held at fair value through profit or loss	64,467	64,467	66,189	66,189
Derivative financial instruments	55,531	55,531	69,203	69,203
Debt securities in issue	34,767	34,693	34,992	34,992
Other liabilities	66,500	66,562	60,921	60,463
Current tax liabilities	188	188	329	328
Accruals and deferred income	2,453	2,459	2,140	2,148
Subordinated liabilities and other borrowed funds	10,896	10,896	12,729	12,729
of which: considered as Additional Tier 1 capital	–	–	–	–
of which: considered as Tier 2 capital	10,896	10,896	12,729	12,729
Deferred tax liabilities	477	477	486	492
Of which: DTLs related to goodwill	477	477	486	492
Of which: DTLs related to intangible assets (excluding MSRs)	–	–	–	–
Of which: DTLs related to MSRs	–	–	–	–
Provisions for liabilities and charges	171	171	249	249
Retirement benefit obligations	133	133	124	124
Liabilities included in disposal groups held for sale	5	5	345	345
Total liabilities	387,493	387,487	404,754	404,308
Shareholders' Equity				
Share capital and share premium account	21,643	21,643	22,392	22,392
Of which: amount eligible for CET1	20,893	20,893	20,892	20,892
Of which: amount eligible for AT1	–	–	–	–
Of which: amount eligible for AT2	750	750	1,500	1,500
Other reserves & Retained earnings	4,269	2,989	3,829	2,258
Total parent company shareholders' equity	25,912	24,632	26,221	24,650
Other equity instruments	4,742	4,742	4,750	4,750
Total equity excluding non-controlling interests	30,654	29,374	30,971	29,400
Non-controlling interest	–	–	–	–
Total equity	30,654	29,374	30,971	29,400
Total equity and liabilities	418,147	416,861	435,725	433,708

Countercyclical capital buffer – Standard Chartered – Solo consolidated

Table 112: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) – Solo consolidation

	2023												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Countercyclical buffer rate %
Australia	96	1,769	90	–	–	1,956	58	2	–	60	750	1.1%	1.0%
Austria	–	139	–	–	–	139	2	–	–	2	25	0.0%	0.0%
Bangladesh	1,107	2,510	216	–	–	3,833	187	17	–	205	2,558	3.9%	0.0%
Belgium	–	1,250	14	–	–	1,265	5	2	–	7	86	0.1%	0.0%
Bulgaria	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
Croatia	–	9	–	–	–	9	1	–	–	1	8	0.0%	1.0%
Cyprus	–	38	–	–	–	38	–	–	–	–	2	0.0%	0.5%
Czech Republic	–	–	22	–	–	22	–	3	–	3	32	0.0%	2.0%
Denmark	7	248	3	–	–	258	12	–	–	12	149	0.2%	2.5%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.5%
France	3	2,843	66	–	–	2,912	49	14	–	62	778	1.2%	0.5%
Germany	222	4,337	80	–	–	4,639	126	14	–	139	1,743	2.6%	0.8%
Hong Kong	188	1,932	11	–	–	2,131	34	5	–	39	489	0.7%	1.0%
Hungary	–	183	199	–	–	382	15	1	–	16	198	0.3%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	5,033	15,942	1,519	–	–	22,493	976	42	–	1,018	12,725	19.3%	0.0%
Indonesia	215	2,135	234	–	–	2,584	81	10	–	92	1,145	1.7%	0.0%
Ireland	4	2,213	456	–	–	2,673	20	37	–	57	716	1.1%	1.0%
Lithuania	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
Luxembourg	166	4,621	41	–	1,489	6,317	81	5	18	104	1,305	2.0%	0.5%
Netherlands	–	1,512	102	–	–	1,615	58	9	–	67	841	1.3%	1.0%
Norway	–	151	6	–	–	157	3	1	–	3	40	0.1%	2.5%
Pakistan	29	1,184	4	–	–	1,217	225	1	–	226	2,826	4.3%	0.0%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
Singapore	2,147	1,958	1,092	–	–	5,197	357	3	–	360	4,496	6.8%	0.0%
Slovakia	–	1	–	–	–	1	–	–	–	–	1	0.0%	1.5%
Slovenia	1	–	2	–	–	3	–	–	–	–	4	0.0%	0.5%
South Africa	32	1,129	174	–	–	1,335	56	23	–	79	984	1.5%	0.0%
Sweden	284	542	14	–	–	840	26	2	–	27	343	0.5%	2.0%
United Arab Emirates	2,201	7,551	287	–	–	10,039	300	7	–	307	3,834	5.8%	0.0%
United Kingdom	1,926	31,717	306	–	17,775	51,724	452	30	252	734	9,178	13.9%	2.0%
United States	1,328	58,538	302	–	6,861	67,030	644	31	86	761	9,509	14.4%	0.0%
Bahrain	634	439	101	–	–	1,174	53	8	–	61	763	1.2%	0.0%
Switzerland	57	3,152	–	–	–	3,210	57	–	–	57	710	1.1%	0.0%
Sri Lanka	82	395	7	–	–	484	77	1	–	78	977	1.5%	0.0%
Other Countries	2,638	27,186	1,055	–	–	30,878	632	76	–	708	8,848	13.4%	0.0%

Annex 1

Table 112: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) – Solo consolidation continued

	2022												
	General credit exposures		Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach $million	Exposure value under the IRB approach $million	Sum of long and short positions of trading book exposures for SA $million	Value of trading book exposures for internal models $million	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total $million	Risk-weighted exposure amounts $million	Own fund requirements weights %	Counter-cyclical buffer rate %
Austria	–	71	–	–	–	71	1	–	–	1	12	0.0%	0.0%
Bahrain	714	520	41	–	–	1,275	65	3	–	68	853	1.2%	0.0%
Bangladesh	1,181	2,546	127	–	–	3,854	201	10	–	211	2,641	3.7%	0.0%
Belgium	–	675	–	–	–	675	12	–	–	12	145	0.2%	0.0%
Bulgaria	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
Croatia	–	9	–	–	–	9	1	–	–	1	8	0.0%	0.0%
Czech Republic	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.5%
Denmark	1	180	–	–	–	181	14	–	–	14	169	0.2%	2.0%
Estonia	–	–	–	–	–	–	–	–	–	–	–	0.0%	1.0%
France	32	2,342	111	–	–	2,486	63	6	–	69	864	1.2%	0.0%
Germany	153	5,699	274	–	–	6,126	196	11	–	207	2,586	3.6%	0.0%
Hong Kong	196	2,704	158	–	–	3,059	50	1	–	51	641	0.9%	1.0%
Hungary	–	239	–	–	–	239	25	–	–	25	308	0.4%	0.0%
Iceland	–	–	–	–	–	–	–	–	–	–	–	0.0%	2.0%
India	4,768	15,623	1,326	–	–	21,717	937	25	–	961	12,018	16.7%	0.0%
Indonesia	253	2,019	52	–	–	2,324	84	2	–	86	1,076	1.5%	0.0%
Ireland	39	5,775	2	–	–	5,817	80	1	–	81	1,010	1.4%	0.0%
Luxembourg	19	7,672	62	–	471	8,224	84	11	6	101	1,258	1.8%	0.5%
Netherlands	15	3,820	45	–	–	3,880	174	6	–	180	2,245	3.1%	0.0%
Nigeria	432	833	234	–	–	1,499	47	19	–	66	823	1.1%	0.0%
Norway	–	135	–	–	–	135	2	–	–	2	23	0.0%	2.0%
Pakistan	28	1,264	–	–	–	1,293	245	–	–	245	3,068	4.3%	0.0%
Philippines	8	1,467	17	–	–	1,493	65	1	–	66	826	1.1%	0.0%
Romania	–	–	–	–	–	–	–	–	–	–	–	0.0%	0.5%
Singapore	1,985	2,494	1,318	–	–	5,797	332	6	–	338	4,222	5.9%	0.0%
Slovakia	1	–	–	–	–	1	–	–	–	–	1	0.0%	1.0%
South Africa	42	1,414	47	–	–	1,503	59	13	–	72	902	1.3%	0.0%
Sri Lanka	84	425	–	–	–	509	97	–	–	97	1,218	1.7%	0.0%
Sweden	–	775	3	–	–	778	20	–	–	20	256	0.4%	1.0%
Switzerland	56	3,186	96	–	–	3,338	68	8	–	76	944	1.3%	0.0%
United Arab Emirates	2,040	9,366	87	–	–	11,494	337	1	–	337	4,215	5.9%	0.0%
United Kingdom	1,825	37,166	60	–	19,630	58,681	526	22	307	856	10,702	14.9%	1.0%
United States	1,007	44,216	59	–	5,371	50,652	617	19	73	709	8,862	12.3%	0.0%
Other Countries	2,580	34,261	1,313	–	–	38,154	744	54	–	797	9,967	13.9%	0.0%

Table 113: Amount of institution-specific countercyclical capital buffer (UK CCyB2) – Solo consolidation

		2023 $million	2022 $million
1	Total risk exposure amount	**122,408**	131,175
2	Institution specific countercyclical capital buffer rate	**0.37%**	0.18%
3	Institution specific countercyclical capital buffer requirement	**458**	232

Leverage ratio – Standard Chartered – Solo consolidated

Table 114: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1) – Solo consolidation

		2023 $million	2022 $million
1	Total assets	**418,149**	435,725
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(1,286)**	(2,016)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**–**	–
4	(Adjustment for exemption of exposures to central banks)	**(50,868)**	(38,694)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	**–**	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(81)**	(137)
7	Adjustment for eligible cash pooling transactions	**–**	–
8	Adjustment for derivative financial instruments	**(5,557)**	(21,589)
9	Adjustment for securities financing transactions (SFTs)	**4,855**	6,112
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**73,686**	75,809
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(693)**	(864)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	**–**	–
12	Other adjustments[1]	**(15,567)**	(16,898)
13	**Total exposure measure**	**422,638**	437,448

1 Other Adjustments include Cash Collateral posted $(7,469) million, Tier-1 Capital deduction other than disclosed in above row 11 $(8,146) million, DTL $48 million

Annex 1

Table 115: LRCom: Leverage ratio common disclosure (UK LR2) – Solo consolidation

		2023 $million	2022 $million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**285,164**	289,969
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**–**	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(7,469)**	(8,959)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**–**	–
5	(General credit risk adjustments to on-balance sheet items)	**–**	–
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(8,839)**	(8,846)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**268,856**	272,164
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**12,120**	17,398
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**–**	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**35,550**	30,389
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	**–**	–
UK-9b	Exposure determined under the original exposure method	**–**	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(4,114)**	(5,612)
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**–**	–
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	**–**	–
11	Adjusted effective notional amount of written credit derivatives	**136,196**	119,743
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(132,088)**	(118,026)
13	**Total derivatives exposures**	**47,664**	43,892
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**88,740**	93,720
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(10,295)**	(15,555)
16	Counterparty credit risk exposure for SFT assets	**4,855**	6,112
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	**–**	–
17	Agent transaction exposures	**–**	–
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	**–**	–
18	**Total securities financing transaction exposures**	**83,300**	84,277
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**246,472**	242,235
20	(Adjustments for conversion to credit equivalent amounts)	**(172,786)**	(166,426)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	**–**	–
22	**Off-balance sheet exposures**	**73,686**	75,809
	Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	**–**	–
UK-22g	(Excluded excess collateral deposited at triparty agents)	**–**	–
UK-22k	**(Total exempted exposures)**	**–**	–
	Capital and total exposures		
23	Tier 1 capital (leverage)	**18,601**	18,257
24	Total exposure measure including claims on central banks	**473,506**	476,142
UK-24a	(–) Claims on central banks excluded	**(50,868)**	(38,694)
UK-24b	**Total exposure measure excluding claims on central banks**	**422,638**	437,448
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	**4.4%**	4.2%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.4%**	4.2%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**4.4%**	4.2%
UK-25c	Leverage ratio including claims on central banks (%)	**3.9%**	3.8%
26	Regulatory minimum leverage ratio requirement (%)	**3.3%**	3.3%

Table 115: LRCom: Leverage ratio common disclosure (UK LR2) – Solo consolidation continued

		2023 $million	2022 $million
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.1%**	0.1%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**–**	–
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.1%**	0.1%
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**76,872**	N/A
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**78,445**	78,165
UK-31	Average total exposure measure including claims on central banks	**491,390**	N/A
UK-32	Average total exposure measure excluding claims on central banks	**432,774**	N/A
UK-33	Average leverage ratio including claims on central banks	**3.7%**	N/A
UK-34	Average leverage ratio excluding claims on central banks	**4.2%**	N/A

Table 116: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3) – Solo consolidation

		2023 $million	2022 $million
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:[1]	**277,695**	281,010
UK-2	Trading book exposures	**19,213**	20,620
UK-3	Banking book exposures, of which:	**258,482**	260,390
UK-4	Covered bonds	**6,922**	7,152
UK-5	Exposures treated as sovereigns	**118,924**	109,448
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**248**	–
UK-7	Institutions	**25,893**	27,549
UK-8	Secured by mortgages of immovable properties	**6,470**	5,428
UK-9	Retail exposures	**4,784**	4,807
UK-10	Corporates	**54,544**	63,404
UK-11	Exposures in default	**2,463**	3,170
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**38,234**	39,432

1. Total On-Balance Sheet exposure (Row UK-1) is net of 'Deductions of receivables assets for cash variation margin provided in derivatives transactions'. 2022 comparatives have been represented

Credit Risk quality – Standard Chartered – Solo consolidated

Table 117: Performing and non-performing exposures and related provisions (UK CR1) – Solo Consolidation

		2023					
		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
005	Cash balances at central banks and other demand deposits	52,588	52,588	–	2	–	2
010	Loans and advances	157,246	152,882	4,364	3,767	–	3,767
020	Central banks	2,890	2,826	64	224	–	224
030	General governments	7,497	6,760	737	131	–	131
040	Credit institutions	34,718	34,510	208	9	–	9
050	Other financial corporations	59,707	59,616	91	25	–	25
060	Non-financial corporations	43,502	40,405	3,097	2,980	–	2,980
070	Of which SMEs	4,041	3,907	134	288	–	288
080	Households	8,932	8,765	167	398	–	398
090	Debt securities	91,634	91,317	317	76	–	76
100	Central banks	4,770	4,553	217	–	–	–
110	General governments	38,928	38,830	98	–	–	–
120	Credit institutions	28,912	28,912	–	–	–	–
130	Other financial corporations	14,662	14,662	–	–	–	–
140	Non-financial corporations	4,362	4,360	2	76	–	76
150	Off-balance-sheet exposures	118,294	112,656	5,638	514	–	514
160	Central banks	224	224	–	–	–	–
170	General governments	3,712	3,383	329	–	–	–
180	Credit institutions	7,892	7,621	271	10	–	10
190	Other financial corporations	37,411	37,119	292	10	–	10
200	Non-financial corporations	66,283	61,599	4,684	494	–	494
210	Households	2,772	2,710	62	–	–	–
220	**Total**	419,762	409,443	10,319	4,359	–	4,359

Table 117: Performing and non-performing exposures and related provisions (UK CR1) – Solo Consolidation continued

		2023								
		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					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–	–
010	Loans and advances	(173)	(90)	(83)	(2,131)	–	(2,131)	(3,247)	27,019	510
020	Central banks	–	–	–	(15)	–	(15)	–	1,129	–
030	General governments	(4)	(1)	(3)	(25)	–	(25)	–	664	5
040	Credit institutions	(2)	(1)	(1)	(5)	–	(5)	(27)	877	–
050	Other financial corporations	(6)	(5)	(1)	(23)	–	(23)	(50)	12,075	–
060	Non-financial corporations	(98)	(42)	(56)	(1,979)	–	(1,979)	(3,170)	7,765	288
070	Of which SMEs	(18)	(12)	(6)	(191)	–	(191)	–	554	7
080	Households	(63)	(41)	(22)	(84)	–	(84)	–	4,509	217
090	Debt securities	(24)	(24)	–	(56)	–	(56)	–	36	–
100	Central banks	(2)	(2)	–	–	–	–	–	–	–
110	General governments	(9)	(9)	–	–	–	–	–	–	–
120	Credit institutions	(8)	(8)	–	–	–	–	–	9	–
130	Other financial corporations	(2)	(2)	–	–	–	–	–	–	–
140	Non-financial corporations	(3)	(3)	–	(56)	–	(56)	–	27	–
150	Off-balance-sheet exposures	(46)	(20)	(26)	(87)	–	(87)		3,201	22
160	Central banks	–	–	–	–	–	–		–	–
170	General governments	(2)	(1)	(1)	–	–	–		134	–
180	Credit institutions	(1)	(1)	–	(1)	–	(1)		42	1
190	Other financial corporations	(4)	(3)	(1)	–	–	–		690	–
200	Non-financial corporations	(36)	(13)	(23)	(86)	–	(86)		2,187	21
210	Households	(3)	(2)	(1)	–	–	–		148	–
220	**Total**	(243)	(134)	(109)	(2,274)	–	(2,274)	(3,247)	30,256	532

Annex 1

Table 117: Performing and non-performing exposures and related provisions (UK CR1) – Solo Consolidation continued

		2022					
		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
005	Cash balances at central banks and other demand deposits	38,681	38,681	–	10	–	10
010	Loans and advances	167,498	162,029	5,469	4,715	–	4,715
020	Central banks	4,202	4,202	–	–	–	–
030	General governments	6,327	5,798	529	175	–	175
040	Credit institutions	46,852	46,843	9	123	–	123
050	Other financial corporations	53,883	53,683	200	162	–	162
060	Non-financial corporations	45,315	41,055	4,260	3,778	–	3,778
070	Of which SMEs	1,551	1,315	236	311	–	311
080	Households	10,919	10,449	471	477	–	477
090	Debt securities	95,386	93,601	1,786	78	–	78
100	Central banks	4,127	3,968	159	–	–	–
110	General governments	38,013	36,509	1,504	–	–	–
120	Credit institutions	28,236	28,215	21	–	–	–
130	Other financial corporations	19,197	19,129	68	–	–	–
140	Non-financial corporations	5,813	5,780	33	78	–	78
150	Off-balance-sheet exposures	101,236	95,633	5,604	671	–	671
160	Central banks	312	312	–	–	–	–
170	General governments	996	892	104	67	–	67
180	Credit institutions	6,963	6,707	256	19	–	19
190	Other financial corporations	24,427	24,187	240	26	–	26
200	Non-financial corporations	64,986	60,050	4,936	551	–	551
210	Households	3,552	3,485	67	9	–	9
220	**Total**	402,802	389,944	12,858	5,475	–	5,475

Table 117: Performing and non-performing exposures and related provisions (UK CR1) – Solo Consolidation continued

		2022								
		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					
		$million	Of which stage 1 $million	Of which stage 2 $million	$million	Of which stage 2 $million	Of which stage 3 $million	Accumulated partial write-off $million	On performing exposures $million	On non-performing exposures $million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–	–
010	Loans and advances	(230)	(150)	(80)	(2,634)	–	(2,634)	(3,061)	29,804	419
020	Central banks	–	–	–	–	–	–	–	270	–
030	General governments	(2)	(1)	(1)	(19)	–	(19)	–	841	10
040	Credit institutions	(2)	(2)	–	(7)	–	(7)	(27)	1,984	–
050	Other financial corporations	(9)	(4)	(6)	(128)	–	(128)	(17)	15,723	–
060	Non-financial corporations	(97)	(46)	(51)	(2,028)	–	(2,028)	(3,017)	6,696	409
070	Of which SMEs	(7)	(2)	(5)	(138)	–	(138)	–	–	–
080	Households	(120)	(97)	(22)	(451)	–	(451)	–	4,289	–
090	Debt securities	(22)	(20)	(2)	(51)	–	(51)	–	259	16
100	Central banks	(1)	(1)	–	–	–	–	–	–	–
110	General governments	(8)	(7)	(1)	–	–	–	–	–	–
120	Credit institutions	(6)	(6)	–	–	–	–	–	–	–
130	Other financial corporations	(4)	(3)	(1)	–	–	–	–	43	–
140	Non-financial corporations	(2)	(2)	–	(51)	–	(51)	–	216	16
150	Off-balance-sheet exposures	(66)	(25)	(41)	(118)	–	(118)		3,146	19
160	Central banks	–	–	–	–	–	–		–	–
170	General governments	(2)	(1)	(1)	–	–	–		103	–
180	Credit institutions	(2)	(2)	–	(3)	–	(3)		38	2
190	Other financial corporations	(2)	(2)	–	–	–	–		846	2
200	Non-financial corporations	(58)	(18)	(40)	(106)	–	(106)		2,075	15
210	Households	(2)	(1)	(1)	(9)	–	(9)		84	–
220	**Total**	(318)	(194)	(123)	(2,803)	–	(2,803)	(3,061)	33,208	454

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Table 118: Maturity of exposures (UK CR1-A) – Solo Consolidation

		2023 Net exposure value					
		On demand $million	<= 1 year $million	> 1 year <= 5 years $million	> 5 years $million	No stated maturity $million	Total $million
1	Loans and advances	**13,574**	**105,557**	**22,899**	**13,658**	**–**	**155,688**
2	Debt securities	**202**	**35,265**	**36,555**	**32,752**	**–**	**104,773**
3	**Total**	**13,776**	**140,822**	**59,453**	**46,410**	**–**	**260,461**

		2022 Net exposure value					
		On demand $million	<= 1 year $million	> 1 year <= 5 years $million	> 5 years $million	No stated maturity $million	Total $million
1	Loans and advances	10,584	116,908	22,770	12,003	–	162,265
2	Debt securities	1	31,834	34,882	36,858	–	103,574
3	**Total**	10,585	148,742	57,652	48,861	–	265,840

Table 119: Changes in the stock of non-performing loans and advances (UK CR2) – Solo Consolidation

		2023 Gross carrying amount $million	2022 Gross carrying amount $million
010	**Initial stock of non-performing loans and advances**	**4,715**	5,052
020	Inflows to non-performing portfolios	**687**	2,245
030	Outflows from non-performing portfolios	**(1,635)**	(2,582)
040	Outflows due to write-offs	**(435)**	(678)
050	Outflow due to other situations	**(1,200)**	(1,904)
060	**Final stock of non-performing loans and advances**	**3,767**	4,715

Table 120: Credit quality of forborne exposures (UK CQ1) – Solo Consolidation

		2023							
		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 forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne 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
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	17	912	912	908	(1)	(552)	168	150
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	20	20	20	–	(20)	–	–
060	Non-financial corporations	12	890	890	887	(1)	(532)	162	150
070	Households	5	2	2	1	–	–	6	–
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	17	912	912	908	(1)	(552)	168	150

Table 120: Credit quality of forborne exposures (UK CQ1) – Solo Consolidation continued

		2022							
		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 forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne 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
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	104	1,118	1,118	1,110	(1)	(631)	196	165
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	7	7	7	–	(3)	1	1
060	Non-financial corporations	95	1,102	1,102	1,098	(1)	(627)	181	159
070	Households	8	9	9	4	–	(1)	14	5
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	104	1,118	1,118	1,110	(1)	(631)	196	165

Table 121: Credit quality of performing and non-performing exposures by past due days (UK CQ3) – Solo Consolidation

		2023											
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005	Cash balances at central banks and other demand deposits	52,588	52,588	–	2	2	–	–	–	–	–	–	2
010	Loans and advances	157,246	157,149	97	3,767	1,615	353	141	180	756	302	420	3,767
020	Central banks	2,890	2,890	–	224	224	–	–	–	–	–	–	224
030	General governments	7,497	7,497	–	131	52	–	5	5	69	–	–	131
040	Credit institutions	34,718	34,718	–	9	9	–	–	–	–	–	–	9
050	Other financial corporations	59,707	59,707	–	25	3	–	–	–	6	–	16	25
060	Non-financial corporations	43,502	43,463	39	2,980	1,319	14	127	165	649	302	404	2,980
070	Of which SMEs	4,041	4,035	6	288	73	6	3	10	108	60	28	288
080	Households	8,932	8,874	58	398	8	339	9	10	32	–	–	398
090	Debt securities	91,634	91,634	–	76	76	–	–	–	–	–	–	76
100	Central banks	4,770	4,770	–	–	–	–	–	–	–	–	–	–
110	General governments	38,928	38,928	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	28,912	28,912	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	14,663	14,663	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	4,361	4,361	–	76	76	–	–	–	–	–	–	76
150	Off-balance-sheet exposures	118,294			514								514
160	Central banks	224			–								–
170	General governments	3,712			–								–
180	Credit institutions	7,892			10								10
190	Other financial corporations	37,411			10								10
200	Non-financial corporations	66,283			494								494
210	Households	2,772			–								–
220	**Total**	419,762	301,371	97	4,359	1,693	353	141	180	756	302	420	4,359

Table 121: Credit quality of performing and non-performing exposures by past due days (UK CQ3) – Solo Consolidation

		2022											
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		$million	Not past due or past due ≤ 30 days $million	Past due > 30 days ≤ 90 days $million	$million	Unlikely to pay that are not past due or are past due ≤ 90 days $million	Past due > 90 days ≤ 180 days $million	Past due > 180 days ≤ 1 year $million	Past due > 1 year ≤ 2 years $million	Past due > 2 years ≤ 5 years $million	Past due > 5 years ≤ 7 years $million	Past due > 7 years $million	Of which defaulted $million
005	Cash balances at central banks and other demand deposits	38,681	38,681	–	10	10	–	–	–	–	–	–	10
010	Loans and advances	167,498	167,387	112	4,715	1,726	454	208	338	939	401	650	4,715
020	Central banks	4,202	4,202	–	–	–	–	–	–	–	–	–	–
030	General governments	6,327	6,327	–	175	130	–	–	–	45	–	–	175
040	Credit institutions	46,852	46,848	4	123	123	–	–	–	–	–	–	123
050	Other financial corporations	53,883	53,883	–	162	21	–	–	33	–	–	108	162
060	Non-financial corporations	45,315	45,273	42	3,778	1,344	221	196	283	837	375	523	3,778
070	Of which SMEs	1,551	1,546	5	311	303	2	1	2	3	–	1	311
080	Households	10,919	10,854	65	477	107	233	12	22	57	26	20	477
090	Debt securities	95,386	95,386	–	78	78	–	–	–	–	–	–	78
100	Central banks	4,127	4,127	–	–	–	–	–	–	–	–	–	–
110	General governments	38,013	38,013	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	28,236	28,236	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	19,197	19,197	–	–	–	–	–	–	–	–	–	–
140	Non-financial corporations	5,813	5,813	–	78	78	–	–	–	–	–	–	78
150	Off-balance-sheet exposures	101,236			671								671
160	Central banks	312			–								–
170	General governments	996			67								67
180	Credit institutions	6,963			19								19
190	Other financial corporations	24,427			26								26
200	Non-financial corporations	64,986			551								551
210	Households	3,552			9								9
220	**Total**	402,802	301,454	112	5,475	1,814	454	208	338	939	401	650	5,475

Table 122: Quality of non-performing exposures by geography (UK CQ4) – Solo Consolidation

		2023						
		Gross carrying amount						
			Of which non-performing					
		$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment	Accumulated impairment $million	Provisions on off-balance-sheet commitments and financial guarantees given $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
010	**On-balance-sheet exposures**	**305,313**		**3,845**		**(2,384)**		**–**
020	United Kingdom	**43,358**		**3**		**(120)**		**–**
030	United States	**84,422**		**2**		**(8)**		**–**
040	India	**25,071**		**655**		**(595)**		**–**
050	Japan	**19,431**		**–**		**(8)**		**–**
060	Other countries	**133,031**		**3,185**		**(1,653)**		**–**
070	**Off-balance-sheet exposures**	**118,808**		**514**			**–**	
090	United Kingdom	**45,801**		**104**			**–**	
100	United States	**40,984**		**15**			**–**	
110	India	**10,251**		**81**			**–**	
120	United Arab Emirates	**11,507**		**195**			**–**	
140	Other countries	**10,265**		**119**			**–**	
150	**Total**	**424,121**		**4,359**		**(2,516)**	**–**	**–**

		2022						
		Gross carrying amount						
			Of which non-performing					
		$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment	Accumulated impairment $million	Provisions on off-balance-sheet commitments and financial guarantees given $million	Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
010	**On-balance-sheet exposures**	267,678		4,793		(2,936)		–
020	United Kingdom	44,689		358		(114)		–
030	United States	48,773		7		(10)		–
040	India	20,451		903		(923)		–
050	Japan	16,268		5		(7)		–
060	Other countries	137,497		3,521		(1,882)		–
070	**Off-balance-sheet exposures**	101,907		671			–	
090	United Kingdom	8,424		129			–	
100	United States	31,571		29			–	
110	India	9,543		105			–	
120	United Arab Emirates	6,264		91			–	
140	Other countries	46,104		318			–	
150	**Total**	267,678		4,793		(2,936)	–	–

Table 123: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) – Solo Consolidation

		2023					
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
			Of which non-performing		Of which loans and advances subject to impairment	Accumulated impairment $million	
		$million	$million	Of which defaulted $million			
005	Cash balances at central banks and other demand deposits	52,590		2		–	–
010	Agriculture, forestry and fishing	193		49		(40)	–
020	Mining and quarrying	3,699		287		(53)	–
030	Manufacturing	19,699		769		(692)	–
040	Electricity, gas, steam and air conditioning supply	3,047		239		(85)	–
050	Water supply	129		1		(1)	–
060	Construction	1,144		233		(221)	–
070	Wholesale and retail trade	8,122		640		(367)	–
080	Transport and storage	2,320		106		(51)	–
090	Accommodation and food service activities	800		101		(22)	–
100	Information and communication	1,343		71		(86)	–
110	Financial and insurance activities	68		–		(1)	–
120	Real estate activities	5,098		453		(430)	–
130	Professional, scientific and technical activities	280		5		(4)	–
140	Administrative and support service activities	258		15		(6)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	47		–		(1)	–
170	Human health services and social work activities	133		11		(1)	–
180	Arts, entertainment and recreation	6		–		–	–
190	Other services	96		–		(15)	–
200	**Total**	46,482		2,980		(2,076)	–
210	Households	9,330		398		(148)	–
220	**Total**	108,402		3,380		(2,224)	–

Table 123: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) – Solo Consolidation continued

		2022					
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures $million
			Of which non-performing				
		$million	$million	Of which defaulted $million	Of which loans and advances subject to impairment	Accumulated impairment $million	
005	Cash balances at central banks and other demand deposits	38,692		–		–	–
010	Agriculture, forestry and fishing	112		51		(7)	–
020	Mining and quarrying	3,323		163		(107)	–
030	Manufacturing	21,388		1,371		(611)	–
040	Electricity, gas, steam and air conditioning supply	2,990		238		(85)	–
050	Water supply	44		–		–	–
060	Construction	1,212		358		(302)	–
070	Wholesale and retail trade	8,715		652		(432)	–
080	Transport and storage	3,207		278		(105)	–
090	Accommodation and food service activities	923		64		(16)	–
100	Information and communication	1,743		116		(72)	–
110	Financial and insurance activities	–		–		–	–
120	Real estate activities	4,536		222		(162)	–
130	Professional, scientific and technical activities	196		9		(8)	–
140	Administrative and support service activities	276		34		(15)	–
150	Public administration and defence, compulsory social security	–		–		–	–
160	Education	2		–		–	–
170	Human health services and social work activities	173		36		(18)	–
180	Arts, entertainment and recreation	14		–		–	–
190	Other services	240		185		(185)	–
200	**Total**	49,093		3,778		(2,124)	–
210	Households	11,396		477		(571)	–
220	**Total**	99,181		4,254		(2,695)	–

Table 124: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (UK CR3) – Solo Consolidation

		2023				
		Exposures unsecured $million	**Exposures secured $million**	**of which secured by collateral $million**	**of which secured by financial guarantees $million**	**of which secured by credit derivatives $million**
1	Total loans	**183,771**	**27,529**	**24,604**	**2,925**	**–**
2	Total debt securities	**91,594**	**35**	**26**	**9**	
3	**Total exposures**	**275,365**	**27,564**	**24,630**	**2,934**	**–**
4	Of which non-performing exposures	**1,148**	**510**	**424**	**86**	**–**
5	Of which defaulted	**1,148**	**510**			

		2022				
		Exposures unsecured $million	Exposures secured $million	of which secured by collateral $million	of which secured by financial guarantees $million	of which secured by credit derivatives $million
1	Total loans	177,819	30,223	26,517	3,705	–
2	Total debt securities	95,117	275	275	–	
3	**Total exposures**	272,936	30,498	26,792	3,705	–
4	Of which non-performing exposures	1,674	436	401	35	–
5	Of which defaulted	1,674	436			

Table 125: Standardised approach – Credit risk exposure and CRM effects (UK CR4) – Solo consolidation

		2023					
		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	**9,578**	**65,375**	**11,394**	**713**	**970**	**8**
2	Multilateral development banks	**13,264**	**17,005**	**15,101**	**47**	**189**	**1**
6	Institutions	**848**	**1,182**	**655**	**–**	**175**	**27**
7	Corporates	**5,447**	**7,008**	**2,956**	**545**	**2,815**	**80**
8	Retail	**3,094**	**2,640**	**3,041**	**269**	**2,232**	**67**
9	Secured on real estate property	**4,537**	**213**	**4,537**	**119**	**2,377**	**51**
10	Exposures in default	**104**	**7**	**104**	**5**	**109**	**100**
11	Items belonging to regulatory high risk categories	**425**	**441**	**354**	**43**	**595**	**150**
15	Equity	**1,834**	**–**	**1,834**	**–**	**4,584**	**250**
16	Other items[2]	**9,466**	**3,674**	**6,788**	**70**	**2,744**	**40**
17	**Total Standardised[3]**	**48,597**	**97,545**	**46,764**	**1,811**	**16,790**	**35**

		2022					
		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	22,028	57,245	24,073	656	1,538	6.22
4	Multilateral development banks	15,426	17,025	16,634	69	–	–
6	Institutions	49	315	179	49	52	22.81
7	Corporates	5,101	5,190	3,701	524	3,138	74.27
8	Retail	3,145	2,423	3,085	381	2,311	66.68
9	Secured on real estate property	3,568	186	3,567	104	1,871	50.97
10	Exposures in default	143	25	140	14	154	100.00
11	Items belonging to regulatory high risk categories	560	532	532	50	873	150.00
15	Equity	1,622	–	1,622	–	4,055	250.00
16	Other items[2]	7,327	2,473	7,484	58	2,476	32.83
17	**Total Standardised**	58,969	85,414	61,017	1,905	16,468	26.17

1 EAD before the effect of collateral and substitution

2 Other items include public sector entities

3 Refer to table 134 (OV1): Standardised approach $10,969 million and amount below threshold for deduction $5,628 million RWA

Liquidity – Standard Chartered – Solo consolidated

Table 126: Liquidity Coverage Ratio (LCR) (UK LIQ1) – Solo consolidation

		2023							
		Total unweighted value (average)				Total weighted value (average)			
		31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million	31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					98,019	97,547	100,520	103,210
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	13,181	12,905	12,936	12,981	1,415	1,425	1,414	1,408
3	Stable deposits	689	457	486	539	34	23	24	27
4	Less stable deposits	12,492	12,449	12,450	12,442	1,380	1,403	1,390	1,381
5	Unsecured wholesale funding, of which:	117,013	115,636	116,194	114,504	61,530	60,225	61,185	60,912
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	41,216	40,010	37,967	36,435	10,301	9,999	9,489	9,106
7	Non-operational deposits (all counterparties)	72,219	72,137	74,317	73,756	47,652	46,737	47,787	47,494
8	Unsecured debt	3,578	3,489	3,909	4,312	3,578	3,489	3,909	4,312
9	Secured wholesale funding					5,196	5,225	5,629	5,893
10	Additional requirements	61,296	60,874	61,496	62,723	22,813	22,253	21,960	21,766
11	Outflows related to derivative exposures and other collateral requirements	12,606	12,301	13,026	14,036	12,606	12,301	12,237	12,143
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	48,689	48,572	48,470	48,687	10,206	9,952	9,724	9,623
14	Other contractual funding obligations	6,903	7,084	6,539	5,940	2,222	2,346	2,481	2,613
15	Other contingent funding obligations	91,487	92,794	93,913	94,428	266	240	254	344
16	**Total cash outflows**					93,442	91,716	92,924	92,936
	Cash inflows								
17	Secured lending (e.g. reverse repos)	56,837	57,846	58,096	55,740	5,972	6,276	6,370	6,063
18	Inflows from fully performing exposures	17,174	17,785	17,173	16,651	14,977	15,674	15,243	14,788
19	Other cash inflows	12,659	11,525	10,996	10,503	10,206	9,234	8,780	8,325
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	86,671	87,157	86,265	82,894	31,155	31,183	30,394	29,175
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	78,027	79,348	78,558	76,282	31,155	31,183	30,394	29,175
	Total adjusted value								
21	**Liquidity buffer**					98,019	97,547	100,520	103,210
22	**Total net cash outflows**					62,287	60,533	62,530	63,761
23	**Liquidity coverage ratio (%)**					157.7%	161.1%	160.8%	162.1%

Table 126: Liquidity Coverage Ratio (LCR) (UK LIQ1) – Solo consolidation continued

		2022							
		Total unweighted value (average)				Total weighted value (average)			
		31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million	31.03.23 $million	30.06.23 $million	30.09.23 $million	31.12.23 $million
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-Quality Liquid Assets								
1	**Total High-Quality Liquid Assets (HQLA)**					94,100	97,467	99,065	98,743
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	13,628	13,731	13,621	13,451	1,365	1,363	1,390	1,407
3	Stable deposits	1,381	1,407	1,174	934	69	70	59	47
4	Less stable deposits	12,247	12,324	12,447	12,517	1,296	1,293	1,331	1,360
5	Unsecured wholesale funding, of which:	112,018	116,309	117,388	118,487	62,464	63,425	62,864	63,127
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	35,958	38,823	40,508	40,808	8,986	9,702	10,124	10,199
7	Non-operational deposits (all counterparties)	72,030	73,366	72,891	73,191	49,448	49,603	48,751	48,440
8	Unsecured debt	4,030	4,120	3,989	4,488	4,030	4,120	3,989	4,488
9	Secured wholesale funding					4,361	4,868	5,024	5,312
10	Additional requirements	59,452	60,003	60,990	61,277	20,134	21,007	22,212	22,891
11	Outflows related to derivative exposures and other collateral requirements	10,249	10,864	11,828	12,601	10,249	10,864	11,828	12,601
12	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
13	Credit and liquidity facilities	49,203	49,139	49,162	48,677	9,885	10,143	10,384	10,291
14	Other contractual funding obligations	4,027	4,634	5,302	5,947	1,342	1,534	1,774	1,968
15	Other contingent funding obligations	80,503	86,356	89,044	90,081	419	393	346	292
16	**Total cash outflows**					90,085	92,590	93,610	94,997
	Cash inflows								
17	Secured lending (e.g. reverse repos)	55,915	56,679	56,293	57,174	4,741	4,820	5,129	5,910
18	Inflows from fully performing exposures	15,463	15,572	16,047	16,464	13,814	13,820	14,094	14,496
19	Other cash inflows	10,712	11,586	12,574	12,823	7,863	8,776	9,862	10,258
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					–	–	–	–
UK-19b	(Excess inflows from a related specialised credit institutions)					–	–	–	–
20	**Total cash inflows**	82,091	83,837	84,913	86,461	26,419	27,416	29,085	30,664
UK-20a	Fully exempt inflows	–	–	–	–	–	–	–	–
UK-20b	Inflows subject to 90% cap	–	–	–	–	–	–	–	–
UK-20c	Inflows subject to 75% cap	66,295	69,313	72,946	76,231	26,419	27,416	29,085	30,664
	Total adjusted value								
21	**Liquidity buffer**					94,100	97,467	99,065	98,743
22	**Total net cash outflows**					63,666	65,174	64,525	64,333
23	**Liquidity coverage ratio (%)**					148%	150%	154%	154%

Table 127: Net Stable Funding Ratio (UK LIQ2) – Solo consolidation

		2023				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
Available stable funding (ASF) Items						
1	Capital items and instruments	27,860	–	–	12,422	40,282
2	Own funds	27,860	–	–	12,422	40,282
3	Other capital instruments		–	–	–	–
4	Retail deposits		11,032	1,486	779	12,076
5	Stable deposits		539	69	62	639
6	Less stable deposits		10,493	1,417	717	11,437
7	Wholesale funding:		227,203	23,931	37,166	101,378
8	Operational deposits		33,487	–	–	16,743
9	Other wholesale funding		193,716	23,931	37,166	84,634
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	109	23,279	497	499	747
12	NSFR derivative liabilities	109				
13	All other liabilities and capital instruments not included in the above categories		23,279	497	499	747
14	**Total available stable funding (ASF)**					154,482
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					3,679
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		1,021	–	–	511
17	Performing loans and securities:		103,847	24,082	59,273	88,313
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		21,655	913	1,103	2,195
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		46,720	14,453	12,354	27,814
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		12,803	3,317	23,347	28,147
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,415	375	–	907
22	Performing residential mortgages, of which:		650	57	1,920	1,643
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		641	37	1,713	1,452
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		22,020	5,342	20,549	28,515
25	Interdependent assets		–	–	–	–
26	Other assets:	–	30,438	99	31,381	30,291
27	Physical traded commodities				6,297	5,353
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	7,270	6,180
29	NSFR derivative assets		179	–	–	179
30	NSFR derivative liabilities before deduction of variation margin posted		12,567	–	–	628
31	All other assets not included in the above categories		17,693	99	17,814	17,951
32	Off-balance sheet items		23,503	16,212	54,564	4,003
33	**Total RSF**					126,796
34	**Net Stable Funding Ratio (%)**					121.9%

Table 127: Net Stable Funding Ratio (UK LIQ2) – Solo consolidation continued

		2022				
		Unweighted value by residual maturity				Weighted value (average) $million
		No maturity $million	< 6 months $million	6 months to < 1yr $million	≥ 1yr $million	
Available stable funding (ASF) Items						
1	Capital items and instruments	27,038	1,730	1,740	12,959	40,867
2	Own funds	27,038	1,730	1,740	12,959	40,867
3	Other capital instruments		–	–	–	–
4	Retail deposits		11,298	1,288	552	11,932
5	Stable deposits		908	144	93	1,092
6	Less stable deposits		10,390	1,144	459	10,840
7	Wholesale funding:		231,111	22,214	28,947	95,431
8	Operational deposits		40,809	–	–	20,404
9	Other wholesale funding		190,302	22,214	28,947	75,026
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	357	23,465	790	454	849
12	NSFR derivative liabilities	357				
13	All other liabilities and capital instruments not included in the above categories		23,465	790	454	849
14	**Total available stable funding (ASF)**					149,078
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)1					4,524
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		1,510	–	–	755
17	Performing loans and securities:		119,413	26,804	53,904	86,112
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		34,729	1,521	502	2,970
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		48,217	13,650	10,824	25,983
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		11,671	4,753	22,463	27,517
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,360	87	178	858
22	Performing residential mortgages, of which:		601	73	2,132	1,768
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		591	52	1,903	1,558
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		24,195	6,808	17,983	27,874
25	Interdependent assets		–	–	–	–
26	Other assets:	–	39,344	821	31,498	17,785
27	Physical traded commodities				7,593	6,454
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	7,895	6,711
29	NSFR derivative assets		543	–	–	543
30	NSFR derivative liabilities before deduction of variation margin posted		18,662	–	–	933
31	All other assets not included in the above categories		20,139	821	16,010	3,144
32	Off-balance sheet items		29,050	14,658	49,653	3,873
33	**Total RSF**					126,764
34	**Net Stable Funding Ratio (%)**					117.6%

1 2022 has been represented to reflect updated high-quality liquid assets and other assets

Annex 1

Remuneration – Standard Chartered – Solo consolidated

Table 128: Remuneration awarded for the financial year – Solo Consolidation (UK REM1)

		2023				2022			
		MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million	MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million
	Fixed remuneration								
1	Number of identified staff	**12**	**3**	**14**	**657**	13	2	16	579
2	Total fixed remuneration	**4**	**8**	**30**	**364**	4	6	32	307
3	Of which: cash-based	**4**	**6**	**30**	**364**	4	4	32	307
UK-4a	Of which: shares or equivalent ownership interests	**–**	**2**	**–**	**–**	–	2	–	–
5	Of which: share-linked instruments or equivalent non-cash instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-5x	Of which: other instruments	**–**	**–**	**–**	**–**	–	–	–	–
7	Of which: other forms	**–**	**–**	**–**	**–**	–	–	–	–
	Variable remuneration								
9	Number of identified staff	**12**	**3**	**14**	**657**	13	2	16	579
10	Total variable remuneration	**–**	**9**	**46**	**344**	–	10	46	315
11	Of which: cash-based	**–**	**2**	**18**	**172**	–	2	18	160
12	Of which: deferred	**–**	**1**	**8**	**88**	–	–	9	83
UK-13a	Of which: shares or equivalent ownership interests	**–**	**7**	**28**	**172**	–	8	28	156
UK-14a	Of which: deferred	**–**	**5**	**19**	**91**	–	7	18	83
UK-13b	Of which: share-linked instruments or equivalent non-cash instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-14b	Of which: deferred	**–**	**–**	**–**	**–**	–	–	–	–
UK-14x	Of which: other instruments	**–**	**–**	**–**	**–**	–	–	–	–
UK-14y	Of which: deferred	**–**	**–**	**–**	**–**	–	–	–	–
15	Of which: other forms	**–**	**–**	**–**	**–**	–	–	–	–
16	Of which: deferred	**–**	**–**	**–**	**–**	–	–	–	–
17	**Total remuneration (2 + 10)**	**4**	**18**	**76**	**708**	4	15	77	622

Table 129: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) – Solo Consolidation (UK REM2)

		2023			
		MB Supervisory function $million	MB Management function $million	Other senior management $million	Other identified staff $million
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards – Number of identified staff	–	–	–	**3**
2	Guaranteed variable remuneration awards -Total amount	–	–	–	**1.91**
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
	Severance payments awarded in previous periods, that have been paid out during the financial year	–	–	–	–
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	–	–	–	–
	Severance payments awarded during the financial year	–	–	–	–
6	Severance payments awarded during the financial year – Number of identified staff	–	–	–	–
7	Severance payments awarded during the financial year – Total amount	–	–	–	–
8	Of which paid during the financial year	–	–	–	–
9	Of which deferred	–	–	–	–
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
11	Of which highest payment that has been awarded to a single person	–	–	–	–

Table 130: Deferred remuneration – Solo Consolidation (UK REM3)

		2023							
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods $million	Of which due to vest in the financial year $million	Of which vesting in subsequent financial years $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years $million	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments $million	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year $million	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods $million
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	43	10	33	(7)	–	2	3	2
8	Cash-based	–	–	–	–	–	–	–	–
9	Shares or equivalent ownership interests	43	10	33	(7)	–	2	3	2
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	118	16	102	(5)	–	4	10	6
14	Cash-based	28	4	25	–	–	–	4	–
15	Shares or equivalent ownership interests	89	12	77	(5)	–	4	7	6
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	484	126	358	–	–	11	120	44
20	Cash-based	215	51	164	–	–	–	49	–
21	Shares or equivalent ownership interests	235	64	171	–	–	9	61	38
22	Share-linked instruments or equivalent non-cash instruments	34	10	24	–	–	1	9	5
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	644	151	493	(12)	–	16	133	51

Table 130: Deferred remuneration – Solo Consolidation (UK REM3) continued

		2022							
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods $million	Of which due to vest in the financial year $million	Of which vesting in subsequent financial years $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year $million	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years $million	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments $million	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year $million	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods $million
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	46	17	29	(6)	–	12	10	5
8	Cash-based	–	–	–	–	–	–	–	–
9	Shares or equivalent ownership interests	46	17	29	(6)	–	12	10	5
10	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	128	25	104	(11)	–	27	13	7
14	Cash-based	24	3	21	–	–	–	3	–
15	Shares or equivalent ownership interests	104	22	82	(11)	–	27	10	7
16	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	505	159	346	–	–	86	153	56
20	Cash-based	169	44	126	–	–	–	41	–
21	Shares or equivalent ownership interests	296	105	191	–	–	76	102	56
22	Share-linked instruments or equivalent non-cash instruments	40	11	29	–	–	10	11	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	678	200	478	(18)	–	124	176	68

Annex 1

Table 131: Remuneration of 1 million EUR or more per year – Solo Consolidation (UK REM4)

		2023	2022
EUR		Identified staff that are high earners as set out in Article 450(i) CRR Number of employees	Identified staff that are high earners as set out in Article 450(i) CRR Number of employees
1	1,000,000 to below 1,500,000	**150**	148
2	1,500,000 to below 2,000,000	**40**	44
3	2,000,000 to below 2,500,000	**26**	20
4	2,500,000 to below 3,000,000	**10**	14
5	3,000,000 to below 3,500,000	**10**	8
6	3,500,000 to below 4,000,000	**6**	4
7	4,000,000 to below 4,500,000	**3**	–
8	4,500,000 to below 5,000,000	**3**	5
9	5,000,000 to below 6,000,000	**4**	2
10	6,000,000 to below 7,000,000	**1**	1
11	7,000,000 to below 8,000,000	**–**	–
12	8,000,000 to below 8,500,000	**–**	–
13	8,500,000 to below 9,000,000	**1**	1
14	9,000,000 to below 9,500,000	**1**	1
15	9,500,000 to below 10,000,000	**–**	–
16	10,000,000 to below 10,500,000	**1**	1
17	13,000,000 to below 13,500,000	**1**	1
	Total	**257**	250

Table 132: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) – Solo Consolidation (UK REM5)

		2023					
		Management body remuneration			Business areas		
		MB Supervisory function $million	MB Management function $million	Total MB $million	Investment banking $million	Retail banking $million	Asset management $million
1	Total number of identified staff						
2	Of which: members of the MB	12	3	15			
3	Of which: other senior management				3	1	–
4	Of which: other identified staff				336	38	8
5	Total remuneration of identified staff	4	18	22	455	54	8
6	Of which: variable remuneration	–	9	9	240	29	4
7	Of which: fixed remuneration	4	8	13	215	26	4

		2023			
		Business areas			
		Corporate functions $million	Independent internal control functions $million	All other $million	Total $million
1	Total number of identified staff				686
2	Of which: members of the MB				
3	Of which: other senior management	7	2	1	
4	Of which: other identified staff	140	126	9	
5	Total remuneration of identified staff	191	85	12	
6	Of which: variable remuneration	89	31	5	
7	Of which: fixed remuneration	102	53	7	

		2022					
		Management body remuneration			Business areas		
		MB Supervisory function $million	MB Management function $million	Total MB $million	Investment banking $million	Retail banking $million	Asset management $million
1	Total number of identified staff						
2	Of which: members of the MB	13	2	15			
3	Of which: other senior management				3	1	–
4	Of which: other identified staff				260	31	8
5	Total remuneration of identified staff	4	15	20	374	46	7
6	Of which: variable remuneration	–	10	10	209	26	3
7	Of which: fixed remuneration	4	6	10	165	20	4

		2022			
		Business areas			
		Corporate functions $million	Independent internal control functions $million	All other $million	Total $million
1	Total number of identified staff				610
2	Of which: members of the MB				
3	Of which: other senior management	9	3	–	
4	Of which: other identified staff	137	130	13	
5	Total remuneration of identified staff	197	85	11	
6	Of which: variable remuneration	94	34	5	
7	Of which: fixed remuneration	102	51	6	

Table 133: Overview of RWA – Significant Subsidiaries

	2023							
	Standard Chartered – Solo consolidation		Standard Chartered Bank (HK) Ltd[1]		Standard Chartered Bank Korea Ltd		Standard Chartered Bank (Singapore) Ltd	
	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million
Local Regulator	PRA		HKMA		FSS		MAS	
Credit risk (excluding CCR)[2]	66,630	5,330	40,774	3,262	15,451	1,236	28,714	2,297
Of which the standardised approach	11,038	883	2,597	208	5,325	426	11,000	880
Of which slotting approach	1,999	160	2,428	194	–	–	–	–
Of which the advanced IRB (AIRB) approach	53,593	4,287	35,749	2,860	10,126	810	17,714	1,417
Counterparty credit risk – CCR[3]	14,087	1,127	3,504	281	3,103	249	2,018	162
Of which the standardised approach	2,476	198	1,977	158	2,087	167	1,220	98
Of which internal model method (IMM)	7,080	566	–	–	–	–	–	–
Of which exposures to a CCP	719	58	–	–	–	–	–	–
Of which credit valuation adjustment – CVA	1,381	110	1,145	92	7	1	509	41
Of which other CCR	2,431	194	382	31	1,009	81	289	23
Settlement risk	–	–	–	–	–	–	–	–
Securitisation exposures in the banking book	4,457	357	670	54	–	–	294	24
Of which SEC-IRBA approach	2,002	160	73	6	–	–	–	–
Of which SEC-ERBA (including IAA)	2,161	173	571	46	–	–	294	24
Of which SEC-SA approach	294	24	27	2	–	–	–	–
Of which 1250%/deduction	–	–	–	–	–	–	–	–
Position, foreign exchange and commodities risks (Market risk)	18,436	1,475	3,187	255	1,034	83	4,812	385
Of which the standardised approach	7,077	566	1,215	97	1,034	83	4,812	385
Of which IMA	11,360	909	1,972	158	–	–	–	–
Large exposures	–	–	–	–	–	–	–	–
Operational risk	13,045	1,044	7,842	627	1,388	111	5,508	441
Of which standardised approach	13,045	1,044	7,842	627	1,388	111	5,508	441
Amounts below the thresholds for deduction (subject to 250% risk weight)	5,753	460	1,376	110	117	9	–	–
Floor Adjustment	–	–	–	–	–	–	–	–
Total	122,408	9,793	57,353	4,588	21,092	1,687	41,346	3,308

1 Standard Chartered Bank (Hong Kong) Ltd follows local disclosure rules for the OV1 table above, the net impact is $2,410 million. Total RWA: $59,763 million ($57,353 million + $2,410 million)

2 Credit risk (including counterparty credit risk) includes Non-credit obligation assets

3 Counterparty credit risk includes assets which are assessed under both IRB and Standardised approaches

Table 133: Overview of RWA – Significant Subsidiaries continued

	2022							
	Standard Chartered – Solo consolidation		Standard Chartered Bank (HK) Ltd[1]		Standard Chartered Bank Korea Ltd		Standard Chartered Bank (Singapore) Ltd	
	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million	Risk-weighted assets $million	Regulatory capital requirement $million
Local Regulator	PRA		HKMA		FSS		MAS	
Credit risk (excluding CCR)[2]	74,580	5,966	47,158	3,772	18,950	1,516	25,996	2,080
Of which the standardised approach	10,547	844	3,152	252	4,329	346	9,750	780
Of which slotting approach	2,284	183	1,756	140	–	–	–	–
Of which the advanced IRB (AIRB) approach	61,749	4,940	42,250	3,380	14,622	1,170	16,246	1,300
Counterparty credit risk – CCR[3]	15,888	1,271	2,979	239	2,811	225	1,951	156
Of which the standardised approach	2,971	238	1,684	135	1,897	152	1,121	89
Of which internal model method (IMM)	7,436	595	–	–	–	–	–	–
Of which exposures to a CCP	688	55	–	–	2	–	–	–
Of which credit valuation adjustment – CVA	1,961	157	874	70	912	73	407	33
Of which other CCR	2,832	227	421	34	–	–	423	34
Settlement risk	6	–	4	–	–	–	–	–
Securitisation exposures in the banking book	4,830	386	1,002	80	–	–	18	1
Of which SEC-IRBA approach	1,830	146	75	6	–	–	–	–
Of which SEC-ERBA (including IAA)	2,731	218	927	74	–	–	18	1
Of which SEC-SA approach	269	22	–	–	–	–	–	–
Of which 1250%/deduction	–	–	–	–	–	–	–	–
Position, foreign exchange and commodities risks (Market risk)	17,070	1,366	3,271	262	3,129	250	4,565	365
Of which the standardised approach	5,664	453	961	77	327	26	4,565	365
Of which IMA	11,405	912	2,310	185	2,802	224	–	–
Large exposures	–	–	–	–	–	–	–	–
Operational risk	12,880	1,030	6,439	515	1,991	159	4,855	389
Of which standardised approach	12,880	1,030	6,439	515	1,991	159	4,855	389
Amounts below the thresholds for deduction (subject to 250% risk weight)	5,917	473	1,064	85	51	4	–	–
Floor Adjustment	–	–	–	–	–	–	–	–
Total	131,171	10,494	61,916	4,953	26,932	2,155	37,385	2,990

1 Standard Chartered Bank (Hong Kong) Ltd follows local disclosure rules for the OV1 table above, the net impact is $2,751 million. Total RWA: $64,667 million ($61,916 million + $2,571 million)

2 Credit risk (including counterparty credit risk) includes Non-credit obligation assets

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

Table 134: Leverage ratio common disclosure – Significant Subsidiaries

Capital and total exposures	2023 Standard Chartered – Solo consolidation $million	2023 Standard Chartered Bank (HK) Ltd $million	2023 Standard Chartered Bank Korea Ltd $million	2023 Standard Chartered Bank (Singapore) Ltd $million	2022 Standard Chartered – Solo consolidation $million	2022 Standard Chartered Bank (HK) Ltd $million	2022 Standard Chartered Bank Korea Ltd $million	2022 Standard Chartered Bank (Singapore) Ltd $million
Tier 1 capital	**18,601**	**10,886**	**3,966**	**6,765**	18,257	10,786	3,941	6,571
Total leverage ratio exposures	**422,638**	**218,313**	**68,399**	**148,605**	437,448	199,709	79,091	137,028
Leverage ratio	**4.4%**	**5.0%**	**5.8%**	**4.6%**	4.2%	5.4%	5.0%	4.8%

Table 135: Market risk regulatory capital requirements for significant subsidiaries

Market Risk regulatory capital Requirements for Trading Book	2023 Standard Chartered – Solo consolidation $million	2023 Standard Chartered Bank (HK) Ltd $million	2023 Standard Chartered Bank Korea Ltd $million	2023 Standard Chartered Bank (Singapore) Ltd $million	2022 Standard Chartered – Solo consolidation $million	2022 Standard Chartered Bank (HK) Ltd $million	2022 Standard Chartered Bank Korea Ltd $million	2022 Standard Chartered Bank (Singapore) Ltd $million
Local Regulator	**PRA**	**HKMA**	**FSS**	**MAS**	PRA	HKMA	FSS	MAS
Interest rate	**381**	**78**	**73**	**103**	262	61	26	77
Equity	**1**	**–**	**–**	**–**	1	–	–	–
Options	**5**	**–**	**4**	**6**	5	–	–	4
Commodity	**42**	**4**	**–**	**11**	32	–	–	–
Foreign exchange	**137**	**15**	**6**	**265**	153	16	–	284
Internal Models Approach	**909**	**158**	**–**	**–**	912	185	224	–
Total	**1,475**	**255**	**83**	**385**	1,365	262	250	365
Market Risk – RWA	**18,438**	**3,187**	**1,034**	**4,812**	17,063	3,271	3,129	4,565

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

Prudential disclosure reference

CRR article ref.		Requirement summary	Disclosure
Scope of disclosure requirement			
431	(1)	Institutions shall publicly disclose the information referred to in Titles II and III in accordance with the provisions laid down in this Title, subject to the exceptions referred to in Article 432.	The Group publishes Pillar 3 disclosures
	(2)	Institutions that have been granted permission by the competent authorities under Part Three for the instruments and methodologies referred to in Title III of this Part shall publicly disclose the information laid down therein.	The Group applies the standardised approach, RWAs and capital requirements for operational risk are shown in Table 20: (OV1) on page 28 and in the 2023 Annual Reports and Accounts on page 341.
	(3)	The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institution's disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in the institutions' disclosures. Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report. Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential in accordance with Article 432.	The Group has a dedicated policy governing prudential disclosure requirements in place.
	(4)	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.	
	(5)	Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of the explanation shall be proportionate to the size of the loan.	The Group provides ratings decisions to SMEs and corporates upon request.
Non-material, proprietary or confidential information			
432	(1)	With the exception of the disclosures laid down in point (c) of Article 435(2) and in Articles 437 and 450, institutions may omit one or more of the disclosures listed in Titles II and III where the information provided by those disclosures is not regarded as material. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.	Items omitted from disclosure are listed in section 1.3. Regulatory disclosure – Framework on page 2.

CRR article ref.		Requirement summary	Disclosure
	(2)	Institutions may also omit one or more items of information referred to in Titles II and III where those items include information that is regarded as proprietary or confidential in accordance with this paragraph, except for the disclosures laid down in Articles 437 and 450. Information shall be regarded as proprietary to institutions where disclosing it publicly would undermine their competitive position. Proprietary information may include information on products or systems that would render the investments of institutions therein less valuable, if shared with competitors. Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential.	See Article 432(1) above
	(3)	In the exceptional cases referred to in paragraph 2, the institution concerned shall state in its disclosures the fact that the specific items of information are not disclosed and the reason for not disclosing those items, and publish more general information about the subject matter of the disclosure requirement, except where that subject matter is, in itself, proprietary or confidential.	All material, non-confidential and non-proprietary information is disclosed by the Group in its 2023 Pillar 3 and 2023 Annual Report and Accounts.
Frequency of disclosure			
433		Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c. Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter. Semi-annual and quarterly disclosures shall be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter. Any delay between the date of publication of the disclosures required under this Part and the relevant financial statements shall be reasonable.	Section 1.3 Regulatory disclosure – Framework sub-section on Frequency on page 2.
Means of disclosure			
434	(1)	Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users.	Section 1.3 Regulatory disclosure – Framework, sub-section on Verification on page 2. The 2023 Pillar 3 document is made publicly available on the Group website with the 2023 Annual Report and Accounts and other public disclosures.
	(2)	Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part. That archive shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports.	The Group discharges parts of the prudential disclosure requirements in the 2023 Annual Reports and Accounts, in Main Features and GSIB disclosures, with cross references to exact locations provided in its Pillar 3 document.
Risk management objectives and policies			
435	(1)	Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. These disclosures shall include:	See below
	(1)(a)	The strategies and processes to manage those categories of risks	Section 1.5 Risk management on pages 5 to 6. Risk management approach section in the 2023 Annual Report and Accounts on pages 314 to 337
	(1)(b)	The structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents	See Article 435 (1)(a) above
	(1)(c)	The scope and nature of risk reporting and measurement systems	See Article 435 (1)(a) above

CRR article ref.		Requirement summary	Disclosure
	(1)(d)	The policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	See Article 435 (1)(a) above
	(1)(e)	A declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	
	(1)(f)	A concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include: (i) key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body; (ii) information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.	See Article 435 (1)(a) above Key ratios and figures are highlighted in section 1.2 on pages 2 to 3 and in the 2023 Annual Report and Accounts on page 338
	(2)	Institutions shall disclose the following information regarding governance arrangements:	See below
	(2)(a)	The number of directorships held by members of the management body	2023 Annual Reports and Accounts, Board of Directors, on page 137 to 141
	(2)(b)	The recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise	2023 Annual Reports and Accounts, Board of Directors, on pages 137 to 141 and Governance and Nomination Committee on pages 177 to 181.
	(2)(c)	The policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	2023 Annual Reports and Accounts, Governance and Nomination Committee, on pages 177 to 181. Further information published on the Group website sc.com/boarddiversitypolicy
	(2)(d)	Whether or not the institution has set up a separate risk committee and the number of times the risk committee has me	2023 Annual Reports and Accounts, Corporate Governance, on pages 145 to 154
	(2)(e)	The description of the information flow on risk to the management body	2023 Annual Reports and Accounts, Risk management, on pages 145 to 154
Scope of application			
436		Institutions shall disclose the following information regarding the scope of application of the CRR as follows:	See below
	(a)	The name of the institution to which the CRR applies.	Name of the Group and the Group logo are displayed on the cover page of the disclosures.
	(b)	A reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds.	Table 3: Regulatory Consolidation on page 7. Table 4: Outline of the differences in the scope of consolidation (LI3) on page 7.
	(c)	A breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part.	Table 5: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (UK LI1) on page 9.

CRR article ref.		Requirement summary	Disclosure
	(d)	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences.	Table 6: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (UK LI2) on page 11
	(e)	For exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions.	Table 7: Prudent valuation adjustments (PVA) (UK PV1) on page 12
	(f)	Any current or expected material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the parent undertaking and its subsidiaries.	
	(g)	The aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries.	
	(h)	Where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.	
Own funds			
437	(a)	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution.	Table 9: Composition of regulatory own funds (UK CC1) on page 15 Table 10: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) on page 17
	(b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution.	Details of the Group's capital instruments are set out in the Group's Main Features of Capital Instruments document available on the Group's website at https://www.sc.com/en/investors/credit-ratings-fixed-income/#capitalsecurities.
	(c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.	See Article 437(1)(b) above
	(d)	A separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	Table 9: Composition of regulatory own funds (UK CC1) on page 15 Table 10: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (UK CC2) on page 17
	(e)	A description of all restrictions applied to the calculation of own funds in accordance with the CRR and the instruments, prudential filters and deductions to which those restrictions apply	There were no restrictions applied to the calculation of own funds
	(f)	A comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in the CRR.	The Group follows own funds calculation set out in the CRR, in the format set out by the below implementing regulation.
Disclosure of Own Funds and Eligible Liabilities			
437a		Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities:	See below
	(a)	The composition of their own funds and eligible liabilities, their maturity and their main features.	Details of the Group's capital instruments are set out in the Group's Main Features of Capital Instruments document available on the Group's website at https://www.sc.com/en/investors/credit-ratings-fixed-income/#capitalsecurities

CRR article ref.		Requirement summary	Disclosure
	(b)	The ranking of eligible liabilities in the creditor hierarchy.	Table 12: Resolution entity – creditor ranking at legal entity level (TLAC3) on page 20 Table 13: Standard Chartered Bank – creditor ranking (TLAC2) on page 21 Table 14: Standard Chartered Bank (Hong Kong) Limited – creditor ranking (TLAC2) on page 22 Table 15: Standard Chartered Bank Korea Limited – creditor ranking (TLAC2) on page 23 Table 16: Standard Chartered Bank (Singapore) Limited – creditor ranking (TLAC2) on page 24 Table 17: Standard Chartered Bank (China) Limited – creditor ranking (TLAC2) on page 25
	(c)	The total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4).	Table 11: TLAC composition for G-SIBs (TLAC1) on page 19
	(d)	The total amount of excluded liabilities referred to in Article 72a(2).	Table 12: Resolution entity – creditor ranking at legal entity level (TLAC3) on page 20
Own Funds Requirements and Risk-Weighted Exposure Amounts			
438		Institutions shall disclose the following information regarding their compliance with Article 92 and rules 3.1(1)(a) and 3.4 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook:	See below
	(a)	A summary of their approach to assessing the adequacy of their internal capital to support current and future activities.	Section 2.1 Capital management on page 14 Treasury Risk on pages 323 to 324 of the 2023 Annual Reports and Accounts
	(b)	The amount of the additional own funds requirements based on the supervisory review and evaluation process (within the meaning of regulation 34A of the Capital Requirements Regulations) and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments.	Table 1: Key metrics template (UK KM1) on page 2
	(c)	The result of the institution's internal capital adequacy assessment process.	Section 2.1 Capital management on page 14. Treasury Risk on pages 323 to 324 of the 2023 Annual Reports and Accounts
	(d)	The total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds.	Table 20: Overview of risk weighted exposure amounts (UK OV1) on page 28
	(e)	The on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2).	Excluded on the grounds of materiality
	(f)	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis.	Not applicable
	(g)	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with the provisions implementing Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied.	Table 24: RWA flow statements of market risk exposures under the IMA (UK MR2-B) on page 31
	(h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Table 22: RWEA flow statements of credit risk exposures under the IRB approach (UK CR8) on page 30 Table 23: RWEA flow statements of CCR exposures under the IMM (UK CCR7) on page 30

CRR article ref.		Requirement summary	Disclosure
Exposure to counterparty credit risk			
439		Institutions shall disclose the following information regarding their exposure to counterparty credit risk as referred to in Chapter 6 of Title II of Part Three:	See below
	(a)	A description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties.	Section 4.2. Counterparty credit risk on page 107
	(b)	A description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.	Section 4.2. Counterparty credit risk on page 107
	(c)	A description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291.	Section 4.2. Counterparty credit risk on page 107
	(d)	The amount of collateral the institution would have to provide if its credit rating were downgraded.	Section 4.2. Counterparty credit risk on page 107
	(e)	For derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral; provided in each case that: (i) institutions shall not disclose such amounts unless both the fair value of collateral posted in the form of debt securities and the fair value of collateral received in that form exceed GBP 125 billion; and (ii) for the purposes of subparagraph (i), institutions shall use the twelve month rolling arithmetic mean of the fair value of collateral received or posted (as the case may be) in the form of debt securities, determined using quarterly data calculated in a manner consistent with data reported under Article 430(g) and covering the twelve months immediately preceding the disclosure reference date;	Table 87: Credit derivatives exposures (UK CCR6) on page 110
	(f)	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method.	Table 85: Analysis of CCR exposure by approach (UK CCR1) on page 109
	(g)	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method.	Table 85: Analysis of CCR exposure by approach (UK CCR1) on page 109
	(h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three.	Table 87: Transactions subject to own funds requirements for CVA risk (UK CCR2) on page 110
	(i)	The exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures.	Table 86: Exposures to CCPs (UK CCR8) on page 110
	(j)	The notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold.	
	(k)	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9).	Table 85: Analysis of CCR exposure by approach (UK CCR1) on page 109
	(m)	for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	Table 85: Analysis of CCR exposure by approach (UK CCR1) on page 109

CRR article ref.		Requirement summary	Disclosure
Countercyclical capital buffers			
440		Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer referred to in regulation 2 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014:	See below
	(a)	The geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer.	Table 18: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) on page 26
	(b)	The amount of their institution-specific countercyclical capital buffer.	Table 19: Amount of institution-specific countercyclical capital buffer (UK CCyB2) on page 27
Indicators of global systemic importance			
441	(1)	G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in regulation 23 of Part 4 of Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.	Discussed in Section 1.3. Regulatory disclosure framework on page 2
Exposures to Credit Risk and Dilution Risk			
442		Institutions shall disclose the following information regarding their exposure to credit risk and dilution risk:	See below
	(a)	The scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes.	Glossary sections of Pillar 3 and the Annual Report and Accounts on pages 172 to 176 and 523 to 531 respectively Credit risk section of the 2023 Annual Report and Accounts on pages 320 to 322
	(b)	A description of the approaches and methods adopted for determining specific and general credit risk adjustments.	Section 3.4. Exposure values on page 58 Note 8 of the 2023 Annual Report and Account on pages 380 to 384
	(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received.	Table 46: Performing and non-performing exposures and related provisions (UK CR1) on page 56 Table 49: Credit quality of forborne exposures (UK CQ1) on page 63 Table 51: Quality of non-performing exposures by geography (UK CQ4) on page 66 Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 67
	(d)	An ageing analysis of accounting past due exposures.	Table 50: Credit quality of performing and non-performing exposures by past due days (UK CQ3) on page 64
	(e)	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures.	Table 46: Performing and non-performing exposures and related provisions (UK CR1) on page 58 Table 49: Credit quality of forborne exposures (UK CQ1) on page 63 Table 51: Quality of non-performing exposures by geography (UK CQ4) on page 66 Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 67
	(f)	Any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off.	Table 46: Performing and non-performing exposures and related provisions (UK CR1) on page 58 Table 48: Changes in the stock of non-performing loans and advances (UK CR2) on page 62 Table 49: Credit quality of forborne exposures (UK CQ1) on page 63 Table 51: Quality of non-performing exposures by geography (UK CQ4) on page 66 Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 67
	(g)	The breakdown of loans and debt securities by residual maturity.	Table 47: Maturity of exposures (UK CR1-A) on page 62
Encumbered and unencumbered assets			
443		Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.	Table 101: Encumbered and unencumbered assets (UK AE1) on page 127 Table 102: Collateral received and own debt securities issued (UK AE2) on page 128 Table 103: Sources of encumbrance (UK AE3) on page 128

CRR article ref.		Requirement summary	Disclosure
Use of the Standardised Approach			
444		Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112:	See below
	(a)	The names of the nominated ECAIs and export credit agencies and the reasons for any changes in those nominations over the disclosure period.	Section 3.7. standardised risk weight profile on page 87
	(b)	The exposure classes for which each ECAI or export credit agency is used.	Section 3.7. standardised risk weight profile on page 87
	(c)	A description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book.	Section 3.7. standardised risk weight profile on page 87
	(d)	The association of the external rating of each nominated ECAI or export credit agency with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by the competent authority.	Section 3.7. standardised risk weight profile on page 87
	(e)	The exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as those deducted from own funds.	Table 51: Quality of non-performing exposures by geography (UK CQ4) on page 66 Table 52: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 67
Exposure to market risk			
445		Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	Table 79: Market risk under standardised approach (UK MR1) on page 104
Operational risk management			
446		Institutions shall disclose the following information about their operational risk management:	The Group applies STD approach for measuring capital requirements, described in section 1.5. Risk management under Operational Risk on page 5
	(a)	The approaches for the assessment of own funds requirements for operational risk that the institution qualifies for.	Table 96: Operational risk own funds requirements and risk-weighted exposure amounts (UK OR1) on page 118
	(b)	Where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach.	Not applicable
	(c)	In the case of partial use, the scope and coverage of the different methodologies used.	Not applicable
Key metrics			
447		Institutions shall disclose the following key metrics in a tabular format:	See below
	(a)	The composition of their own funds and their own funds requirements as calculated in accordance with Article 92.	Table 1: Key metrics template (UK KM1) on page 2
	(b)	The total risk exposure amount as calculated in accordance with Article 92(3).	Table 1: Key metrics template (UK KM1) on page 2
	(c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations.	Table 1: Key metrics template (UK KM1) on page 2
	(d)	Their combined buffer requirement which the institutions are required to hold in accordance with regulation 35 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.	Table 1: Key metrics template (UK KM1) on page 2
	(e)	The following information in relation to their leverage ratio: (i) for all institutions, their leverage ratio and total exposure measure; (ii) for LREQ firms, the information in Article 451(1)(b) and (g) and Article 451(2)(b) to (d);	Table 1: Key metrics template (UK KM1) on page 2

CRR article ref.		Requirement summary	Disclosure
	(f)	The following information in relation to their liquidity coverage ratio as calculated in accordance with Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: (i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 1: Key metrics template (UK KM1) on page 2
	(g)	The following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six: (i) the average or averages, as applicable, of their net stable funding ratio based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of their available stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period; (iii) the average or averages, as applicable, of their required stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period;	Table 1: Key metrics template (UK KM1) on page 2
	(h)	Their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.	
Exposure to interest rate risk on positions not included in the trading book			
448	(1)	Institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in in Chapter 9 of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook:	See below
	(1)(a)	The changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down; (iii) steepener shock (short rates down and long rates up); (iv) flattener shock (short rates up and long rates down); (v) short rates shock up; (vi) short rates shock down;	Table 97 Quantitative information on IRRBB (UK IRRBB1) on page 120
	(1)(b)	The changes in the net interest income calculated under the following two supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down;	Table 97 Quantitative information on IRRBB (UK IRRBB1) on page 120
	(1)(c)	A description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph.	Section 6 on Interest rate risk in the banking book on pages 119 to 120.

CRR article ref.		Requirement summary	Disclosure
	(1)(d)	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date.	Section 6 on Interest rate risk in the banking book on pages 119 to 120
	(1)(e)	The description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Chapter 9 of the ICAA Part of the PRA Rulebook, including: (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems for the purpose of calculating changes in the economic value of equity and in net interest income, as required under points (a) and (b) of this paragraph, if those assumptions differ from those used for the purposes of Chapter 9 of the ICAA Part of the PRA Rulebook or from those specified in Annex XXXVIII of Chapter 6 of this Disclosure (CRR) Part of the PRA Rulebook, including the rationale for those differences; (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs;	Section 6 on Interest rate risk in the banking book on pages 119 to 120
	(1)(f)	The description of the overall risk management and mitigation strategies for those risks.	Section 6 on Interest rate risk in the banking book on pages 119 to 120
	(1)(g)	Average and longest repricing maturity assigned to non-maturing deposits.	Section 6 on Interest rate risk in the banking book on pages 119 to 120
	2	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to economic value of equity shall not apply to institutions that use the standardised framework referred to in Rule 9.1B of the ICAA Part of the PRA Rulebook	
Exposure to securitisation position			
449		Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Article 337 or 338 shall disclose the following information separately for their trading and non-trading book activities:	See below
	(a)	A description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) as defined in point (10) of Article 242, and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy.	Section 3.8 Securitisation on pages 90 to 91
	(b)	The type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties	Section 3.8 Securitisation on pages 90 to 91
	(c)	Their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions.	Section 3.8 Securitisation on page 90 to 91

CRR article ref.	Requirement summary	Disclosure
(d)	A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation	Section 3.8 Securitisation on page 90
(e)	A list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three.	Section 3.8 Securitisation on page 90
(f)	A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions.	Section 3.8 Securitisation on page 90
(g)	A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.	Section 3.8 Securitisation on page 91
(h)	The names of the ECAIs used for securitisations and the types of exposure for which each agency is used.	Section 3.8 Securitisation on pages 90 to 91
(i)	Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels.	Section 3.8 Securitisation on pages 90 to 91
(j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk in accordance with Articles 244 and 245, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures.	Table 71: Securitisation exposures in the non-trading book (UK-SEC1) on page 92 Table 72: Securitisation exposures in the trading book (UK-SEC2) on page 94
(k)	For the trading and the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1250%, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements ; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1250%, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements;	Table 73: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (UK-SEC3) on page 96 Table 74: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (UK-SEC4) on page 98

CRR article ref.	Requirement summary	Disclosure
(l)	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	Table 75: Exposures securitised by the institution – Exposures in default and specific credit risk adjustments (UK-SEC5) on page 100
Remuneration policy		
450	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions:	
(1)(a)	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders	2023 Annual Reports and Accounts on pages 194 to 216
(1)(b)	Information about the link between pay of the staff and their performance.	2023 Annual Reports and Accounts on pages 194 to 216
(1)(c)	The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria.	2023 Annual Reports and Accounts on pages 194 to 216
(1)(d)	The ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook	2023 Annual Reports and Accounts on pages 194 to 216
(1)(e)	Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based.	2023 Annual Reports and Accounts on pages 194 to 216
(1)(f)	The main parameters and rationale for any variable component scheme and any other non-cash benefits.	2023 Annual Reports and Accounts on pages 194 to 216
(1)(g)	Aggregate quantitative information on remuneration, broken down by business area.	Table 108: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (UK REM5) on page 135
(1)(h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year, and the number of beneficiaries of those awards; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Table 104: Remuneration awarded for the financial year (UK REM1) on page 104 Table 105: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (UK REM2) on page 131 Table 106: Deferred remuneration (UK REM3) on page 132

CRR article ref.	Requirement summary	Disclosure
(1)(i)	The number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million.	Table 107: Remuneration of 1 million EUR or more per year (UK REM4) on page 134
(1)(k)	Information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3). They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	See Article 450 (1)(h)(i) above
(2)	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.	2023 Annual Reports and Accounts on pages 194 to 216
Leverage		
451	Institutions shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 of Chapter 3 of the Leverage Ratio (CRR) Part and their management of the risk of excessive leverage:	See below
(1)(a)	The leverage ratio.	Table 26: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1) on page 32 Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33 Table 28: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3) on page 34
(1)(b)	The leverage ratio calculated as if central bank claims were required to be included in the total exposure measure.	Table 26: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1) on page 32 Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33 Table 28: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3) on page 34
(1)(c)	A breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements.	Table 26: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1) on page 32 Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33 Table 28: LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3) on page 34
(1)(d)	A description of the processes used to manage the risk of excessive leverage.	Section 2.6 Leverage Ratio on page 32
(1)(e)	A description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Section 2.6 Leverage ratio on page 32
(1)(f)	In relation to the quarterly periods up to 31 December 2023, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	

CRR article ref.		Requirement summary	Disclosure
	(1)(g)	In relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	
	(2)	An LREQ firm must disclose each of the following	See below
	(2)(a)	The average exposure measure.	Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33
	(2)(b)	The average leverage ratio.	Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33
	(2)(c)	The average leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; and	Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33
	(2)(d)	The countercyclical leverage ratio buffer.	Table 27: LRCom: Leverage ratio common disclosure (UK LR2) on page 33
	(3)	An LREQ firm must disclose such information as is necessary to enable users to understand changes in the firm's total exposure measure and tier 1 capital (leverage) over the quarter that have affected the firm's average leverage ratio.	
	(4)	Subject to paragraph 5	See below
	(4)(a)	For the purposes of paragraph 2(a) an LREQ firm must calculate its average exposure measure for a quarter as the sum of: (i) the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets and securities financing transactions on each day in the quarter; and (ii) the arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets and securities financing transactions on the last day of each month in the quarter; and	
	4(b)	For the purposes of paragraphs 2(a) and 3, an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the: (i) capital measure is the arithmetic mean of the firm's tier 1 capital (leverage) on the last day of each month in the quarter; and (ii) exposure measure is the sum derived in accordance with (a), unless paragraph 5 applies in which case it shall be the sum derived in accordance with that paragraph.	
	(5)	In relation to the quarterly periods up to 1 January 2023 an LREQ firm must calculate its average exposure measure for a quarter as the sum of:	
	(5)(a)	The arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets on each day in the quarter; and	
	(5)(b)	The arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets on the last day of each month in the quarter.	
Liquidity Requirements			
451a	(1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	Section 7 Liquidity risk on pages 121 to 127
	(2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook:	See below
	(2)(a)	The average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.	Table 98: Liquidity Coverage Ratio (LCR) (UK LIQ1) on page 122

CRR article ref.		Requirement summary	Disclosure
	(2)(b)	The average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer.	Table 98: Liquidity Coverage Ratio (LCR) (UK LIQ1) on page 122
	(2)(c)	The averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Table 98: Liquidity Coverage Ratio (LCR) (UK LIQ1) on page 122
	(3)	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	See below
	(3)(a)	Averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters.	Table 99: Net Stable Funding Ratio (UK LIQ2) on page 124
	(3)(b)	An overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters.	Table 99: Net Stable Funding Ratio (UK LIQ2) on page 124
	(3)(c)	An overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters	Table 99: Net Stable Funding Ratio (UK LIQ2) on page 124
	(4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	Section 7 Liquidity risk on pages 121 to 127
Use of the IRB Approach to credit risk			
452		Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk shall disclose the following information:	See below
	(a)	The competent authority's permission of the approach or approved transition.	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85
	(b)	For each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission.	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85 Table 54: Internal default grade probabilities and mapping to external ratings on page 72
	(c)	The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on: (i) the relationship between the risk management function and the internal audit function; (ii) the rating system review; (iii) the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85

Prudential disclosure reference

CRR article ref.		Requirement summary	Disclosure
	(d)	The role of the functions involved in the development, approval and subsequent changes of the credit risk models.	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85
	(e)	The scope and main content of the reporting related to credit risk models.	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85
	(f)	A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering: (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables;	Section 3.3 Internal Ratings Based models on pages 35 to 37 Table 67: Scope of the use of IRB and SA approaches (UK CR6-A) on page 85
	(g)	As applicable, the following information in relation to each exposure class referred to in Article 147: (i) their gross on-balance-sheet exposure; (ii) their off-balance-sheet exposure values prior to the relevant conversion factor; (iii) their exposure after applying the relevant conversion factor and credit risk mitigation; (iv) any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk; (v) separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission;	Tables 55 to 66: IRB approach – Credit risk exposures by exposure class and PD range on pages 73 to 84
	(h)	Institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	Tables 31 to 40: IRB approach – Backtesting of PD per exposure class (UK CR9) on pages 38 to 47 Tables 41 to 45: IRB – Backtesting of probability of default (PD) (UK CR9.1) on pages 48 to 56
Use of credit risk mitigation techniques			
453		Institutions using credit risk mitigation techniques shall disclose the following information:	See below
	(a)	The core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting.	Section 3.6. Credit risk mitigation on page 86
	(b)	The core features of the policies and processes for eligible collateral evaluation and management.	See 453(a) above
	(c)	A description of the main types of collateral taken by the institution to mitigate credit risk.	See 453(a) above
	(d)	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures	See 453(a) above

CRR article ref.	Requirement summary	Disclosure
(e)	Information about market or credit risk concentrations within the credit mitigation taken.	See 453(a) above
(f)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures.	Table 68: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (UK CR3) on page 86
(g)	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect.	Table 69: UK CR4 – Credit risk exposure and CRM effects on page 87
(h)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation.	Table 69: UK CR4 – Credit risk exposure and CRM effects on page 87
(i)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class.	Table 69: UK CR4 – Credit risk exposure and CRM effects on page 87
(j)	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	Excluded on the grounds of materiality
Use of the Advanced Measurement Approaches to operational risk		
454	The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk transfer mechanisms for the purpose of mitigating that risk.	The Group does not hold a permission to use the advanced measurement approach for operational risk
Use of Internal Market Risk Models		
455	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following information:	See below
(a)	For each sub-portfolio covered: (i) the characteristics of the models used; (ii) where applicable, for the internal models for incremental default and migration risk and for correlation trading, the methodologies used and the risks measured through the use of an internal model including a description of the approach used by the institution to determine liquidity horizons, the methodologies used to achieve a capital assessment that is consistent with the required soundness standard and the approaches used in the validation of the model; (iii) a description of stress testing applied to the sub-portfolio; (iv) a description of the approaches used for backtesting and validating the accuracy and consistency of the internal models and modelling processes;	The Group does not have IMA approval for incremental default and migration risk for correlation trading.
(b)	The scope of permission by the competent authority.	Section 4.1 under the heading Regulatory VaR and Regulatory VaR vs. management VaR on pages 101
(c)	A description of the extent and methodologies for compliance with the requirements set out in Articles 104 and 105	Section 4.1 under the heading Trading book and Valuation framework on pages 101

CRR article ref.	Requirement summary	Disclosure
(d)	The highest, the lowest and the mean of the following: (i) the daily value-at-risk measures over the reporting period and at the end of the reporting period; (ii) the stressed value-at-risk measures over the reporting period and at the end of the reporting period; (iii) the risk numbers for incremental default and migration risk and for the specific risk of the correlation trading portfolio over the reporting period and at the end of the reporting period	Table 80 IMA values for trading portfolios (UK MR3) on page 105
(e)	The elements of the own funds requirement as specified in Article 364.	Table 81 Market risk under the internal Model Approach (IMA) (UK MR2-A) on page 105
(f)	The weighted average liquidity horizon for each sub-portfolio covered by the internal models for incremental default and migration risk and for correlation trading.	The Group has no model permissions for specific rate and comprehensive risk measure.
(g)	A comparison of the daily end-of-day value-at-risk measures to the one-day changes of the portfolio's value by the end of the subsequent business day together with an analysis of any important overshooting during the reporting period.	Backtesting overshooting are shown in tables 82 and 83 (UK MR4) on page 106

Summary of differences

Summary of differences between Pillar 3 Disclosures and the Risk and capital review section of the Annual Report and Accounts

The Group's Pillar 3 Disclosures for 31 December 2023 provide details from a regulatory perspective on certain aspects of credit risk, market risk and operational risk. The quantitative disclosures in the Pillar 3 Disclosures will not, however, be directly comparable to those in the Risk and capital review section of the Annual Report and Accounts as they are largely based on internally modelled risk metrics such as PD, LGD and EAD under Basel framework, whereas the quantitative disclosures in the Risk review are based on IFRS. EAD differs from the IFRS exposure primarily due to the inclusion of undrawn credit lines and off-balance sheet commitments. In addition, a number of the credit risk disclosures within the Pillar 3 Disclosures are only provided for the internal ratings based portfolio.

Topic	Annual Report and Accounts	Pillar 3 Disclosures
Basis of requirements	• The Group's Annual Report and Accounts are prepared in accordance with the requirements of IFRS as endorsed by the EU, the UK Companies Act 2006, and the UK, Hong Kong and India Listing rules	• The Group's Pillar 3 Disclosures provide details on risk from a regulatory perspective to fulfil Basel III/CRD IV requirements which have been implemented in the UK by the Prudential Regulatory Authority (PRA) via the 'Disclosure (CRR)' part of the PRA Rulebook.
Basis of preparation	• The quantitative credit risk disclosures in the Risk review are based on IFRS. • Loans and advances are analysed between the four client segments of Corporate & Institutional, Commercial, Private and Retail Banking (split by industry classification codes) • Market risk disclosures are presented using VaR methodology for the trading and non- trading books	• Provides details from a regulatory perspective on certain aspects of credit risk, market risk and operational risk. For credit risk this is largely based on internally modelled risk metrics such as PD, LGD and EAD under Basel rules • Loans and advances are analysed between those that are internal ratings basis (IRB) and standardised, split by standard CRR categories • Market risk and operational risk disclosures are based on the capital required
Coverage	• All external assets which have an exposure to credit risk • Market risk exposure is the trading and non-trading books • Liquidity risk analysis of contractual maturities, liquid assets and encumbered assets	• The credit risk disclosures are provided for approved portfolios as per the IRB approach and remaining portfolios are assessed as per Standardised rules as prescribed in the CRR • The PRA has granted the Group permission to use the internal model approach (IMA) covering the majority of market risk in the trading book. Positions outside the IMA scope are assessed according to standard CRR rules • The Standardised Approach consistent with the CRR requirements is used to assess its regulatory operational risk capital requirement
Credit rating and measurement	• Overview of credit risk management credit grading and the use of IRB models is on page 234 • Maximum exposure to credit risk set out on page 237 • Internal credit grading analysis provided by business segment for both performing and non-performing loans and advances on pages 238 to 249 • External credit grading analysis for unimpaired debt securities and treasury bills is set out on pages 238 to 249	• Details of IRB and Standardised approach to credit risk is set out on pages 35 to 37 • For the IRB portfolio, page 72 provides an indicative mapping of the Group's credit grades in relation to Standard & Poor's credit ratings. • Minimum regulatory capital requirements for credit risk on page 28 • Credit grade analysis provided for the IRB portfolio only. EAD within the IRB portfolio after CRM, Undrawn commitments, exposure weighted average LGD and weighted average risk-weight internal credit grade on pages 73 to 84 and 112 to 117 • Credit quality step analysis for Standardised portfolio is provided on pages 87 to 88

Topic	Annual Report and Accounts	Pillar 3 Disclosures
Credit risk mitigation	• CRM approach is set out on page 289 • Overview of collateral held and other credit risk mitigants provided on page 289. Quantitative overview of other risk mitigants including: • Securitisations, where the Group transfers the rights to collect principal and interest on client loan assets to third parties • Master netting agreements, CSAs and cash collateral for derivatives	• Provides details on CRM from a regulatory perspective by providing EAD after CRM by IRB exposure class. Explanation is given on what constitutes eligible collateral including explanations of funded and unfunded protection. The main type of collateral for the Group's Standardised portfolio is also disclosed. Please refer to pages 87 to 88 • Extensive disclosures on securitisation including notional and carrying amounts, details of securitisation programmes where the Group is an originator, the accounting and governance of securitisation activities and retained exposures and carrying value by risk weight band and by geography. Please refer to pages 92 to 100 • EAD for items subject to CCR risk pre and post credit mitigation is disclosed. The products that are covered under CCR include 'repo style' transactions and derivative transactions. Please refer to page 109
Market risk	• Details of the VaR methodology, and VAR (trading and non trading) is disclosed by risk type on pages 286 to 287 • Details on Group Treasury's market risk, including a table showing a parallel shift in the yield curves, on page 296	• Provides details of the internal model approvals, such as the CAD2 granted by the PRA and the extension of the CAD2 scope to include coal market risk. • Market risk capital requirements for the trading book disclosed by risk type on page 104

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LSE stock code: STAN.LN
HKSE stock code: 02888