Standard Chartered PLC
4Q'21 and FY'21 Results

17 February 2022

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Unless another currency is specified, the word 'dollar' or symbol '$' in this document means US dollar and the word 'cent' or symbol 'c' means one-hundredth of one US dollar.

The information within this report is unaudited. The information in this results announcement, which was approved by the Board of Directors on 17 February 2022, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The financial statements for the year ended 31 December 2020 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498(2) and 498(3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2021 will be filed with the Registrar of Companies in due course. In accordance with the Listing Rules of the UK Listing Authority, these results have been agreed with the Company's auditors, Ernst & Young LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included in the Group's Annual Report for the year ended 31 December 2021. The results have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report for the year ended 31 December 2021.

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

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

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

Standard Chartered PLC – full-year and fourth quarter 2021 results

All figures are presented on an underlying basis and comparisons are made to 2020 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 42-47.

Bill Winters, Group Chief Executive, said:

"We have committed today to a set of far-reaching actions, to deliver a return on tangible equity of 10 per cent by 2024. Our refreshed strategy has proved resilient and delivered our return to growth in the second half of 2021. We remain fully focused on driving continued business momentum in 2022, together with substantial shareholder returns"

Strategy update: taking action to deliver RoTE of 10% by 2024 (targets are 2022-2024 unless otherwise stated)

- Build on Income momentum: targeting 8-10% CAGR;
  - 5-7% from underlying growth and a further 3% from rising interest rates
  - FY'22 income expected to grow in the 5-7% underlying target range, with some support from rising interest rates
- CCIB: Drive improved returns
  - Sharpen focus on risk-weighted assets (RWA) optimisation, with RWA capped at FY'21 levels enabled by a $22bn optimisation plan and drive growth in high returning Financial Institutions segment, to improve Income return on risk weighted assets to around 6.5% from 4.9% in 2021
- CPBB: Transform profitability
  - Accelerate growth in high returning Affluent segment and drive up scale profitably in Mass Retail, enabled by productivity improvement and cost efficiency actions, to improve the cost-to-income ratio to around 60% from 76% in 2021
- Seize China opportunity
  - $300m incremental investment to drive a doubling of China onshore and offshore profit before tax
- Cost discipline to create operational leverage
  - $1.3bn gross structural expense reduction to create investment capacity and deliver 2% positive income-to-cost jaws (on average per annum) before the impact of rising interest rates
  - Cost-to-income ratio target of around 60%
  - FY'22 operating expenses expected to grow around $0.4bn, including the impact of inflation, to $10.7bn, excluding currency impact
- Substantial shareholder distributions:
  - $750m share buy-back to start imminently
  - Proposed final dividend for 2021 of 9c per share, equivalent to $277m
  - Dynamic management within 13–14% CET1 capital range
  - As a result of the above, total shareholder returns in excess of $5bn over the next three years

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

- **Return on tangible equity** improved 300bps to 6.0%
- **Income** broadly flat at $14.7bn, down 1% YoY at constant currency (ccy), excluding debit valuation adjustment (DVA), returning to growth in 2H'21, up 4% (4Q'21 up 3%)
  - Record performance in Wealth Management, up 12% (4Q'21 up 5%)
  - Continued positive momentum in Trade with income up 16% (4Q'21 up 14%)
  - Financial Markets broadly flat YoY and up 10% compared to 2019, excluding DVA (4Q'21 down 3%)
  - Net interest margin (NIM) for FY'21 of 1.21%, down 10bps from FY'20; 4Q'21 of 1.19%, up 3bps on 3Q'21 on a normalised basis excluding the IFRS9 interest income adjustment
- **Expenses** increased 5% YoY to $10.3bn, up 3% at ccy
  - Flat at constant currency and excluding performance related pay normalisation
  - Positive income-to-cost jaws in 2H'21 of 2.6% at ccy excluding DVA
- **Credit impairment** charge of $263m, down $2,031m YoY; up $96m QoQ
  - CCIB $44m net release primarily relating to Stage 3 exposures and CPBB $285m charge
  - Management overlay up slightly QoQ at $343m, with new CCIB China Commercial Real Estate overlay of $95m partly offset by $58m reduction in COVID-19 overlay
  - High-risk assets: reduced for the sixth consecutive quarter in 4Q'21, down $2.5bn in the quarter and down $6.0bn YoY
- **Other Impairment** $355m includes $300m relating to an impairment of our investment in China Bohai Bank
- **Underlying profit before tax** up 61% at ccy to $3.9bn; statutory profit before tax up 119% at ccy to $3.3bn
- **Tax** charge of $1,034m: underlying effective tax rate of 28.8% down 9%pts due to change in geographic mix and higher profits diluting the impact of non-deductible costs

Standard Chartered PLC – full-year and fourth quarter 2021 results

- **Earnings per share** increased 40.1 cents or 111% to 76.2 cents
- The Group's **balance sheet** continues to grow and remains strong, liquid and well diversified
  - Customer loans and advances up 6% since 31.12.20, down 1% or $4bn since 30.09.21
  - Advances-to-deposit ratio 59.1% (30.09.21: 61.9%); liquidity coverage ratio 143% (30.09.21: 145%)
- **RWA** of $271bn up 1% or $2bn since 31.12.20 and up 1% or $4bn since 30.09.21
  - Credit RWA down slightly in 2021: asset growth of $10bn offset by model changes, improvement in asset quality, asset mix changes and FX
  - Market risk RWA up $3bn in 2021, including $4bn structural FX impact
- The Group remains strongly capitalised
  - **CET 1 ratio** 14.1% (30.09.21: 14.6%); Pro forma at 01.01.22 of 13.5%, after the cessation of 32 bps software relief and after deducting c.30bps for regulatory adjustments
  - Proposed final **dividend** of 9c per share, equating to $277m, will result in a full-year dividend per share of 12c, up 33%
  - $750m **share buy-back** starting imminently is expected to reduce the CET1 ratio by approximately 30bps

Statement of results

	2021 $million	2020 $million	Change[1] %
Underlying performance			
Operating income	**14,713**	14,765	-
Operating expenses	**(10,375)**	(10,142)	(2)
Credit impairment	**(263)**	(2,294)	89
Other impairment	**(355)**	15	nm[2]
Profit from associates and joint ventures	**176**	164	7
Profit before taxation	**3,896**	2,508	55
Profit attributable to ordinary shareholders[3]	**2,367**	1,141	107
Return on ordinary shareholders' tangible equity (%)	**6.0**	3.0	300bps
Cost-to-income ratio (excluding bank levy) (%)	**69.8**	66.4	(340)bps
Statutory performance			
Operating income	**14,701**	14,754	-
Operating expenses	**(10,924)**	(10,380)	(5)
Credit impairment	**(254)**	(2,325)	89
Goodwill impairment	**-**	(489)	100
Other impairment	**(372)**	(98)	nm[2]
Profit from associates and joint ventures	**196**	151	30
Profit before taxation	**3,347**	1,613	108
Taxation	**(1,034)**	(862)	(20)
Profit for the period	**2,313**	751	nm[2]
Profit attributable to parent company shareholders	**2,315**	724	nm[2]
Profit attributable to ordinary shareholders[3]	**1,905**	329	nm[2]
Return on ordinary shareholders' tangible equity (%)	**4.8**	0.9	390bps
Cost-to-income ratio (including bank levy) (%)	**74.3**	70.4	(390)bps
Net interest margin (%) (adjusted)	**1.21**	1.31	(10)bps
Balance sheet and capital			
Total assets	**827,818**	789,050	5
Total equity	**52,636**	50,729	4
Average tangible equity attributable to ordinary shareholders[3]	**39,671**	38,590	3
Loans and advances to customers	**298,468**	281,699	6
Customer accounts	**474,570**	439,339	8
Risk-weighted assets	**271,233**	268,834	1
Total capital	**57,644**	57,048	1
Total capital ratio (%)	**21.3**	21.2	10bps
Common Equity Tier 1	**38,362**	38,779	(1)
Common Equity Tier 1 ratio (%)	**14.1**	14.4	(28)bps
Advances-to-deposits ratio (%)[4]	**59.1**	61.1	(2)
Liquidity coverage ratio (%)	**143**	143	-
UK leverage ratio (%)	**4.9**	5.2	(29)bps

	Cents	Cents	Change[1]
Information per ordinary share			
Earnings per share – underlying[5]	**76.2**	36.1	40.1
– statutory[5]	**61.3**	10.4	50.9
Net asset value per share[6]	**1,456**	1,409	47
Tangible net asset value per share[6]	**1,277**	1,249	28
Number of ordinary shares at period end (millions)	**3,057**	3,150	(3)

1 Variance is better/(worse) other than assets, liabilities and risk-weighted assets. Change is percentage points difference between two points rather than percentage change for total capital ratio (%), common equity tier 1 ratio (%), net interest margin (%), advances-to-deposits ratio (%), liquidity coverage ratio (%), UK leverage ratio (%). Change is cents difference between two points rather than percentage change for earnings per share, net asset value per share and tangible net asset value per share
2 Not meaningful
3 Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity
4 When calculating this ratio, total loans and advances to customers excludes reverse repurchase agreements and other similar secured lending, excludes approved balances held with central banks, confirmed as repayable at the point of stress and includes loans and advances to customers held at fair value through profit and loss. Total customer accounts include customer accounts held at fair value through profit or loss
5 Represents the underlying or statutory earnings divided by the basic weighted average number of shares.
6 Calculated on period end net asset value, tangible net asset value and number of shares

Group Chairman's statement

Resilience supporting sustainable growth

2021 was another year of extraordinary global turbulence, with recovery from COVID-19 a mixed picture across the globe. Many of our colleagues were adversely impacted in their personal or work lives. Even now, we continue to see new COVID-19 variants emerging and we have had to adapt to a constantly changing landscape.

Throughout this period, our colleagues around the world – led by our Group Chief Executive Bill Winters and the Management Team – have continued to focus on protecting the interests of shareholders, while ensuring the wellbeing of colleagues and supporting our customers, clients and communities. The spirit our colleagues have shown throughout, despite the often difficult circumstances, has been exemplary and I am extremely proud of how we have all come out of 2021.

Our financial performance is improving

Later in this report, Bill and Andy Halford, our Group Chief Financial Officer, will set out more detail on our financial performance as we navigated the second year of the pandemic. Overall, our results show evidence of resilience, with performance improving against a difficult backdrop.

Our underlying profit before tax at $3.9 billion, grew 61% on a constant currency basis. This was supported by low levels of impairment, a return to positive income momentum in the second half of 2021 and cost control.

We have continued to invest in the future of the Group, including stepping up our innovation and technology investment, and we now have an exciting set of transformative business development opportunities and partnerships, many of which we showcased at our investor event in October.

The Group is highly liquid and well capitalised with a Common Equity Tier 1 ('CET1') ratio of 14.1 per cent. The Board has recommended a final dividend of 9 cents per share, or $277 million, with the full year dividend an increase of one-third from 2020. We have also announced a share buy-back programme and will shortly start purchasing and then cancelling up to $750 million of ordinary shares.

The Board is committed to operating within the 13 to 14 per cent CET1 ratio range and we are very clear that capital not needed to fund growth will be returned to shareholders. We have returned $2.6 billion of capital to shareholders over the last three years through a mix of dividends and share buy-backs. This included paying out the maximum amount we were authorised to in 2020 when the emerging pandemic resulted in a suspension of distributions.

We are delivering against our strategic priorities

While the pandemic brought about considerable challenges and, as a result, the turnaround is taking longer than previously anticipated, it is clear to us that the refreshed strategic priorities we set out at the start of 2021 are right. Our ambition of delivering 10 per cent return on tangible equity remains as resolute as ever and we are working to accelerate its achievement by 2024. In Bill's report the actions we are targeting are outlined, which includes active management of the Group's capital, with a target to return in excess of $5 billion in the next three years. Our strategy brings the dynamism of our markets to life in our business. Our focus is now on executing against the priorities at pace, and we are making progress on each of them.

Our **Network** and **Affluent** businesses remain key competitive differentiators, both strong generators of high-quality and higher-returning 'capital-lite' income streams.

We are transforming our ability to onboard, serve and exceed the expectations of our **Mass Retail** customers, which will help to feed our higher-margin Affluent business, as well as being a significant source of income.

Sustainability is a moral imperative and an opportunity. Our Sustainable Finance capabilities are not only making a difference where it matters the most, but also representing a growing source of income.

We are accelerating our pathway to net zero

We have long recognised climate change as one of the greatest challenges of our time, given its widespread and proven impact on the physical environment and human health, as well as its potential to hamper economic growth. The complex trade-offs which come with climate actions mean there are no simple answers. We announced our net zero roadmap in October, following extensive engagement with shareholders, clients and NGOs. The approach was reviewed and approved by the Board and included interim targets to reduce financed emissions and mobilise $300 billion in green and transition finance by 2030. Our approach emphasises the need for a just transition to net zero: the impacts of climate change are felt most severely in our footprint, and if we do not meet climate objectives in a way that recognises the need for markets across Asia, Africa and the Middle East to grow and prosper, we will fail.

We continue to enhance our governance and culture

While the Board has been unable to meet in a number of key markets in person this year, we have stayed engaged virtually. Members of the Board attended a number of subsidiary board and committee meetings and held virtual Board-workforce engagement sessions across our regions during the course of the year. The Board hopes to be able to once again engage colleagues in person during 2022 as part of its market visits.

We recently announced several changes to our Board Committee composition, details of which can be found in the Directors' report in the full Annual Report.

During the year, we refocused our Brand, Values and Conduct Committee to Culture and Sustainability. This Committee, chaired by Jasmine Whitbread, has been actively involved in supporting the Board and the business in relation to our net zero approach. The Board was also heavily involved in the key decisions ahead of endorsing the Group's net zero white paper, published in October ahead of COP 26.

We are taking ambitious Stands

The Group has built a unique footprint in the world's most dynamic markets, serving the people and businesses that are the engines of their growth. As the bank for the new economy, we will ensure we continue to shape our business to drive their success – and ours – for the future.

We have a huge opportunity to build a better future with our customers and communities. We believe that we can fulfil our Purpose – to drive commerce and prosperity through our unique diversity – without people being left behind, without the planet being negatively impacted, and without creating divisions that diminish our sense of community.

We're taking a set of Stands to help solve some of the world's most critical problems – lifting economic participation, helping emerging markets reduce carbon emissions, and supporting a fairer model for globalisation. As well as addressing societal challenges, we believe these long-term ambitions will stretch and motivate the Group to deliver our strategy faster and better.

We've rallied together for our communities, reaching more than 300,000 young people through our Futuremakers programme to support education, employability, and entrepreneurship across our markets during the year.

All these achievements, and more, speak to the heart and mettle of who we are. They are a testament to our valued behaviours of being Better Together, endeavouring to Do the Right Thing, and putting our best foot forward to Never Settle. These attributes, along with the resilience and adaptability of our colleagues, are critical for us. We must continue to build on our culture of excellence, which is client-centric, diverse and inclusive, to deliver on our aspirations to be truly high-performing.

Our outlook is bright despite an uncertain environment

Whilst uncertainties persist in relation to COVID-19 and the geopolitical landscape, we see plenty of opportunities that are compelling.

Global growth is expected to continue in 2022 albeit somewhat slower after the sharp recovery we saw in 2021. Asia, our largest region, is poised to remain the fastest-growing area in the world.

We expect policy support to scale back, as a number of central banks tighten policy to counter inflation leading to rising interest rates, and fiscal programmes are eased.

We continue to see accelerated change across the global business ecosystem, from the digital space, to trade flows and supply chain shifts, and these are just some of the reasons why we are excited at the prospects of the Group.

The Board will continue to oversee the task of striking the right balance between the opportunities and risks that we see. I am confident that, with the actions we have outlined to continue driving and indeed accelerating our strategic priorities, we will create long-term and sustainable value for our stakeholders.

Dr José Viñals
Group Chairman

17 February 2022

Group Chief Executive's review

Back to growth and improving returns

Our performance in the second half of 2021, and into this year, gives us confidence that we are on track to achieve our strategic and financial objectives. We saw a return to income growth, which we believe signals the start of a sustainable recovery, and we finished the year with good business momentum in Financial Markets, Trade and Wealth Management. Good cost discipline allowed us to generate positive income-to-cost jaws in the second half of the year. Continued low levels of credit impairment have helped us increase profit by 61 per cent on a constant currency basis to $3.9 billion and deliver a return on tangible equity (RoTE) of 6 per cent.

Confidence in our overall asset quality and earnings trajectory allows us to return significant capital to shareholders: we are announcing today a $750 million share buy-back, starting imminently, together with a 12 cents per share full-year dividend, up a third on 2020. We are also committing to deliver substantial returns to investors over the next few years while managing our Common Equity Tier 1 (CET1) ratio dynamically within our 13 to 14 per cent range.

We remain liquid, well capitalised and soundly positioned for the year ahead.

Confidence in our purpose and strategy

The places Standard Chartered call home are the world's most dynamic markets, setting the pace for global growth. The people and businesses we serve, connect and partner with are the engines of the new economy of trade and innovation, and central to the transition to a fair and sustainable future. Our Purpose is to drive commerce and prosperity through our unique diversity. This infuses everything we do, connecting our strategy with opportunities to drive growth and deliver our societal ambitions.

To help us deliver our Purpose, we have defined three 'Stands', areas where we have long-term ambitions: Accelerating Zero, Lifting Participation and Resetting Globalisation. Representing some of the main societal challenges of our time, these are not separate from our strategy, but integral to delivering and accelerating it: stretching our thinking, action and leadership.

We have managed seismic changes over the last two years and these external challenges have helped us understand how we can accelerate our progress. Our strategy is as relevant now as it was pre-pandemic:

- The growth of the Affluent segment in our markets has continued apace and remains one of our greatest opportunities. Since 2018, the number of clients has increased by around 400,000 and assets under management are up $52 billion. We see opportunities to accelerate this growth through further digitisation, partnerships and investment
- The trade flows across our Network remain as vibrant as ever and our unique physical footprint enables us to serve clients as they continue to trade and expand across borders. Network income has grown by around 6 per cent annually since 2018, excluding the impact of interest rate headwinds
- The pandemic stress-tested our Mass Retail business and we have fared well. This segment is back on track, and we see opportunities to develop it further with our range of proven digital capabilities and growing list of exciting partnerships. In 2021, our Credit Cards and Personal Loans business returned to profitability with a strong improvement in the cost-to-income ratio
- Our Sustainability agenda and thought and action leadership remain a key priority as the world continues to face significant environmental and climate challenges. We see this as both an imperative and an opportunity. We are determined to deliver on our plans – to reach net zero in our operations by 2025 and in our financed emissions by 2050. This year we announced interim targets to reduce financed emissions by 2030 in the most carbon-intensive sectors. To provide transparency and support collective learning, we published a detailed white paper outlining our methodology and approach. We are also focused on accelerating growth in Sustainable Finance, with plans to mobilise $300bn in green and transition finance by 2030 and we are strengthening our sustainability capabilities in our Consumer, Private and Business Banking (CPBB) business

The long-term fundamentals of the markets in which we operate have not changed. These markets, notably China and other markets in Asia, will drive future global economic growth over the coming decades. We are confident we have the right strategy to capture the opportunities that will arise from those trends, and we can see evidence that it is working.

Group Chief Executive’s review continued

Taking action to simplify, focus and accelerate our path to 10 per cent RoTE

When we presented the Group’s refreshed strategy to the market in February 2019, we set out our plan to deliver 10 per cent RoTE by 2021. In the year that followed we grew income and RoTE. But COVID-19 triggered an economic downturn and related reduction in interest rates, inevitably squeezing our margins and reducing income and returns sharply.

Against this backdrop, we have not achieved the returns we seek for investors. With this in mind, we have conducted a comprehensive review of our business model and strategy. There are many areas where we have made good progress in recent years despite the pandemic, including returning CPBB to profitability in China and Korea, almost trebling the cumulative operating profit from our four large optimisation markets and releasing around $15 billion of RWA through exits, including the sale of our Permata joint venture. But we concluded that we must make changes to accelerate our path to 10 per cent RoTE by 2024. We will accelerate our execution and are implementing plans to simplify our business and sharpen our focus on where we are most differentiated. By 2024 we are targeting:

- About a 160-basis point improvement in Corporate, Commercial and Institutional Banking (CCIB) income return on risk-weighted assets (RWA) through optimisation and mix changes, enabled by a $22 billion reduction in RWA from exits and efficiencies combining to hold CCIB RWA at 31 December 2021 levels
- A cost-to-income ratio in CPBB of around 60 per cent, down from 76 per cent in 2021, achieved by growing income and executing a $500 million business expense reduction programme
- A $300 million investment into our China-related businesses to capture the opportunity from China’s continued opening and doubling its profit contribution. Our positioning in China has never been better and the opportunities for us never more attractive
- $1.3 billion of gross cost efficiencies to help offset inflation, create room for continued investment and maintain positive jaws of 2 per cent per year on average, excluding interest rate rises
- Active management of the Group’s capital position with a cumulative capital return in excess of $5 billion equating to a fifth of our current market capitalisation and more than double the amount of the previous three years

As well as these five measures, we have an overarching objective to improve returns in markets and business lines which are not meeting our financial objectives and to continue to simplify the management of the Group. We review these questions regularly and will take actions as appropriate. For example, we recently announced the merger of the Technology and Operations functions into one global organisation, simplifying the structure and driving synergies.

Our actions are designed to amplify the positive impact of the improving outlook

The macro-economic environment remains important to the delivery of our financial ambitions. By the end of 2021 falling rates over the last two years have driven a greater than $2 billion reduction in net interest income which we have been working hard to replace. With the interest-rate cycle showing signs of turning, and given our positive gearing to US-dollar rates, we should recover this lost income.

We have said that we expect the Group’s metabolic rate of income growth to be 5-7 per cent. This reflects our strong and improving market positioning and average GDP growth across our footprint where Asia is expected to outpace growth in the rest of the world by around 2 per cent over the next three years.

The specific asset and revenue pools that we are targeting with our strategy are also growing. By 2025, Asia Affluent assets and the Asia, Africa and Middle East Mass Retail revenue pool are expected to grow annually by 9 per cent and 7 per cent, respectively, compared to 6 per cent and 5 per cent, respectively, for the rest of the world.

In addition to our metabolic income growth rate, we expect that interest rate rises could add about a further 3 per cent, driving average income growth rates of 8-10 per cent to 2024, accelerating the achievement of our returns aspirations.

The improvements in external conditions, however, are not guaranteed and substantial uncertainties persist, in particular regarding geopolitical tensions and the evolution of inflation and interest rates. As such, we are fully committed to taking the operational actions outlined above to underpin attainment of double-digit RoTE.

Confident in the future

We are confident we can deliver our strategy, building on the significant progress we have made over the past several years and the momentum we have coming into 2022.

Whilst uncertainty persists in relation to COVID-19, we also see significant opportunities emerging:

- Government and Central Bank policies are in transition, creating volatility that can benefit our capital-lite Financial Markets and Wealth Management businesses.
- Accelerated trade flows and supply chain shifts across our footprint markets are increasing the demand for Trade solutions.
- Sustainability is critical and an increasing priority for both clients and governments – and we are uniquely positioned to support them.
- Our clients are accelerating their pivot to digital with increasing willingness and desire for digital-first banking.
- China is opening up at an accelerating pace, supporting the opportunities for which we have positioned for the past decade.
- Expected interest rate rises could add significant further upside to our income growth rate.

Outlook

The Group remains in great shape and in an enviable position. We exit the second year of the pandemic rooted in markets with strong growth prospects. We have the right strategy, business model and ambition to deliver on this potential. We have shown a resilient financial performance in 2021 and have set out clear actions to achieve a RoTE of 10 per cent by 2024.

Finally, I would like to highlight the remarkable efforts of our 82,000 colleagues again this year. Their commitment and endurance in challenging circumstances has delivered a seamless service to our customers and communities that we serve.

Bill Winters
Group Chief Executive

17 February 2022

Group Chief Financial Officer's review

A resilient FY'21 performance returning to top line growth in 2H'21, an increased dividend and a buy-back

The Group delivered a resilient performance in 2021, returning to top-line growth in the second half of the year. In conditions that remained challenging the Group delivered strong underlying profit growth of 61 per cent on a constant currency basis, and 300 basis points increase to return on tangible equity (RoTE) to 6 per cent, benefiting from significantly lower credit impairment. Income was broadly flat to 2020 and was down 1 per cent on a constant currency basis, reflecting the $0.7 billion income lost in 2021 due to the low interest rate environment. After declining 6 per cent in the first half of the year on a constant currency basis excluding the impact of the debit valuation adjustment (DVA), the Group delivered 4 per cent income growth in the second half. The Group grew loans and advances to customers by 6 per cent and delivered a record level of assets under management within Wealth Management. Expenses were up 3 per cent on a constant currency basis as performance-related pay normalised after an abnormally low 2020 and as the Group continues to increase investment in strategic initiatives. Credit impairments reduced by $2 billion reflecting the non-repeat of prior year stage 3 charges and an improving economic backdrop as markets began an uneven recovery from the effects of COVID-19. The Group remains well capitalised and highly liquid with a Common Equity Tier 1 (CET1) ratio of 14.1 per cent, which translates to a pro forma 13.5% as at 1 January 2022 incorporating upcoming regulatory changes, enabling the Board to announce a further $750 million share buy-back programme to start imminently.

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

- **Operating income** was broadly flat and was down 1 per cent on a constant currency basis
- **Net interest income** decreased 1 per cent with increased volumes more than offset by an 8 per cent or 10 basis point reduction in net interest margin. The decline in the net interest margin was as a result of the low interest rate environment and is equivalent to $0.7 billion of lost income. Net interest income included a positive $171 million IFRS9 interest income catch-up adjustment in respect of interest earned on historically impaired assets, increasing the net interest margin by 3 basis points
- **Other income** was flat, with a record performance in Wealth Management and strong fee growth in Transaction Banking offset by lower trading income in Financial Markets and lower realisation gains in Treasury
- **Operating expenses** excluding the UK bank levy increased 5 per cent but were flat on a constant currency basis after adjusting for the normalisation of performance-related pay in spite of a higher inflation environment. Expenses were held flat as the Group funded continued investment in transformational digital capabilities through cost efficiency actions. The cost-to-income ratio on a constant currency basis (excluding the UK bank levy and DVA) increased 272 basis points to 70 per cent, however in the second half of the year the Group delivered 260 basis points of positive operating leverage. The UK bank levy decreased by $231 million to $100 million reflecting a change in the basis of calculation as it is now only chargeable on the Group's UK balance sheet
- **Credit impairment** was $263 million, a reduction of $2 billion. Corporate, Commercial & Institutional Banking impairments declined by $1.6 billion as it recorded a net release of $44 million. Consumer, Private & Business Banking impairments were $285 million, primarily stage 3 impairments, down $456 million. Central & other impairments totalled $22 million, broadly flat in the year. Total credit impairment of $263 million represents a loan-loss rate of 7 basis points, a year-on-year reduction of 59 basis points in our cost of risk
- **Other impairment** was $355 million, an increase of $370 million. This includes a $300 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai) following the announcement of its most recent results. The remaining other impairment primarily relates to aircraft
- **Profit from associates and joint ventures** increased 7 per cent to $176 million. In 2020, the Group could only recognise its share of the profits of Bohai for ten months due to the timing of its initial public offering in July 2020, after which the Group's share of Bohai reduced to 16.26 per cent from 19.99 per cent
- Charges relating to **restructuring, goodwill impairment and other items** reduced by $346 million to $549 million, with $125 million higher restructuring costs more than offset by a non-repeat of $489 million goodwill impairment primarily relating to India and UAE booked in 2020
- **Taxation** was $1,034 million on a statutory basis. Taxation on underlying profits was at an effective rate of 28.8 per

cent, a decrease of 8.9 per cent compared to 2020. This reflects a favourable change in the geographic mix of profits, the impact of a lower UK bank levy which is non-deductible and higher profits diluting the impact of non-deductible costs. Taxation on statutory profits was at an effective rate of 30.9 per cent, an increase of 1.9 per cent on the underlying rate due to restructuring costs incurred in low tax jurisdictions

- **Return on tangible equity** increased 300 basis points to 6.0 per cent due to the increase in profits
- Underlying basic **earnings per share (EPS)** more than doubled to 76.2 cents and statutory EPS of 61.3 cents increased by 50.9 cents
- A final **ordinary dividend** per share of 9 cents has been proposed along with a share buy-back programme of $750 million which will start imminently

Summary of financial performance

	4Q'21 $million	4Q'20 $million	Change %	Constant currency change[1] %	3Q'21 $million	Change %	Constant currency change[1] %	**FY21 $million**	FY20 $million	Change %	Constant currency change[1] %
Net interest income	**1,697**	1,760	(4)	(3)	1,735	(2)	(1)	**6,807**	6,882	(1)	(2)
Other income	**1,633**	1,439	13	16	2,030	(20)	(19)	**7,906**	7,883	-	-
Underlying operating income	**3,330**	3,199	4	5	3,765	(12)	(11)	**14,713**	14,765	-	(1)
Other operating expenses	**(2,595)**	(2,618)	1	-	(2,594)	-	(1)	**(10,275)**	(9,811)	(5)	(3)
UK bank levy	**(94)**	(331)	72	71	-	nm[3]	nm[3]	**(100)**	(331)	70	69
Underlying operating expenses	**(2,689)**	(2,949)	9	8	(2,594)	(4)	(5)	**(10,375)**	(10,142)	(2)	(1)
Underlying operating profit before impairment and taxation	**641**	250	156	166	1,171	(45)	(45)	**4,338**	4,623	(6)	(5)
Credit impairment	**(203)**	(374)	46	45	(107)	(90)	(93)	**(263)**	(2,294)	89	89
Other impairment	**(295)**	(82)	nm[3]	nm[3]	(35)	nm[3]	nm[3]	**(355)**	15	nm[3]	nm[3]
Profit from associates and joint ventures	**(4)**	14	(129)	(129)	46	(109)	(109)	**176**	164	7	7
Underlying profit/(loss) before taxation	**139**	(192)	172	169	1,075	(87)	(87)	**3,896**	2,508	55	61
Restructuring	**(285)**	(248)	(15)	(15)	(99)	(188)	(186)	**(507)**	(382)	(33)	(32)
Goodwill impairment	**-**	-	nm[3]	nm[3]	-	nm[3]	nm[3]	**-**	(489)	100	100
Other items	**(62)**	(9)	nm[3]	nm[3]	20	nm[3]	nm[3]	**(42)**	(24)	(75)	(83)
Statutory profit/(loss) before taxation	**(208)**	(449)	54	54	996	(121)	(121)	**3,347**	1,613	108	119
Taxation	**(174)**	(27)	nm[3]	nm[3]	(229)	24	23	**(1,034)**	(862)	(20)	(19)
Profit/(loss) for the period	**(382)**	(476)	20	20	767	(150)	(151)	**2,313**	751	nm[3]	nm[3]
Net interest margin (%)[2]	**1.19**	1.24	(5)		1.23	(4)		**1.21**	1.31	(10)	
Underlying return on tangible equity (%)[2]	**(1.8)**	(4.3)	250		7.1	(890)		**6.0**	3.0	300	
Underlying earnings per share (cents)	**(5.7)**	(13.5)	58		23.1	(125)		**76.2**	36.1	111	

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Change is the basis points (bps) difference between the two periods rather than the percentage change
3 Not meaningful

Statutory financial performance summary

	4Q'21 $million	4Q'20 $million	Change %	Constant currency change[1] %	3Q'21 $million	Change %	Constant currency change[1] %	FY21 $million	FY20 $million	Change %	Constant currency change[1] %
Net interest income	1,696	1,755	(3)	(3)	1,733	(2)	(1)	6,798	6,852	(1)	(2)
Other income	1,613	1,394	16	18	2,031	(21)	(20)	7,903	7,902	-	-
Statutory operating income	3,309	3,149	5	6	3,764	(12)	(12)	14,701	14,754	-	(1)
Statutory operating expenses	(3,056)	(3,117)	2	1	(2,647)	(15)	(16)	(10,924)	(10,380)	(5)	(3)
Statutory operating profit before impairment and taxation	253	32	nm[3]	nm[3]	1,117	(77)	(78)	3,777	4,374	(14)	(12)
Credit impairment	(197)	(391)	50	49	(108)	(82)	(85)	(254)	(2,325)	89	89
Goodwill & Other impairment	(273)	(100)	(173)	(173)	(59)	nm[3]	nm[3]	(372)	(587)	37	36
Profit from associates and joint ventures	9	10	(10)	(10)	46	(80)	(80)	196	151	30	30
Statutory profit/(loss) before taxation	(208)	(449)	54	54	996	(121)	(121)	3,347	1,613	108	119
Taxation	(174)	(27)	nm[3]	nm[3]	(229)	24	23	(1,034)	(862)	(20)	(19)
Profit/(loss) for the period	(382)	(476)	20	20	767	(150)	(151)	2,313	751	nm[3]	nm[3]
Statutory return on tangible equity (%)[2]	(4.6)	(6.2)	160		6.4	(1,100)		4.8	0.9	390	
Statutory earnings per share (cents)	(14.9)	(19.4)	23		20.7	(172)		61.3	10.4	nm[3]	

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Change is the basis points (bps) difference between the two periods rather than the percentage change
3 Not meaningful

Operating income by product

	4Q'21 $million	4Q'20 $million	Change %	Constant currency change[1] %	3Q'21 $million	Change %	Constant currency change[1] %	FY21 $million	FY20 $million	Change %	Constant currency change[1] %
Transaction Banking	667	652	2	3	645	3	4	2,592	2,838	(9)	(9)
Trade	285	249	14	16	300	(5)	(4)	1,153	994	16	16
Cash Management	382	403	(5)	(5)	345	11	11	1,439	1,844	(22)	(22)
Financial Markets	1,016	957	6	7	1,315	(23)	(22)	4,921	4,912	-	(1)
Macro Trading	433	435	-	1	540	(20)	(19)	2,216	2,532	(12)	(13)
Credit Markets	365	414	(12)	(12)	522	(30)	(30)	1,823	1,621	12	12
Credit Trading	60	119	(50)	(50)	144	(58)	(58)	437	404	8	7
Financing Solutions & Issuance	305	295	3	4	378	(19)	(19)	1,386	1,217	14	13
Structured Finance	105	101	4	4	156	(33)	(33)	480	382	26	25
Financing & Securities Services	96	76	26	26	98	(2)	1	387	364	6	5
DVA	17	(69)	125	124	(1)	nm[2]	nm[2]	15	13	15	15
Lending & Portfolio Management	244	218	12	14	278	(12)	(11)	1,008	884	14	13
Wealth Management	466	442	5	6	559	(17)	(16)	2,225	1,990	12	11
Retail Products	835	848	(2)	-	828	1	2	3,358	3,566	(6)	(7)
Credit Cards & Personal Loans & other unsecured lending	316	303	4	5	316	-	1	1,272	1,211	5	3
Deposits	213	271	(21)	(20)	205	4	5	860	1,457	(41)	(41)
Mortgage & Auto	261	234	12	13	260	-	1	1,036	750	38	35
Other Retail Products	45	40	13	15	47	(4)	(2)	190	148	28	28
Treasury	155	92	68	71	149	4	5	698	635	10	10
Other	(53)	(10)	nm[2]	nm[2]	(9)	nm[2]	nm[2]	(89)	(60)	(48)	(38)
Total underlying operating income	3,330	3,199	4	5	3,765	(12)	(11)	14,713	14,765	-	(1)

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

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

Transaction Banking income was down 9 per cent. Trade increased 16 per cent reflecting high single-digit growth in trade volumes from a significant rebound in global trade as economies recover from COVID-19. Cash Management declined 22 per cent with the low interest rate environment leading to margin compression despite repricing initiatives. This was partly offset by double-digit growth in volumes and fees.

Financial Markets income was flat, or down 2 per cent excluding the impact of a IFRS9 income adjustment, with strong performances in Credit Markets and Structured Finance offsetting a double-digit decline in Macro Trading income which was impacted by a non-repeat of 2020's exceptional market volatility. Credit Markets income grew 12 per cent, or 7 per cent excluding the impact of a $94 million IFRS9 income adjustment, with increased client demand growing both origination and distribution volumes. Structured Finance was up 25 per cent benefiting from increased leasing income due to new deals and profits from the sale of aircraft. Financing & Securities Services income was up 6 per cent with increased Security Services income partly offset by margin compression and lower demand for corporate term deposits.

Lending and Portfolio Management income was up 14 per cent, or 8 per cent excluding the impact of a $55 million IFRS9 income adjustment, with double-digit increase in balances on a constant currency basis and improved margins in Corporate Lending.

Wealth Management income grew 12 per cent to a record $2.2 billion reflecting sustained growth in client numbers and double-digit growth in assets under management. There was a particularly strong sales performance in Funds, Structured Notes and Wealth Lending. Bancassurance income was up 9 per cent.

Retail Products income declined 6 per cent or 7 per cent on a constant currency basis. Deposits income declined 41 per cent as margin compression from the low interest rate environment more than offset increased volumes and improved balance sheet mix. Strong volume growth and improved margins led to Mortgages & Auto income increasing 38 per cent and Other Retail Products income growing 28 per cent. Credit Cards & Personal Loans income was up 5 per cent as balances grew on the back of a recovery in transaction volumes.

Treasury income increased 10 per cent with higher interest income partly offset by a $224 million reduction in realisation gains given movements in yield curves.

Profit before tax by client segment and geographic region

	4Q'21 $million	4Q'20 $million	Change %	Constant currency change[1] %	3Q'21 $million	Change %	Constant currency change[1] %	**FY21 $million**	FY20 $million	Change %	Constant currency change[1] %
Corporate, Commercial & Institutional Banking	**435**	194	124	96	868	(50)	(57)	**3,124**	1,994	57	58
Consumer Private & Business Banking	**34**	(4)	nm[2]	nm[2]	259	(87)	(63)	**1,071**	710	51	55
Central & other items (segment)	**(330)**	(382)	14	14	(52)	nm[2]	nm[2]	**(299)**	(196)	(53)	(22)
Underlying profit/(loss) before taxation	**139**	(192)	172	169	1,075	(87)	(87)	**3,896**	2,508	55	61
Asia	**(50)**	403	(112)	(111)	927	(105)	(104)	**3,116**	2,814	11	11
Africa & Middle East	**159**	(88)	nm[2]	nm[2]	222	(28)	(28)	**856**	13	nm[2]	nm[2]
Europe & Americas	**146**	(7)	nm[2]	nm[2]	161	(9)	(8)	**644**	386	67	72
Central & other items (region)	**(116)**	(500)	77	74	(235)	51	44	**(720)**	(705)	(2)	6
Underlying profit/(loss) before taxation	**139**	(192)	172	169	1,075	(87)	(87)	**3,896**	2,508	55	61

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

Group Chief Financial Officer's review continued

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

Corporate, Commercial & Institutional Banking (CCIB) profit increased 57 per cent, with a $1.6 billion favourable movement from impairment releases in 2021. Income fell 1 per cent while expenses increased 5 per cent.

Consumer, Private & Business Banking (CPBB) profit increased by half, with income growing 1 per cent and impairments reducing by $456 million. This was partly offset by a 3 per cent increase in expenses.

Central & other items (segment) losses increased by approximately half to $299 million with a 21 per cent reduction in expenses more than offset by the $300 million impairment of the Group's investment in Bohai.

Asia profits increased 11 per cent with a $1.1 billion reduction in impairment partly offset by a $410 million negative movement in other impairment including the impairment of the Group's investment in Bohai.

Africa & Middle East profits increased from $13 million to $856 million primarily due to a $688 million reduction in impairment. Income was up 3 per cent and 5 per cent on a constant currency basis while expenses decreased 4 per cent.

Europe & Americas profit was up 67 per cent, benefiting from impairment releases and 4 per cent income growth partly offset by increased expenses.

Central & other items (region) recorded a loss of $720 million, with income down $281 million due to lower returns paid to Treasury on the equity provided to the regions in a lower interest rate environment broadly offset by a $231 million reduction in the UK bank levy and lower other impairment.

Adjusted net interest income and margin

	4Q'21 $million	4Q'20 $million	Change[1] %	3Q'21 $million	Change %	FY21 $million	FY20 $million	Change[1] %
Adjusted net interest income[2]	1,689	1,676	1	1,732	(2)	6,796	6,921	(2)
Average interest-earning assets	565,719	538,637	5	557,416	1	559,408	526,370	6
Average interest-bearing liabilities	522,996	490,778	7	512,406	2	515,769	478,051	8
Gross yield (%)[3]	1.78	1.99	(21)	1.84	(6)	1.83	2.34	(51)
Rate paid (%)[3]	0.65	0.82	(17)	0.66	(1)	0.67	1.12	(45)
Net yield (%)[3]	1.13	1.17	(4)	1.18	(5)	1.16	1.22	(6)
Net interest margin (%)[3,4]	1.19	1.24	(5)	1.23	(4)	1.21	1.31	(10)

1 Variance is better/(worse) other than assets and liabilities which is increase/(decrease)
2 Adjusted net interest income is statutory net interest income less funding costs for the trading book and financial guarantee fees on interest-earning assets
3 Change is the basis points (bps) difference between the two periods rather than the percentage change
4 Adjusted net interest income divided by average interest-earning assets, annualised

Adjusted net interest income was down 2 per cent driven by an 8 per cent decline in net interest margin which fell 10 basis points year-on-year, reflecting the continued low interest rate environment following the cut in policy rates which occurred in early 2020. Excluding the $171 million benefit from IFRS9 income adjustments booked in the second and third quarter, the net interest margin in 2021 would have averaged 118 basis points. In the fourth quarter, the net interest margin averaged 119 basis points, an increase of 3 basis points in the quarter excluding the impact of the IFRS9 income adjustment booked in the third quarter. This reflects the impact of interest rate rises in certain markets and additional interest income from structural hedging activities within Treasury Markets.

Average interest-earning assets increased 6 per cent driven by an increase in loans and advances to customers and higher investment securities balances. Gross yields declined 51 basis points compared to the average in 2020 predominantly reflecting the impact of continued compression of key interest rates. Excluding the impact of the IFRS9 income adjustment, gross yields declined 54 basis points.

Average interest-bearing liabilities increased 8 per cent driven by growth in customer accounts. The rate paid on liabilities decreased by 45 basis points year-on-year reflecting interest rate movements. This was partly offset by a shift of customer accounts from higher-paying time deposits to lower-rate current and savings accounts.

Group Chief Financial Officer's review continued

Credit risk summary

Income statement

	4Q'21 $million	4Q'20 $million	Change[1] %	3Q'21 $million	Change[1] %	FY21 $million	FY20 $million	Change[1] %
Total credit impairment charge	203	374	(46)	107	90	263	2,294	(89)
Of which stage 1 and 2	153	50	206	30	410	78	827	(91)
Of which stage 3	50	324	(85)	77	(35)	185	1,467	(87)

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

Balance sheet

	31.12.21 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 $million	Change[1] %
Gross loans and advances to customers[2]	304,122	308,083	(1)	303,982	-	288,312	5
Of which stage 1	279,178	284,140	(2)	277,290	1	256,437	9
Of which stage 2	16,849	15,759	7	17,634	(4)	22,661	(26)
Of which stage 3	8,095	8,184	(1)	9,058	(11)	9,214	(12)
Expected credit loss provisions	(5,654)	(5,590)	1	(5,979)	(5)	(6,613)	(15)
Of which stage 1	(473)	(411)	15	(447)	6	(534)	(11)
Of which stage 2	(524)	(535)	(2)	(544)	(4)	(738)	(29)
Of which stage 3	(4,657)	(4,644)	-	(4,988)	(7)	(5,341)	(13)
Net loans and advances to customers	298,468	302,493	(1)	298,003	-	281,699	6
Of which stage 1	278,705	283,729	(2)	276,843	1	255,903	9
Of which stage 2	16,325	15,224	7	17,090	(4)	21,923	(26)
Of which stage 3	3,438	3,540	(3)	4,070	(16)	3,873	(11)
Cover ratio of stage 3 before/after collateral (%)[3]	58 / 75	55 / 77	3 / (2)	55 / 75	3 / 0	58 / 76	0 / (1)
Credit grade 12 accounts ($million)	1,730	2,175	(20)	1,623	7	2,164	(20)
Early alerts ($million)	5,534	7,478	(26)	8,970	(38)	10,692	(48)
Investment grade corporate exposures (%)[3]	69	68	1	63	6	62	7

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods
2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $7,331 million at 31 December 2021, $8,836 million at 30 September 2021, $4,584 million at 30 June 2021 and $2,919 million at 31 December 2020
3 Change is the percentage points difference between the two points rather than the percentage change

The solid risk-management foundations that the Group has built over time has allowed the Group to focus on emerging strongly from the COVID-19 pandemic, despite the uneven recovery across some markets and industries. In spite of the challenging conditions that remain, the Group has seen improvement in a number of credit metrics with the stock of high-risk assets reducing over 6 consecutive quarters and a $2 billion reduction in credit impairment year-on-year. The Group is well positioned to support our clients as economies recover but continues to remain vigilant to the continued impact of COVID-19 and to sectors such as China commercial real estate that are under particular idiosyncratic pressures.

Credit impairment totalled $263 million, a reduction of $2 billion, representing a loan loss rate of 7 basis points demonstrating the resilience of the overall portfolio.

Stage 1 and 2 impairment charge of $78 million is a decrease of $749 million, reflecting an improvement in the macroeconomic variables incorporated into expected credit loss models, additional collateral and guarantees received on a select number of clients and an improvement in underlying probability of default metrics. The management overlay relating to stage 1 and 2 assets totals $323 million as at 31 December 2021 compared to $353 million as at 31 December 2020. There was a $125 million reduction in the COVID-19 element of the overlay, partly offset by a $95 million overlay booked in the fourth quarter in relation to the China commercial real estate sector.

Stage 3 impairment of $185 million primarily relates to charge-offs within CPBB with net releases within CCIB. There was a $32 million charge relating to the catch-up of interest earned on historically impaired assets and a $15 million increase in the management overlay of stage 3 assets in CPBB, which now totals $21 million.

Gross stage 3 loans and advances to customers of $8.1 billion were 12 per cent lower, primarily due to repayments, client upgrades and write-offs more than offsetting new inflows. Credit-impaired loans represented 2.7 per cent of gross loans and advances, a decrease of 53 basis points.

The stage 3 cover ratio of 58 per cent was stable, and the cover ratio post collateral at 75 per cent decreased by 1 percentage point. This reflects new inflows into stage 3 where the Group is confident that we have a low probability of a significant loss as it benefits from guarantees and insurance which are not included as tangible collateral.

Credit grade 12 balances have decreased by 20 per cent, with client upgrades, downgrades into stage 3 and repayments partly offset by a sovereign ratings downgrade and new inflows.

Early Alert accounts of $5.5 billion have nearly halved, reflecting the net impact of regularisations of accounts back into non-high-risk categories, net impact of downgrades into credit grade 12 and exposure reductions. In the fourth quarter, Early Alert accounts decreased by $1.9 billion reflecting improved operating performance in the Aviation sector. Early Alert accounts are now broadly in line with the level they were at before COVID-19. The Group is continuing to monitor its exposures in the Aviation, Metals & Mining and Oil & Gas sectors particularly carefully, given the unusual stresses caused by the effects of COVID-19, as well as its exposure to Commercial Real Estate, which, with net loans and advances to customers of $19.8 billion is just 7 per cent of the Group's total net loans and advances to customers. The rises in commodity prices have eased credit pressure for certain sectors.

The proportion of investment grade corporate exposures has increased by 7 percentage points to 69 per cent.

Restructuring, goodwill impairment and other items

	FY21			FY20			4Q'21		
	Restructuring $million	**Goodwill impairment $million**	**Other items $million**	Restructuring $million	Goodwill impairment $million	Other items $million	Restructuring $million	Goodwill impairment $million	Other items $million
Operating income	**(32)**	**-**	**20**	27	-	(38)	(21)	-	-
Operating expenses	**(487)**	**-**	**(62)**	(252)	-	14	(305)	-	(62)
Credit impairment	**9**	**-**	**-**	(31)	-	-	6	-	-
Other impairment	**(17)**	**-**	**-**	(113)	(489)	-	22	-	-
Profit from associates and joint ventures	**20**	**-**	**-**	(13)	-	-	13	-	-
Loss before taxation	**(507)**	**-**	**(42)**	(382)	(489)	(24)	(285)	-	(62)

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by period. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 42-47.

Restructuring charges of $507 million for 2021 reflects the impact of actions to transform the organisation to improve productivity, primarily redundancy related charges, the majority of which, including an early retirement programme in Korea, were booked in 4Q'21.

Other items include a $62 million financial penalty paid to the PRA and a $20 million fair-value gain relating to a SC Ventures investment.

Balance sheet and liquidity

	31.12.21 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 $million	Change[1] %
Assets							
Loans and advances to banks	**44,383**	45,754	(3)	45,188	(2)	44,347	-
Loans and advances to customers	**298,468**	302,493	(1)	298,003	-	281,699	6
Other assets	**484,967**	468,855	3	452,719	7	463,004	5
Total assets	**827,818**	817,102	1	795,910	4	789,050	5
Liabilities							
Deposits by banks	**30,041**	34,480	(13)	30,567	(2)	30,255	(1)
Customer accounts	**474,570**	453,260	5	441,147	8	439,339	8
Other liabilities	**270,571**	276,027	(2)	271,339	-	268,727	1
Total liabilities	**775,182**	763,767	1	743,053	4	738,321	5
Equity	**52,636**	53,335	(1)	52,857	-	50,729	4
Total equity and liabilities	**827,818**	817,102	1	795,910	4	789,050	5
Advances-to-deposits ratio (%)[2]	**59.1%**	61.9%		64.0%		61.1%	
Liquidity coverage ratio (%)	**143%**	145%		146%		143%	

1 Variance is increase/(decrease)comparing current reporting period to prior reporting periods
2 The Group now excludes $15,168 million held with central banks (30.09.21: $16,986 million, 30.06.21: $16,213 million, 31.12.20: $14,296 million) that has been confirmed as repayable at the point of stress

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

- Loans and advances to customers increased 6 per cent since 31 December 2020 to $298 billion driven mainly by growth in Financial Markets, Mortgages and Corporate Lending. Volumes declined $4 billion in 4Q'21 with a $9 billion reduction in Treasury Markets balances more than offsetting underlying growth in Corporate Lending and Financial Markets. Excluding the reduction in Treasury Markets, loans and advances to customers grew an underlying 2 per cent in 4Q'21.
- Customer accounts of $475 billion increased 8 per cent since 31 December 2020 with an increase in operating account balances within Cash Management and in Retail current and saving accounts partly offset by a reduction in Retail time deposits. Volumes increased $21 billion in 4Q'21 primarily from growth in operating account balances and corporate term deposits
- Other assets increased 5 per cent since 31 December 2020 while other liabilities were 1 per cent higher. The growth in other assets was driven by increased reverse repurchase agreement volumes and an increase in investment securities held within Treasury Markets. The growth in other liabilities reflects increased repurchase agreements and issued debt securities offset by reduced derivative balances

The advances-to-deposits ratio decreased to 59.1 per cent from 61.1 per cent at 31 December 2020 reflecting the strong growth in customer accounts. The point-in-time liquidity coverage ratio has remained stable at 143 per cent and remains well above the minimum regulatory requirement of 100 per cent.

Risk-weighted assets

	31.12.21 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 $million	Change[1] %
By risk type							
Credit risk	**219,588**	219,628	-	229,348	(4)	220,441	-
Operational risk	**27,116**	27,116	-	27,116	-	26,800	1
Market risk	**24,529**	20,811	18	23,763	3	21,593	14
Total RWAs	**271,233**	267,555	1	280,227	(3)	268,834	1

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

Total risk-weighted assets (RWA) increased 1 per cent or $2.4 billion since 31 December 2020 to $271.2 billion.

- Credit risk RWA decreased $0.9 billion to $219.6 billion, with an increase of $10.2 billion from underlying asset growth more than offset by the aggregate of $4.4 billion from favourable FX movements, $3.7 billion impact from model enhancements, $2.2 billion from the partial unwind of negative credit migration and $1.1 billion impact from other RWA efficiency actions

- Market risk RWA increased by $2.9 billion to $24.5 billion primarily due to the impact of updated PRA guidance with $3.7 billion Structural FX risk now treated as Pillar 1 market risk RWA, partly offset by the benefit of consolidating market risk RWA following the receipt of a Prudential Regulatory Authority (PRA) permission to consolidate market risk RWA for SCB Malaysia Berhad, SCB Thai PCL and SCB (Vietnam) Ltd
- Operational risk RWA increased by $0.3 billion mainly due to an increase in average income as measured over a rolling three-year time horizon, with higher 2020 income replacing lower 2017 income

Capital base and ratios

	31.12.21 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 $million	Change[1] %
CET1 capital	**38,362**	39,167	(2)	39,589	(3)	38,779	(1)
Additional Tier 1 capital (AT1)	**6,791**	6,791	-	6,293	8	5,612	21
Tier 1 capital	**45,153**	45,958	(2)	45,882	(2)	44,391	2
Tier 2 capital	**12,491**	12,913	(3)	13,279	(6)	12,657	(1)
Total capital	**57,644**	58,871	(2)	59,161	(3)	57,048	1
CET1 capital ratio (%)[2]	**14.1**	14.6	(0.5)	14.1	-	14.4	(0.3)
Total capital ratio (%)[2]	**21.3**	22.0	(0.7)	21.1	0.2	21.2	0.1
UK leverage ratio (%)[2]	**4.9**	5.1	(0.2)	5.2	(0.3)	5.2	(0.3)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods
2 Change is percentage points difference between two points rather than percentage change

The Group's CET1 ratio of 14.1 per cent decreased 28 basis points but remains 4 percentage points above the Group's current regulatory minimum of 10.1 per cent. On a pro forma basis, after the cessation of software relief and other regulatory changes and adjustments detailed below, the CET1 ratio as at 1 January 2022 is 13.5 per cent.

The CET1 ratio of 14.1 per cent declined in the period as approximately 90 basis points of profit accretion was more than offset by distributions, RWA growth, movements in reserves and an increase in regulatory deductions. An increase in underlying RWAs, excluding the impact of FX, reduced the CET1 ratio by approximately 40 basis points. This included a 20 basis points impact from higher market RWA following a clarification of the regulatory treatment of Structural Foreign Exchange risk.

Ordinary shareholder distributions reduced the CET1 ratio by approximately 30 basis points. These distributions included ordinary share buy-backs of $0.5 billion completed in the period which reduced the share count by approximately 2.5 per cent during 2021 and a total 2021 ordinary dividend of 12 cents a share or $370 million. The total 2021 dividend comprised the interim dividend of 3 cents per share and the Board recommended final dividend of 9 cents per share. Payments due to AT1 and preference shareholders reduced the CET1 ratio by approximately 20 basis points. The net effect of other movements in the period reduced the CET1 ratio by approximately 30 basis points as higher regulatory deductions, adverse movements in other comprehensive income and reserves offset the reduction in RWA from currency translation effects.

There are three policy changes expected to impact the calculation of CET1 and or RWAs in 2022. Firstly, the PRA has confirmed that software relief will be excluded from CET1 from 1 January 2022 which will reduce CET1 by 32 basis points. Secondly, recent industry wide regulatory changes to align IRB model performance (the IRB model repair program) will add approximately $4.7 billion of additional RWA from 1 January 2022. Finally, the introduction of standardised rules for counterparty credit risk on derivatives and other instruments (SA-CCR) will add approximately $1.6 billion of additional RWA. The combination of the IRB model repair program and SA-CCR are expected to reduce the CET1 ratio by approximately 31 basis points from 1 January 2022.

The Board has authorised a share buy-back with a maximum consideration of $750 million to start imminently to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The share buy-back is expected to reduce the CET1 ratio by approximately 30 basis points.

The Group's UK leverage ratio of 4.9 per cent, reduced by approximately 30 basis points due to an increase in on-balance sheet exposures but remains significantly above its minimum requirement of 3.7 per cent.

Group Chief Financial Officer's review continued

Outlook

We have had a solid start to 2022 and we expect income to grow in the 5-7 per cent range with mid-single digit asset growth and an increasing likelihood of some support from interest rates, which should help support margins particularly in the later part of the year.

Expenses are expected to grow $0.4 billion, including the impact of inflation, to $10.7 billion, excluding the impact of currency movements.

Whilst we remain vigilant to the continued uncertainty in the external environment, our loan portfolios are in good shape and, barring major negative events, we would expect impairments to slowly increase from the exceptionally low levels in 2021. Our medium-term cost of risk is now expected to normalise between 30-35 basis points, slightly lower than our previous medium-term guidance of 35-40 basis points.

Although regulatory changes will lead to an increase in RWAs at the start of the year we fully intend to operate dynamically within the 13-14 per cent CET1 range.

Looking beyond 2022, the actions we are undertaking and likely trajectory of interest rates puts us on the path to deliver a 10 per cent return on tangible equity by 2024. With the tailwind of a rising interest rate outlook, we believe we can deliver 8 to 10 per cent income growth per annum between 2022 and 2024, with 5-7 per cent from underlying business growth and a further 3 per cent from rising interest rates.

We are embarking on a $1.3 billion gross structural expense reduction programme, funded by $0.5 billion of restructuring charges, which will free up investment capacity and allow us to deliver 2 per cent positive income-to-cost jaws on average per annum before the benefit of rising interest rates.

The actions we are taking on RWA optimisation means we expect RWAs to grow at a low single-digit percentage. We have reiterated our intent to operate within our 13-14% CET1 target range and aim to deliver in excess of $5 billion of shareholder returns over the next three years.

Andy Halford
Group Chief Financial Officer

17 February 2022

Supplementary financial information

Underlying performance by client segment

	2021			
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Central & other items (segment) $million	Total $million
Operating income	8,407	5,733	573	14,713
External	7,952	5,373	1,388	14,713
Inter-segment	455	360	(815)	–
Operating expenses	(5,278)	(4,377)	(720)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,129	1,356	(147)	4,338
Credit impairment	44	(285)	(22)	(263)
Other impairment	(49)	–	(306)	(355)
Profit from associates and joint ventures	–	–	176	176
Underlying profit/(loss) before taxation	3,124	1,071	(299)	3,896
Restructuring	(114)	(235)	(158)	(507)
Goodwill impairment	–	–	–	–
Other items	–	–	(42)	(42)
Statutory profit/(loss) before taxation	3,010	836	(499)	3,347
Total assets	405,839	139,992	281,987	827,818
Of which: loans and advances to customers	208,729	136,565	24,409	369,703
loans and advances to customers	139,335	136,498	22,635	298,468
loans held at fair value through profit or loss (FVTPL)[1]	69,394	67	1,774	71,235
Total liabilities	481,397	182,941	110,844	775,182
Of which: customer accounts[2]	351,696	178,777	11,982	542,455
Risk-weighted assets	163,288	51,237	56,708	271,233
Underlying return on tangible equity (%)	9.6	10.2	(10.5)	6.0
Cost-to-income ratio (excluding UK bank levy) (%)	62.8	76.3	108.2	69.8

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of $61,282 million held at fair value through profit or loss
2 Customer accounts include repurchase agreements and other similar secured borrowing of $58,594 million

Supplementary financial information continued

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] $million	Consumer Private & Business Banking[1] $million	Central & other items (segment) $million	Total $million
Operating income	8,485	5,691	589	14,765
External	8,304	4,795	1,666	14,765
Inter-segment	181	896	(1,077)	–
Operating expenses	(5,003)	(4,230)	(909)	(10,142)
Operating profit/(loss) before impairment losses and taxation	3,482	1,461	(320)	4,623
Credit impairment	(1,529)	(741)	(24)	(2,294)
Other impairment	41	(10)	(16)	15
Profit from associates and joint ventures	–	–	164	164
Underlying profit/(loss) before taxation	1,994	710	(196)	2,508
Restructuring	(221)	(61)	(100)	(382)
Goodwill impairment	–	–	(489)	(489)
Other items	–	–	(24)	(24)
Statutory profit/(loss) before taxation	1,773	649	(809)	1,613
Total assets	388,303	131,783	268,964	789,050
Of which: loans and advances to customers	187,971	129,230	19,075	336,276
loans and advances to customers	133,541	129,095	19,063	281,699
loans held at fair value through profit or loss (FVTPL)[2]	54,430	135	12	54,577
Total liabilities	481,042	177,709	79,570	738,321
Of which: customer accounts[3]	310,779	173,506	7,869	492,154
Risk-weighted assets	165,091	53,093	50,650	268,834
Underlying return on tangible equity (%)	5.9	6.9	(12.0)	3.0
Cost-to-income ratio (excluding UK bank levy) (%)	59.0	74.3	98.1	66.4

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

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $45,200 million held at fair value through profit or loss

3 Customer accounts include repurchase agreements and other similar secured borrowing of $43,918 million

Supplementary financial information continued

Corporate, Commercial & Institutional Banking[1]

	4Q'21 $million	4Q'20 $million	Change[3] %	Constant currency change[2,3] %	3Q'21 $million	Change[3] %	Constant currency change[2,3] %	**FY21 $million**	FY20 $million	Change[3] %	Constant currency change[2,3] %
Operating income	**1,889**	1,786	6	7	2,226	(15)	(15)	**8,407**	8,485	(1)	(2)
Transaction Banking	**643**	630	2	3	625	3	4	**2,505**	2,745	(9)	(9)
Trade	**271**	237	14	16	288	(6)	(5)	**1,102**	951	16	16
Cash Management	**372**	393	(5)	(5)	337	10	11	**1,403**	1,794	(22)	(22)
Financial Markets	**1,016**	957	6	7	1,315	(23)	(22)	**4,921**	4,912	-	(1)
Macro Trading	**433**	435	-	1	540	(20)	(19)	**2,216**	2,532	(12)	(13)
Credit Markets	**365**	414	(12)	(12)	522	(30)	(30)	**1,823**	1,621	12	12
Credit Trading	**60**	119	(50)	(50)	144	(58)	(58)	**437**	404	8	7
Financing Solutions & Issuance	**305**	295	3	4	378	(19)	(19)	**1,386**	1,217	14	13
Structured Finance	**105**	101	4	4	156	(33)	(33)	**480**	382	26	25
Financing & Securities Services	**96**	76	26	26	98	(2)	1	**387**	364	6	5
DVA	**17**	(69)	125	124	(1)	nm[7]	nm[7]	**15**	13	15	15
Lending & Portfolio Management	**234**	208	13	14	268	(13)	(11)	**968**	846	14	13
Wealth Management	**-**	1	(100)	nm[7]	1	(100)	nm[7]	**1**	1	-	-
Retail Products	**1**	-	nm[7]	nm[7]	-	nm[7]	nm[7]	**1**	1	-	-
Deposits	**-**	-	nm[7]	nm[7]	1	(100)	nm[7]	**1**	1	-	-
Other Retail Products	**1**	-	nm[7]	nm[7]	(1)	200	nm[7]	**-**	-	nm[7]	nm[7]
Other	**(5)**	(10)	50	44	17	(129)	(128)	**11**	(20)	155	157
Operating expenses	**(1,392)**	(1,338)	(4)	(9)	(1,304)	(7)	(14)	**(5,278)**	(5,003)	(5)	(4)
Operating profit before impairment losses and taxation	**497**	448	11	-	922	(46)	(53)	**3,129**	3,482	(10)	(10)
Credit impairment	**(68)**	(192)	65	63	(24)	(183)	(200)	**44**	(1,529)	103	103
Other impairment	**6**	(62)	110	110	(30)	120	120	**(49)**	41	nm[7]	nm[7]
Underlying profit before taxation	**435**	194	124	96	868	(50)	(57)	**3,124**	1,994	57	58
Restructuring	**(44)**	(129)	66	68	(32)	(38)	(27)	**(114)**	(221)	48	49
Statutory profit before taxation	**391**	65	nm[7]	nm[7]	836	(53)	(60)	**3,010**	1,773	70	71
Total assets	**405,839**	388,303	5	6	390,837	4	4	**405,839**	388,303	5	6
Of which: loans and advances to customers[4]	**208,729**	187,971	11	12	197,121	6	6	**208,729**	187,971	11	12
Total liabilities	**481,397**	481,042	-	1	468,431	3	3	**481,397**	481,042	-	1
Of which: customer accounts[4]	**351,696**	310,779	13	14	320,516	10	10	**351,696**	310,779	13	14
Risk-weighted assets	**163,288**	165,091	(1)	nm[7]	162,016	1	nm[7]	**163,288**	165,091	(1)	nm[7]
Underlying return on risk-weighted assets (%)[5]	**1.1**	0.5	60bps	nm[7]	2.0	(90)bps	nm[7]	**1.9**	1.2	70bps	nm[7]
Underlying return on tangible equity (%)[5]	**5.5**	2.3	320bps	nm[7]	10.6	(510)bps	nm[7]	**9.6**	5.9	370bps	nm[7]
Cost-to-income ratio (%)[6]	**73.7**	74.9	1.2	(1.5)	58.6	(15.1)	(19.0)	**62.8**	59.0	(3.8)	(3.6)

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking. Further, certain clients have been moved between Commercial & Institutional Banking and Consumer, Private & Business Banking. Prior periods have been restated
2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
5 Change is the basis points (bps) difference between the two periods rather than the percentage change
6 Change is the percentage points difference between the two periods rather than the percentage change
7 Not meaningful

Supplementary financial information continued

Segment overview

Corporate, Commercial and Institutional Banking supports clients with their transaction banking, financial markets, corporate finance and borrowing needs across 49 markets. We provide solutions to more than 22,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Our clients include governments, banks, investors, and local and large corporations operating or investing mainly in Asia, Africa and the Middle East. Our strong and deep local presence enables us to help co-create bespoke financing solutions and connect our clients multilaterally to investors, suppliers, buyers and sellers, enabling them to move capital, manage risk and invest to create wealth. Our clients represent a large and important part of the economies we serve. Corporate, Commercial and Institutional Banking is at the heart of the Group's shared Purpose to drive commerce and prosperity through our unique diversity.

We are committed to sustainable finance, delivering on our ambition to increase support and funding for financial products and services that have a positive impact on our communities and the environment and support sustainable economic growth.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets
- Generate high-quality returns by improving funding quality and income mix, growing capital-lite[3] income and driving balance sheet velocity while maintaining disciplined risk management
- Be the leading digital banking platform, providing integrated solutions to cater to our clients' needs and enhance client experience, and partnering with third parties to expand capabilities and access new clients
- Accelerate our sustainable finance offering to our clients through product innovation and enabling transition to a low-carbon future

Progress

- Our underlying income driven by diversified product suite and expanded client solutions despite the low interest rate environment. Our network income currently contributes to 54 per cent of total CCIB income
- Improved balance sheet quality with investment-grade net exposures representing 64 per cent of total corporate net exposures (2020: 51 per cent) and high-quality operating account balances stable at 63 per cent of Transaction Banking and Securities Services customer balances (2020: 64 per cent)
- Migrated more than 65,000 client entities to our S2B5 NextGen platform and increased S2B cash payment transaction volumes by 17 per cent
- We are one-third of the way towards developing our $1 billion income sustainable finance franchise

Performance highlights

- Underlying profit before tax of $3,124 million up 57 per cent, primarily driven by credit impairment releases, partially offset by lower income and higher expenses
- Underlying operating income of $8,407 million down 1 per cent mainly due to lower Cash Management income impacted by a low interest rate environment and lower Macro Trading income on the back of lower market volatility and tighter spreads, partially offset by strong performance in Credit Market and Trade
- Good balance sheet momentum with total assets up 5 per cent, of which loans and advances were up 11 per cent
- Underlying RoTE increased from 5.9 per cent to 9.6 per cent

Supplementary financial information continued

Consumer, Private & Business Banking[1]

	4Q'21 $million	4Q'20 $million	Change[3] %	Constant currency change[2,3] %	3Q'21 $million	Change[3] %	Constant currency change[2,3] %	FY21 $million	FY20 $million	Change[3] %	Constant currency change[2,3] %
Operating income	**1,334**	1,320	1	2	1,430	(7)	(6)	**5,733**	5,691	1	-
Transaction Banking	**24**	22	9	4	20	20	14	**87**	93	(6)	(7)
Trade	**14**	12	17	17	12	17	17	**51**	43	19	16
Cash Management	**10**	10	-	(9)	8	25	11	**36**	50	(28)	(28)
Lending & Portfolio Management	**10**	10	-	11	10	-	-	**40**	38	5	5
Wealth Management	**466**	441	6	6	558	(16)	(16)	**2,224**	1,989	12	11
Retail Products	**834**	848	(2)	-	828	1	2	**3,357**	3,565	(6)	(7)
Credit Cards & Personal Loans (CCPL) & other unsecured lending	**316**	303	4	5	316	-	1	**1,272**	1,211	5	3
Deposits	**213**	271	(21)	(20)	204	4	5	**859**	1,456	(41)	(41)
Mortgage & Auto	**261**	234	12	13	260	-	1	**1,036**	750	38	35
Other Retail Products	**44**	40	10	15	48	(8)	(2)	**190**	148	28	28
Other	**-**	(1)	100	100	14	(100)	(100)	**25**	6	nm[7]	nm[7]
Operating expenses	**(1,182)**	(1,150)	(3)	1	(1,097)	(8)	(1)	**(4,377)**	(4,230)	(3)	(2)
Operating profit before impairment losses and taxation	**152**	170	(11)	21	333	(54)	(33)	**1,356**	1,461	(7)	(6)
Credit impairment	**(118)**	(165)	28	29	(74)	(59)	(59)	**(285)**	(741)	62	62
Other impairment	**-**	(9)	100	100	-	nm[7]	nm[7]	**-**	(10)	100	100
Underlying profit/(loss) before taxation	**34**	(4)	nm[7]	nm[7]	259	(87)	(63)	**1,071**	710	51	55
Restructuring	**(203)**	(43)	nm[7]	nm[7]	(10)	nm[7]	nm[7]	**(235)**	(61)	nm[7]	nm[7]
Statutory profit/(loss) before taxation	**(169)**	(47)	nm[7]	(131)	249	(168)	(154)	**836**	649	29	33
Total assets	**139,992**	131,783	6	9	138,546	1	1	**139,992**	131,783	6	9
Of which: loans and advances to customers[4]	**136,565**	129,230	6	9	135,375	1	1	**136,565**	129,230	6	9
Total liabilities	**182,941**	177,709	3	5	180,188	2	2	**182,941**	177,709	3	5
Of which: customer accounts[4]	**178,777**	173,506	3	5	175,999	2	2	**178,777**	173,506	3	5
Risk-weighted assets	**51,237**	53,093	(3)	nm[7]	52,587	(3)	nm[7]	**51,237**	53,093	(3)	nm[7]
Underlying return on risk-weighted assets (%)[5]	**0.3**	-	30bps	nm[7]	1.9	(160)bps	nm[7]	**2.0**	1.4	60bps	nm[7]
Underlying return on tangible equity (%)[5]	**1.4**	(0.2)	160bps	nm[7]	9.9	(850)bps	nm[7]	**10.2**	6.9	330bps	nm[7]
Cost-to-income ratio (%)[6]	**88.6**	87.1	(1.5)	2.3	76.7	(11.9)	(6.1)	**76.3**	74.3	(2.0)	(1.5)

1 Following the Group's change in organisational structure, there has been an integration of Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between Commercial & Institutional Banking and Consumer, Private & Business Banking. Prior periods have been restated
2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
5 Change is the basis points (bps) difference between the two periods rather than the percentage change
6 Change is the percentage points difference between the two periods rather than the percentage change
7 Not meaningful

Supplementary financial information continued

Segment overview

Consumer, Private and Business Banking serves more than 9 million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest-growing cities. We provide digital banking services with a human touch to our clients, with services spanning across deposits, payments, financing products and Wealth Management. Private Banking offers a full range of investment, credit and wealth planning products to grow, and protect, the wealth of high-net-worth individuals. We also support our clients with their business banking needs.

We are closely integrated with the Group's other client segments; for example, we offer employee banking services to Corporate, Commercial and Institutional Banking clients, and Consumer, Private and Business Banking also provides a source of high-quality liquidity for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to uplift client experience, improving productivity by driving digitalisation and cost-efficiencies, and simplifying processes.

Strategic priorities

- Leading international Affluent franchise known for outstanding personalised wealth advice and exceptional client experience across our top 10 markets
- A single wealth continuum platform with distinctive segment value propositions to maximise client relationships
- Profitable Personal Banking franchise enabled by partnerships, data and digital infrastructure
- Digital-led, personalised and contextual client engagement augmented by seamless omnichannel experience
- New ways of working as standard approach, for faster, better, more agile execution
- Strategic and transformative investment decisions delivering synergies and consistent client experience, aligned across markets

Progress

- Launched Wealth Management Connect to capture northbound and southbound transactions for Greater Bay Area investors
- Introduction of the Standard Chartered-INSEAD Wealth Academy, which aims to upskill the knowledge of all relationship managers and wealth specialists
- Increase in digital sales, up over 12 per cent driven by investments prioritised to grow digital sales in Personal
- Personal 'scale through automation' transformation accelerated by acquiring customers from partnerships, engaging and cross-selling digitally, and servicing them through low-cost channels
- Launch of new partnerships with Home Credit in Vietnam and Kredivo in Indonesia. Our Atome partnership went live in Indonesia and will go live across our footprint in 2022

Performance highlights

- Underlying profit before tax of $1,071 million was up 51 per cent driven by higher income and lower credit impairments
- Expenses were up 3 per cent (up 2 per cent constant currency) or well-managed and broadly flat constant currency excluding our investments in ventures
- Underlying operating income of $5,733 million was up 1 per cent (flat constant currency). Asia was up 1 per cent and Africa and the Middle East was up 2 per cent
- Strong income momentum growth from Mortgages up 38 per cent and credit cards and personal loans up 5 per cent with improved margins and balance sheet growth and 12 per cent growth in Wealth Management. These were offset by Deposit margin compression, impacted by a lower interest rate environment
- Underlying RoTE increased from 6.9 per cent to 10.2 per cent

Supplementary financial information continued

Central & other items (segment)

	4Q'21 $million	4Q'20 $million	Change[2] %	Constant currency change[1,2] %	3Q'21 $million	Change[2] %	Constant currency change[1,2] %	FY21 $million	FY20 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**107**	93	15	30	109	(2)	-	**573**	589	(3)	(2)
Treasury	**155**	92	68	71	149	4	5	**698**	635	10	10
Other	**(48)**	1	nm[6]	nm[6]	(40)	(20)	(19)	**(125)**	(46)	(172)	(153)
Operating expenses	**(115)**	(461)	75	72	(193)	40	34	**(720)**	(909)	21	24
Operating loss before impairment losses and taxation	**(8)**	(368)	98	96	(84)	90	80	**(147)**	(320)	54	59
Credit impairment	**(17)**	(17)	-	(6)	(9)	(89)	(100)	**(22)**	(24)	8	5
Other impairment	**(301)**	(11)	nm[6]	nm[6]	(5)	nm[6]	nm[6]	**(306)**	(16)	nm[6]	nm[6]
Profit from associates and joint ventures	**(4)**	14	(129)	(129)	46	(109)	(109)	**176**	164	7	7
Underlying loss before taxation	**(330)**	(382)	14	14	(52)	nm[6]	nm[6]	**(299)**	(196)	(53)	(22)
Restructuring	**(38)**	(76)	50	47	(57)	33	30	**(158)**	(100)	(58)	(57)
Goodwill impairment	**-**	-	nm[6]	nm[6]	-	nm[6]	nm[6]	**-**	(489)	100	100
Other items	**(62)**	(9)	nm[6]	nm[6]	20	nm[6]	nm[6]	**(42)**	(24)	(75)	(83)
Statutory loss before taxation	**(430)**	(467)	8	7	(89)	nm[6]	nm[6]	**(499)**	(809)	38	41
Total assets	**281,987**	268,964	5	7	287,719	(2)	(2)	**281,987**	268,964	5	7
Of which: loans and advances to customers[3]	**24,409**	19,075	28	31	31,272	(22)	(22)	**24,409**	19,075	28	31
Total liabilities	**110,844**	79,570	39	41	115,148	(4)	(4)	**110,844**	79,570	39	41
Of which: customer accounts[3]	**11,982**	7,869	52	53	16,477	(27)	(29)	**11,982**	7,869	52	53
Risk-weighted assets	**56,708**	50,650	12	nm[6]	52,952	7	nm[6]	**56,708**	50,650	12	nm[6]
Underlying return on risk-weighted assets (%)[4]	**(2.5)**	(3.1)	60bps	nm[6]	(0.4)	(210)bps	nm[6]	**(0.6)**	(0.4)	(20)bps	nm[6]
Underlying return on tangible equity (%)[4]	**(25.2)**	(29.8)	460bps	nm[6]	(6.7)	(1,850)bps	nm[6]	**(10.5)**	(12.0)	150bps	nm[6]
Cost-to-income ratio (%) (excluding UK bank levy)[5]	**19.6**	139.8	120.2	121.9	177.1	157.5	143.3	**108.2**	98.1	(10.1)	(1.5)

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
4 Change is the basis points (bps) difference between the two periods rather than the percentage change
5 Change is the percentage points difference between the two periods rather than the percentage change
6 Not meaningful

Performance highlights

- Underlying loss before tax of $299 million was down $102 million primarily from impairment of its associate China Bohai Bank. This was partly offset by lower UK Bank Levy expense and higher operating income from Treasury
- Underlying operating Income from Treasury was up $62m mainly driven by improved net interest income. Interest expense was lower as short-term Libor remained low and issuance spreads tightened. The build-up of the Structural Hedge portfolio in 4Q'21 also benefited net interest income

Supplementary financial information continued

Underlying performance by region

	2021				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,448	2,446	2,003	(184)	14,713
Operating expenses	(6,773)	(1,623)	(1,485)	(494)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,675	823	518	(678)	4,338
Credit impairment	(434)	34	144	(7)	(263)
Other impairment	(300)	(1)	(18)	(36)	(355)
Profit from associates and joint ventures	175	–	–	1	176
Underlying profit/(loss) before taxation	3,116	856	644	(720)	3,896
Restructuring	(286)	(25)	(69)	(127)	(507)
Goodwill impairment	–	–	–	–	–
Other items	–	–	–	(42)	(42)
Statutory profit/(loss) before taxation	2,830	831	575	(889)	3,347
Total assets	483,950	57,405	277,008	9,455	827,818
Of which: loans and advances to customers	265,744	27,600	76,359	–	369,703
loans and advances to customers	243,861	25,177	29,430	–	298,468
loans held at fair value through profit or loss (FVTPL)[2]	21,883	2,423	46,929	–	71,235
Total liabilities	434,200	41,260	233,915	65,807	775,182
Of which: customer accounts[3]	355,792	34,701	151,962	–	542,455
Risk-weighted assets	170,381	48,852	50,283	1,717	271,233
Cost-to-income ratio (excluding UK bank levy) (%)	64.8	66.4	74.1	nm[4]	69.8

	2020 (Restated)[1]				
	Asia[1] $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,382	2,364	1,922	97	14,765
Operating expenses	(6,357)	(1,683)	(1,383)	(719)	(10,142)
Operating profit/(loss) before impairment losses and taxation	4,025	681	539	(622)	4,623
Credit impairment	(1,484)	(654)	(161)	5	(2,294)
Other impairment	110	(14)	8	(89)	15
Profit from associates and joint ventures	163	–	–	1	164
Underlying profit/(loss) before taxation	2,814	13	386	(705)	2,508
Restructuring	(134)	(88)	(45)	(115)	(382)
Goodwill impairment	–	–	–	(489)	(489)
Other items	(43)	–	–	19	(24)
Statutory profit/(loss) before taxation	2,637	(75)	341	(1,290)	1,613
Total assets	467,212	58,069	253,438	10,331	789,050
Of which: loans and advances to customers	239,092	29,413	67,771	–	336,276
loans and advances to customers	226,157	28,214	27,328	–	281,699
loans held at fair value through profit or loss (FVTPL)[2]	12,935	1,199	40,443	–	54,577
Total liabilities	421,711	39,980	211,840	64,790	738,321
Of which: customer accounts[3]	334,623	32,106	125,425	–	492,154
Risk-weighted assets	174,283	51,149	45,758	(2,356)	268,834
Cost-to-income ratio (excluding UK bank levy) (%)	61.2	71.2	72.0	nm[4]	66.4

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated
2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $61,282 million (31 December 2020: $45,200 million) held at fair value through profit or loss
3 Customer accounts include repurchase agreements and other similar secured borrowing of $58,594 million (31 December 2020: $43,918 million)
4 Not meaningful

Supplementary financial information continued

Asia[1]

	4Q'21 $million	4Q'20 $million	Change[3] %	Constant currency change[2,3] %	3Q'21 $million	Change[3] %	Constant currency change[2,3] %	FY21 $million	FY20 $million	Change[3] %	Constant currency change[2,3] %
Operating income	2,356	2,357	-	1	2,629	(10)	(10)	10,448	10,382	1	(1)
Operating expenses	(1,814)	(1,729)	(5)	(5)	(1,661)	(9)	(9)	(6,773)	(6,357)	(7)	(5)
Operating profit before impairment losses and taxation	542	628	(14)	(11)	968	(44)	(43)	3,675	4,025	(9)	(9)
Credit impairment	(303)	(200)	(52)	(52)	(84)	nm[6]	nm[6]	(434)	(1,484)	71	71
Other impairment	(283)	(40)	nm[6]	nm[6]	(2)	nm[6]	nm[6]	(300)	110	nm[6]	nm[6]
Profit from associates and joint ventures	(6)	15	(140)	(143)	45	(113)	(113)	175	163	7	7
Underlying profit/(loss) before taxation	(50)	403	(112)	(111)	927	(105)	(104)	3,116	2,814	11	11
Restructuring	(223)	(62)	nm[6]	nm[6]	(36)	nm[6]	nm[6]	(286)	(134)	(113)	(110)
Other items	-	(8)	100	100	-	nm[6]	nm[6]	-	(43)	100	100
Statutory profit/(loss) before taxation	(273)	333	(182)	(183)	891	(131)	(130)	2,830	2,637	7	8
Total assets	483,950	467,212	4	6	475,407	2	2	483,950	467,212	4	6
Of which: loans and advances to customers[4]	265,744	239,092	11	14	263,296	1	1	265,744	239,092	11	14
Total liabilities	434,200	421,711	3	5	428,911	1	1	434,200	421,711	3	5
Of which: customer accounts[4]	355,792	334,623	6	8	343,425	4	4	355,792	334,623	6	8
Risk-weighted assets	170,381	174,283	(2)	nm[6]	172,205	(1)	nm[6]	170,381	174,283	(2)	nm[6]
Cost-to-income ratio (%)[5]	77.0	73.4	(3.6)	(3.1)	63.2	(13.8)	(13.7)	64.8	61.2	(3.6)	(3.3)

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior periods have been restated
2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
5 Change is the percentage points difference between the two periods rather than the percentage change
6 Not meaningful

Region overview

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

The region is highly interconnected, with China's economy at its core. Our global footprint and strong regional presence, distinctive proposition and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy.

The region is benefiting from rising trade flows, including activity generated from the Belt and Road initiative, continued strong investment, and a rising middle class which is driving consumption growth and improving digital connectivity.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients, particularly across high-growth corridors e.g. China–ASEAN
- Capture opportunities arising from China's opening, including the Greater Bay Area (GBA), Renminbi, Belt and Road initiative, onshore capital markets and mainland wealth
- Strengthen our market position in Hong Kong and Singapore, and reshape our Korea, India and Indonesia franchises to improve returns
- Turbocharge our Affluent and Wealth Management businesses through differentiated propositions and service
- Continue to invest in technology, digital capabilities and partnerships to enhance client experience and build scale efficiently
- Support clients in their sustainable finance and transition needs

Progress

- China business has grown significantly, almost doubling underlying operating profit, driven by Wealth Management, Financial Markets, Trade and unsecured products. The income we have booked from clients based in China has grown 9 per cent and China remains the Group's largest network income originator
- Hong Kong and Singapore, the highest income contributors in our region, have delivered strong underlying income growth driven by Wealth Management, mainly from Affluent clients and Financial Markets, partly offset by continued margin compression. Our digital agendas have progressed; and our virtual bank Mox currently has a 25 per cent market share of deposits among virtual banks in Hong Kong. Singapore is currently exploring a digital bank venture, which will allow us to expand our reach and touchpoints in the country. We have successfully created an ASEAN hub in Singapore, consolidating our subsidiaries in Malaysia, Thailand and Vietnam
- We continue to invest in the GBA. We are among the first batch of banks to launch Wealth Management Connect, we successfully completed our GBA Centre to better support CCIB and CPBB clients, and we are progressing with our sustainable finance platform build
- Korea and India have delivered strong growth in underlying profit before tax of 12 per cent and 53 per cent, driven by progress in CPBB and continued focus on branch optimisation and productivity

Performance highlights

- Underlying profit before tax of $3,116 million was up 11 per cent, mainly due to lower credit impairment charges, partially offset by higher expenses as we continue to invest in our strategic initiatives
- Underlying operating income of $10,448 million was up 1 per cent (down 1 per cent constant currency). Strong Financial Markets, Lending, Mortgages and Wealth Management growth, partly offset by lower trading income from lower market volatility
- Loans and advances to customers were up 11 per cent mainly from strong growth in Mortgages and Corporate Lending. Customer accounts were up 6 per cent, with strong growth in retail current and savings accounts and Transaction Banking cash balances
- RWA decreased by $4 billion from continued focus on RWA optimisation and partly from a model change benefit in Korea

Supplementary financial information continued

Africa & Middle East

	4Q'21 $million	4Q'20 $million	Change[2] %	Constant currency change[1,2] %	3Q'21 $million	Change[2] %	Constant currency change[1,2] %	FY21 $million	FY20 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**539**	519	4	6	657	(18)	(17)	**2,446**	2,364	3	5
Operating expenses	**(407)**	(464)	12	8	(401)	(1)	(2)	**(1,623)**	(1,683)	4	2
Operating profit before impairment losses and taxation	**132**	55	140	88	256	(48)	(46)	**823**	681	21	23
Credit impairment	**27**	(130)	121	119	(33)	182	181	**34**	(654)	105	105
Other impairment	**-**	(13)	100	100	(1)	100	100	**(1)**	(14)	93	93
Underlying profit/(loss) before taxation	**159**	(88)	nm[5]	nm[5]	222	(28)	(28)	**856**	13	nm[5]	nm[5]
Restructuring	**(15)**	(68)	78	76	(7)	(114)	(100)	**(25)**	(88)	72	70
Statutory profit/(loss) before taxation	**144**	(156)	192	nm[5]	215	(33)	(32)	**831**	(75)	nm[5]	nm[5]
Total assets	**57,405**	58,069	(1)	1	56,609	1	3	**57,405**	58,069	(1)	1
Of which: loans and advances to customers[3]	**27,600**	29,413	(6)	(4)	28,415	(3)	(2)	**27,600**	29,413	(6)	(4)
Total liabilities	**41,260**	39,980	3	6	40,276	2	4	**41,260**	39,980	3	6
Of which: customer accounts[3]	**34,701**	32,106	8	11	33,307	4	5	**34,701**	32,106	8	11
Risk-weighted assets	**48,852**	51,149	(4)	nm[5]	49,040	-	nm[5]	**48,852**	51,149	(4)	nm[5]
Cost-to-income ratio (%)[4]	**75.5**	89.4	13.9	11.0	61.0	(14.5)	(13.9)	**66.4**	71.2	4.8	4.9

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Not meaningful

Region overview

We have a deep-rooted heritage in Africa & Middle East and are present in 25 markets, of which the UAE, Nigeria, Pakistan, Kenya and Ghana are the largest by income. We are present in the largest number of sub-Saharan African markets of any international banking group.

A rich history, deep client relationships and a unique footprint in the region, as well as across centres in Asia, Europe and the Americas, enable us to seamlessly support our clients. Africa & Middle East is an important element of global trade and investment corridors, including those on China's Belt and Road initiative, and we are well placed to facilitate these flows.

Positive macro-trends (oil, commodity and UAE property prices) are driving market opportunities, but challenges and uncertainties exist in the near term. We're confident that the opportunities in the region will support long-term sustainable growth for the Group. We continue to invest selectively and drive efficiencies.

Strategic priorities

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

Supplementary financial information continued

Progress

- We have strengthened our footprint with a new branch in Saudi Arabia in 2021
- Our role leading several marquee transactions across the region reflects our strong client franchise. We continue to be the market leader in bond issuance and Islamic Sukuk and achieved our highest-ever debt capital markets notional volumes
- Our Project and Export Finance team closed more than $2 billion in sustainable finance deals in the region, which includes one of the largest waste to energy projects globally and one of the largest single-site solar projects in the world
- Our digital transformation initiatives in Africa are bearing fruit: 98 per cent of client acquisitions and 80 per cent servicing is done digitally. Digital bank customer deposits grew 43 per cent to $189 million, and through cross-selling they are increasingly taking up other wealth, insurance and lending products. A major milestone was achieved with the first phase of the digital bank launched in Pakistan in December 2021
- Strong Financial Markets and Wealth Management momentum; Financial Markets income was up 9 per cent and was at the highest level in five years; and Wealth Management income grew 23 per cent and was at the highest level since 2015
- Continuing cost discipline has allowed investments to continue through the cycle. The number of branches decreased by 20 per cent and headcount was 12 per cent lower

Performance highlights

- Underlying profit before tax of $856 million was the highest since 2015 and was driven by reduced credit impairment, higher income and lower expenses
- Significant turnaround in UAE with a return to profitability in 2021
- Underlying operating income of $2,446 million was up 3 per cent (up 5 per cent constant currency) mainly due to growth in Financial Markets and Wealth Management. Income was up 7 per cent (up 9 per cent constant currency) in Africa, while it was flat across Middle East, North Africa and Pakistan
- Loans and advances to customers were down 6 per cent and customer accounts were up 8 per cent

Supplementary financial information continued

Europe & Americas

	4Q'21 $million	4Q'20 $million	Change[2] %	Constant currency change[1,2] %	3Q'21 $million	Change[2] %	Constant currency change[1,2] %	FY21 $million	FY20 $million	Change[2] %	Constant currency change[1,2] %
Operating income	496	404	23	24	514	(4)	(3)	2,003	1,922	4	4
Operating expenses	(410)	(362)	(13)	(13)	(350)	(17)	(18)	(1,485)	(1,383)	(7)	(6)
Operating profit before impairment losses and taxation	86	42	105	132	164	(48)	(48)	518	539	(4)	(2)
Credit impairment	71	(44)	nm[5]	nm[5]	11	nm[5]	nm[5]	144	(161)	189	190
Other impairment	(11)	(5)	(120)	(120)	(14)	21	21	(18)	8	nm[5]	nm[5]
Underlying profit/(loss) before taxation	146	(7)	nm[5]	nm[5]	161	(9)	(8)	644	386	67	72
Restructuring	(22)	(27)	19	22	(27)	19	25	(69)	(45)	(53)	(48)
Statutory profit/(loss) before taxation	124	(34)	nm[5]	nm[5]	134	(7)	(4)	575	341	69	75
Total assets	277,008	253,438	9	10	275,427	1	1	277,008	253,438	9	10
Of which: loans and advances to customers[3]	76,359	67,771	13	13	72,057	6	6	76,359	67,771	13	13
Total liabilities	233,915	211,840	10	11	228,363	2	3	233,915	211,840	10	11
Of which: customer accounts[3]	151,962	125,425	21	22	136,260	12	12	151,962	125,425	21	22
Risk-weighted assets	50,283	45,758	10	nm[5]	48,476	4	nm[5]	50,283	45,758	10	nm[5]
Cost-to-income ratio (%)[4]	82.7	89.6	6.9	8.0	68.1	(14.6)	(14.6)	74.1	72.0	(2.1)	(1.5)

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Not meaningful

Region overview

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

The region generates significant income for the Group's Corporate, Commercial & Institutional Banking business. Clients based in Europe & Americas make up around one-third of the Group's CCIB income, with three-quarters of client income booked elsewhere in the network generating above-average returns.

In addition to being a key origination centre for CCIB, the region offers local, on-the-ground expertise and solutions to help internationally minded clients grow across Europe & Americas. The region is home to the Group's two biggest payment clearing centres and the largest trading floor with more than 80 per cent of the region's income originating from Financial Markets and Transaction Banking products.

Our Private Banking business focuses on serving clients with links to our footprint markets.

Strategic priorities

- Leverage our network capabilities to connect new and existing Corporate and Financial Institutions clients in the west to the fastest-growing and highest-potential economies across our footprint
- Grow the business we capture from inbound trade flows from our footprint markets
- Increase the capital base of our Frankfurt hub to continue growing business with our continental European clients
- Further develop our sustainable finance product offering and risk management capabilities
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Expand assets under management in Private Banking and continue to strengthen the franchise

Supplementary financial information continued

Progress

- Strong growth of 7 per cent in global cross-border business with Europe and the Americas CCIB clients
- Significantly expanded our domestic Cash Management offering to facilitate growth opportunities across our global footprint
- SCB AG entity fully operational as our continental Europe hub with the capital base doubled in 2021, providing financial solutions for the EU27 market and with strong income growth from both Corporate and Financial Institutions clients in Europe
- Significant growth in income from sustainable finance products and expansion of our sustainable product offering
- Significant increase in high-quality liabilities diversifying the region's funding base

Performance highlights

- Underlying profit before tax of $644 million improved 67 per cent driven by higher income and lower impairments
- Underlying operating income of $2,003 million was up 4 per cent largely due to growth in Trade and Lending with a resilient performance in Financial Markets. Treasury Markets income was lower due to significant realisation gains in the prior year. Cash Management income decreased due to lower interest margins albeit largely mitigated by significant growth in volumes
- Expenses increased by 7 per cent largely due to the normalisation of performance-related pay, increased investment and technology expense, and US dollar depreciation
- Loans and advances to customers grew 13 per cent and customer accounts grew 21 per cent

Supplementary financial information continued

Central & other items (region)

	4Q'21 $million	4Q'20 $million	Change[2] %	Constant currency change[1,2] %	3Q'21 $million	Change[2] %	Constant currency change[1,2] %	FY21 $million	FY20 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**(61)**	(81)	25	26	(35)	(74)	(82)	**(184)**	97	nm[4]	nm[4]
Operating expenses	**(58)**	(394)	85	82	(182)	68	60	**(494)**	(719)	31	36
Operating loss before impairment losses and taxation	**(119)**	(475)	75	73	(217)	45	38	**(678)**	(622)	(9)	1
Credit impairment	**2**	-	nm[4]	nm[4]	(1)	nm[4]	nm[4]	**(7)**	5	nm[4]	nm[4]
Other impairment	**(1)**	(24)	96	96	(18)	94	94	**(36)**	(89)	60	59
Profit from associates and joint ventures	**2**	(1)	nm[4]	nm[4]	1	100	100	**1**	1	-	-
Underlying loss before taxation	**(116)**	(500)	77	74	(235)	51	44	**(720)**	(705)	(2)	6
Restructuring	**(25)**	(91)	73	73	(29)	14	17	**(127)**	(115)	(10)	(9)
Goodwill Impairment	**-**	-	nm[4]	nm[4]	-	nm[4]	nm[4]	**-**	(489)	100	100
Other items	**(62)**	(1)	nm[4]	nm[4]	20	nm[4]	nm[4]	**(42)**	19	nm[4]	nm[4]
Statutory loss before taxation	**(203)**	(592)	66	64	(244)	17	10	**(889)**	(1,290)	31	34
Total assets	**9,455**	10,331	(8)	(8)	9,659	(2)	(2)	**9,455**	10,331	(8)	(8)
Total liabilities	**65,807**	64,790	2	2	66,217	(1)	(1)	**65,807**	64,790	2	2
Risk-weighted assets	**1,717**	(2,356)	173	nm[4]	(2,166)	179	nm[4]	**1,717**	(2,356)	173	nm[4]
Cost-to-income ratio (%) (excluding UK bank levy)[3]	**59.0**	(77.8)	(136.8)	(123.1)	nm[4]	nm[4]	nm[4]	**nm[4]**	nm[4]	nm[4]	nm[4]

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Change is the percentage points difference between the two periods rather than the percentage change
4 Not meaningful

Performance highlights

- Underlying loss before tax of $720 million was down $15 million mainly due to lower returns paid to Treasury on the equity provided to the regions in a lower interest rate environment. This was partly offset by lower UK Bank Levy expense.

Supplementary financial information continued

Underlying performance by key market

	2021								
	Hong Kong $million	Korea $million	China $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	3,440	1,102	1,087	1,608	1,282	213	546	895	818
Operating expenses	(2,008)	(772)	(765)	(1,054)	(744)	(175)	(362)	(721)	(533)
Operating profit before impairment losses and taxation	1,432	330	322	554	538	38	184	174	285
Credit impairment	(251)	(14)	(49)	88	(23)	(3)	58	58	27
Other impairment	–	2	(301)	(1)	1	–	–	96	–
Profit from associates and joint ventures	–	–	175	–	–	–	–	–	–
Underlying profit before taxation	1,181	318	147	641	516	35	242	328	312
Total assets employed	177,460	67,311	37,908	94,881	28,416	4,836	19,224	193,807	68,148
Of which: loans and advances to customers[1]	89,063	45,323	18,014	56,454	14,991	2,257	8,937	52,878	19,375
Total liabilities employed	166,727	58,406	35,637	93,884	20,509	3,769	13,922	149,064	70,648
Of which: customer accounts[1]	141,256	47,867	27,618	75,154	14,730	2,622	11,466	105,490	37,407
Cost-to-income ratio (%)	58.4	70.1	70.4	65.5	58.0	82.2	66.3	80.6	65.2

	2020								
	Hong Kong $million	Korea $million	China $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	3,485	1,046	926	1,562	1,245	309	579	946	783
Operating expenses	(1,959)	(723)	(667)	(977)	(680)	(176)	(409)	(673)	(525)
Operating profit before impairment losses and taxation	1,526	323	259	585	565	133	170	273	258
Credit impairment	(199)	(43)	(112)	(474)	(227)	(84)	(277)	(128)	(30)
Other impairment	(55)	3	(1)	–	(1)	–	(3)	9	–
Profit from associates and joint ventures	–	–	163	–	–	–	–	–	–
Underlying profit/(loss) before taxation	1,272	283	309	111	337	49	(110)	154	228
Total assets employed	167,080	69,214	41,827	88,246	28,272	4,968	19,856	174,346	63,330
Of which: loans and advances to customers[1]	78,398	42,636	16,877	53,444	14,258	2,212	10,316	45,803	18,103
Total liabilities employed	160,976	60,329	36,713	83,554	20,728	3,494	14,324	133,862	65,307
Of which: customer accounts[1]	135,487	44,748	26,319	63,303	15,058	2,382	11,720	81,198	36,717
Cost-to-income ratio (%)	56.2	69.1	72.0	62.5	54.6	57.0	70.6	71.1	67.0

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

Supplementary financial information continued

	4Q'21								
	Hong Kong $million	**Korea $million**	**China $million**	**Singapore $million**	**India $million**	**Indonesia $million**	**UAE $million**	**UK $million**	**US $million**
Operating income	750	252	247	355	277	53	126	221	215
Operating expenses	(531)	(212)	(217)	(267)	(210)	(41)	(93)	(218)	(127)
Operating profit before impairment losses and taxation	219	40	30	88	67	12	33	3	88
Credit impairment	(205)	(7)	(21)	(2)	(22)	4	29	22	10
Other impairment	16	2	(301)	-	1	-	-	44	-
Profit from associates and joint ventures	-	-	(6)	-	-	-	-	1	-
Underlying profit/(loss) before taxation	30	35	(298)	86	46	16	62	70	98
Total assets employed	177,460	67,311	37,908	94,881	28,416	4,836	19,224	193,807	68,148
Of which: loans and advances to customers[1]	89,063	45,323	18,014	56,454	14,991	2,257	8,937	52,878	19,375
Total liabilities employed	166,727	58,406	35,637	93,884	20,509	3,769	13,922	149,064	70,648
Of which: customer accounts[1]	141,256	47,867	27,618	75,154	14,730	2,622	11,466	105,490	37,407
Cost to income ratio (%)	70.8	84.1	87.9	75.2	75.8	77.4	73.8	98.6	59.1

	4Q'20								
	Hong Kong $million	Korea $million	China $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	813	254	221	392	234	54	124	176	178
Operating expenses	(528)	(197)	(195)	(261)	(188)	(52)	(108)	(165)	(130)
Operating profit before impairment losses and taxation	285	57	26	131	46	2	16	11	48
Credit impairment	(10)	(20)	(11)	(24)	(42)	(9)	(12)	(17)	(28)
Other impairment	(40)	3	(1)	-	(1)	-	(3)	(5)	-
Profit from associates and joint ventures	-	-	15	-	-	-	-	-	-
Underlying profit/(loss) before taxation	235	40	29	107	3	(7)	1	(11)	20
Total assets employed	167,080	69,214	41,827	88,246	28,272	4,968	19,856	174,346	63,330
Of which: loans and advances to customers[1]	78,398	42,636	16,877	53,444	14,258	2,212	10,316	45,803	18,103
Total liabilities employed	160,976	60,329	36,713	83,554	20,728	3,494	14,324	133,862	65,307
Of which: customer accounts[1]	135,487	44,748	26,319	63,303	15,058	2,382	11,720	81,198	36,717
Cost to income ratio (%)	64.9	77.6	88.2	66.6	80.3	96.3	87.1	93.8	73.0

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

Supplementary financial information continued

Quarterly underlying operating income by product

	4Q'21 $million	3Q'21 $million	2Q'21 $million	1Q'21 $million	4Q'20[1] $million	3Q'20[1] $million	2Q'20[1] $million	1Q'20[1] $million
Transaction Banking	**667**	645	637	643	652	665	721	800
Trade	**285**	300	291	277	249	255	230	260
Cash Management	**382**	345	346	366	403	410	491	540
Financial Markets	**1,016**	1,315	1,270	1,320	957	1,185	1,230	1,540
Macro Trading	**433**	540	571	672	435	518	754	825
Credit Markets	**365**	522	495	441	414	464	476	267
Credit Trading	**60**	144	102	131	119	129	181	(25)
Financing Solutions & Issuance	**305**	378	393	310	295	335	295	292
Structured Finance	**105**	156	120	99	101	101	88	92
Financing & Securities Services	**96**	98	85	108	76	124	113	51
DVA	**17**	(1)	(1)	-	(69)	(22)	(201)	305
Lending & Portfolio Management	**244**	278	253	233	218	226	235	205
Wealth Management	**466**	559	554	646	442	572	440	536
Retail Products	**835**	828	846	849	848	859	913	946
Credit Cards & Personal Loans (CCPL) & other unsecured lending	**316**	316	320	320	303	309	295	304
Deposits	**213**	205	209	233	271	301	413	472
Mortgage & Auto	**261**	260	268	247	234	211	169	136
Other Retail Products	**45**	47	49	49	40	38	36	34
Treasury	**155**	149	137	257	92	40	178	325
Other	**(53)**	(9)	(8)	(19)	(10)	(28)	3	(25)
Total underlying operating income	**3,330**	3,765	3,689	3,929	3,199	3,519	3,720	4,327

1 Following a reorganisation of certain clients, there has been a reclassification of balances across products. Prior period has been restated

Supplementary financial information continued

Earnings per ordinary share

	4Q'21 $million	4Q'20 $million	Change %	3Q'21 $million	Change %	FY21 $million	FY20 $million	Change %
Profit/(loss) for the period attributable to equity holders	**(382)**	(476)	20	767	nm[1]	**2,313**	751	nm[1]
Non-controlling interest	**20**	(2)	nm[1]	(4)	nm[1]	**2**	(27)	nm[1]
Dividend payable on preference shares and AT1 classified as equity	**(95)**	(132)	28	(119)	20	**(410)**	(395)	(4)
Profit/(loss) for the period attributable to ordinary shareholders	**(457)**	(610)	25	644	nm[1]	**1,905**	329	nm[1]
Items normalised:								
Regulatory fine	**62**	-	nm[1]	-	nm[1]	**62**	(14)	nm[1]
Restructuring	**285**	248	15	99	188	**507**	382	33
Goodwill impairment	**-**	-	nm[1]	-	nm[1]	**-**	489	nm[1]
Net (gains) / losses on sale of Businesses	**-**	9	nm[1]	(20)	nm[1]	**(20)**	38	nm[1]
Tax on normalised items	**(65)**	(72)	10	(7)	nm[1]	**(87)**	(83)	(5)
Underlying profit/(loss)	**(175)**	(425)	59	716	nm[1]	**2,367**	1,141	107
Basic - Weighted average number of shares (millions)	**3,062**	3,152	nm[1]	3,105	nm[1]	**3,108**	3,160	nm[1]
Diluted - Weighted average number of shares (millions)	**3,097**	3,196	nm[1]	3,152	nm[1]	**3,154**	3,199	nm[1]
Basic earnings per ordinary share (cents)[2]	**(14.9)**	(19.4)	4.5	20.7	(35.6)	**61.3**	10.4	50.9
Diluted earnings per ordinary share (cents)[2]	**(14.8)**	(19.1)	4.3	20.4	(35.2)	**60.4**	10.3	50.1
Underlying basic earnings per ordinary share (cents)[2]	**(5.7)**	(13.5)	7.8	23.1	(28.8)	**76.2**	36.1	40.1
Underlying diluted earnings per ordinary share (cents)[2]	**(5.7)**	(13.3)	7.6	22.7	(28.4)	**75.0**	35.7	39.3

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

Return on Tangible Equity

	4Q'21 $million	4Q'20 $million	Change %	3Q'21 $million	Change %	FY21 $million	FY20 $million	Change %
Average parent company Shareholders' Equity[1]	46,338	45,818	1	46,709	(1)	46,383	45,087	3
Less Preference share premium[1]	(1,494)	(1,494)	-	(1,494)	-	(1,494)	(1,494)	-
Less Average intangible assets[1]	(5,409)	(4,990)	(8)	(5,267)	(3)	(5,218)	(5,003)	(4)
Average Ordinary Shareholders' Tangible Equity[1]	39,435	39,334	-	39,948	(1)	39,671	38,590	3
Profit/(loss) for the period attributable to equity holders	(382)	(476)	20	767	nm[2]	2,313	751	nm[2]
Non-controlling interests	20	(2)	nm[2]	(4)	nm[2]	2	(27)	nm[2]
Dividend payable on preference shares and AT1 classified as equity	(95)	(132)	28	(119)	20	(410)	(395)	(4)
Profit/(loss) for the period attributable to ordinary shareholders	(457)	(610)	25	644	nm[2]	1,905	329	nm[2]
Items normalised:								
Regulatory fine	62	-	nm[2]	-	nm[2]	62	(14)	nm[2]
Restructuring	285	248	15	99	188	507	382	33
Goodwill Impairment	-	-	nm[2]	-	nm[2]	-	489	nm[2]
Net (gains) / losses on sale of Businesses	-	9	nm[2]	(20)	nm[2]	(20)	38	nm[2]
Tax on normalised items	(65)	(72)	10	(7)	nm[2]	(87)	(83)	(5)
Underlying profit for the period attributable to ordinary shareholders	(175)	(425)	59	716	nm[2]	2,367	1,141	107
Underlying Return on Tangible Equity	(1.8)%	(4.3)%	250bps	7.1%	(890)bps	6.0%	3.0%	300bps
Statutory Return on Tangible Equity	(4.6)%	(6.2)%	160bps	6.4%	(1,100)bps	4.8%	0.9%	390bps

1 For FY21 and FY20, yearly average is computed as an average of the four preceding quarterly averages
2 Not meaningful

Net Tangible Asset Value per Share

	31.12.21 $million	31.12.20 $million	Change %	30.09.21 $million	Change %
Parent company shareholders equity	46,011	45,886	-	46,666	(1)
Less Preference share premium	(1,494)	(1,494)	-	(1,494)	-
Less Intangible assets	(5,471)	(5,063)	(8)	(5,347)	(2)
Net shareholders tangible equity	39,046	39,329	(1)	39,825	(2)
Ordinary shares in issue, excluding own shares (millions)	3,057	3,150	(3)	3,078	(1)
Net Tangible Asset Value per share (cents)[1]	1,277	1,249	28	1,294	(17)

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

Underlying versus statutory results reconciliations

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

Operating income by client segment

	2021			
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Central & other items (segment) $million	Total $million
Underlying operating income	8,407	5,733	573	14,713
Restructuring	9	–	(41)	(32)
Other items	–	–	20	20
Statutory operating income	8,416	5,733	552	14,701

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] $million	Consumer Private & Business Banking[1] $million	Central & other items (segment) $million	Total $million
Underlying operating income	8,485	5,691	589	14,765
Restructuring	40	–	(13)	27
Other items	–	–	(38)	(38)
Statutory operating income	8,525	5,691	538	14,754

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

Operating income by region

	2021				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Underlying operating income	10,448	2,446	2,003	(184)	14,713
Restructuring	30	3	(30)	(35)	(32)
Other items	–	–	–	20	20
Statutory operating income	10,478	2,449	1,973	(199)	14,701

	2020 (Restated)[1]				
	Asia[1] $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Underlying operating income	10,382	2,364	1,922	97	14,765
Restructuring	78	(2)	–	(49)	27
Other items	(43)	–	–	5	(38)
Statutory operating income	10,417	2,362	1,922	53	14,754

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

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT)

	2021					
	Underlying $million	Regulatory Fine $million	Restructuring $million	Net gain on businesses disposed/ held for sale $million	Goodwill impairment $million	Statutory $million
Operating income	14,713	–	(32)	20	–	14,701
Operating expenses	(10,375)	(62)	(487)	–	–	(10,924)
Operating profit/(loss) before impairment losses and taxation	4,338	(62)	(519)	20	–	3,777
Credit impairment	(263)	–	9	–	–	(254)
Other impairment	(355)	–	(17)	–	–	(372)
Profit from associates and joint ventures	176	–	20	–	–	196
Profit/(loss) before taxation	3,896	(62)	(507)	20	–	3,347

	2020					
	Underlying $million	Regulatory Fine $million	Restructuring $million	Net loss on businesses disposed/ held for sale $million	Goodwill impairment $million	Statutory $million
Operating income	14,765	–	27	(38)	–	14,754
Operating expenses	(10,142)	14	(252)	–	–	(10,380)
Operating profit/(loss) before impairment losses and taxation	4,623	14	(225)	(38)	–	4,374
Credit impairment	(2,294)	–	(31)	–	–	(2,325)
Other impairment	15	–	(113)	–	(489)	(587)
Profit from associates and joint ventures	164	–	(13)	–	–	151
Profit/(loss) before taxation	2,508	14	(382)	(38)	(489)	1,613

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT) by client segment

	2021			
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Central & other items (segment) $million	Total $million
Operating income	8,407	5,733	573	14,713
External	7,952	5,373	1,388	14,713
Inter-segment	455	360	(815)	–
Operating expenses	(5,278)	(4,377)	(720)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,129	1,356	(147)	4,338
Credit impairment	44	(285)	(22)	(263)
Other impairment	(49)	–	(306)	(355)
Profit from associates and joint ventures	–	–	176	176
Underlying profit/(loss) before taxation	3,124	1,071	(299)	3,896
Restructuring	(114)	(235)	(158)	(507)
Goodwill impairment	–	–	–	–
Other items	–	–	(42)	(42)
Statutory profit/(loss) before taxation	3,010	836	(499)	3,347

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] $million	Consumer Private & Business Banking[1] $million	Central & other items (segment) $million	Total $million
Operating income	8,485	5,691	589	14,765
External	8,304	4,795	1,666	14,765
Inter-segment	181	896	(1,077)	–
Operating expenses	(5,003)	(4,230)	(909)	(10,142)
Operating profit/(loss) before impairment losses and taxation	3,482	1,461	(320)	4,623
Credit impairment	(1,529)	(741)	(24)	(2,294)
Other impairment	41	(10)	(16)	15
Profit from associates and joint ventures	–	–	164	164
Underlying profit/(loss) before taxation	1,994	710	(196)	2,508
Restructuring	(221)	(61)	(100)	(382)
Goodwill impairment	–	–	(489)	(489)
Other items	–	–	(24)	(24)
Statutory profit/(loss) before taxation	1,773	649	(809)	1,613

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

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT) by region

	2021				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,448	2,446	2,003	(184)	14,713
Operating expenses	(6,773)	(1,623)	(1,485)	(494)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,675	823	518	(678)	4,338
Credit impairment	(434)	34	144	(7)	(263)
Other impairment	(300)	(1)	(18)	(36)	(355)
Profit from associates and joint ventures	175	–	–	1	176
Underlying profit/(loss) before taxation	3,116	856	644	(720)	3,896
Restructuring	(286)	(25)	(69)	(127)	(507)
Goodwill impairment	–	–	–	–	–
Other items	–	–	–	(42)	(42)
Statutory profit/(loss) before taxation	2,830	831	575	(889)	3,347

	2020 (Restated)[1]				
	Asia[1] $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,382	2,364	1,922	97	14,765
Operating expenses	(6,357)	(1,683)	(1,383)	(719)	(10,142)
Operating profit/(loss) before impairment losses and taxation	4,025	681	539	(622)	4,623
Credit impairment	(1,484)	(654)	(161)	5	(2,294)
Other impairment	110	(14)	8	(89)	15
Profit from associates and joint ventures	163	–	–	1	164
Underlying profit/(loss) before taxation	2,814	13	386	(705)	2,508
Restructuring	(134)	(88)	(45)	(115)	(382)
Goodwill impairment	–	–	–	(489)	(489)
Other items	(43)	–	–	19	(24)
Statutory profit/(loss) before taxation	2,637	(75)	341	(1,290)	1,613

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

Underlying versus statutory results reconciliations continued

Return on tangible equity (RoTE)

	2021			
	Corporate, Commercial& Institutional Banking %	Consumer Private & Business Banking %	Central & other Items (Segment) %	Total %
Underlying RoTE	9.6	10.2	(10.5)	6.0
Regulatory Fine	–	–	(0.8)	(0.2)
Restructuring				
Of which: Income	–	–	(0.6)	(0.1)
Of which: Expenses	(0.6)	(3.0)	(1.3)	(1.2)
Of which: Credit impairment	–	–	–	–
Of which: Other impairment	0.1	–	(0.6)	–
Of which: Profit from associates and joint ventures	–	–	0.3	0.1
Net gain on sale of businesses	–	–	0.3	0.1
Goodwill impairment	–	–	–	–
Tax on normalised items	0.2	0.7	–	0.1
Statutory RoTE	9.3	7.9	(13.2)	4.8

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] %	Consumer Private & Business Banking[1] %	Central & other Items (Segment) %	Total %
Underlying RoTE	5.9	6.9	(12.0)	3.0
Regulatory Fine	–	–	0.2	–
Restructuring				
Of which: Income	0.2	–	(0.2)	0.1
Of which: Expenses	(0.5)	(0.8)	(1.0)	(0.7)
Of which: Credit impairment	(0.2)	–	–	(0.1)
Of which: Other impairment	(0.4)	–	(0.1)	(0.3)
Of which: Profit from associates and joint ventures	–	–	(0.2)	–
Net losses on sale of businesses	–	–	(0.6)	(0.1)
Goodwill impairment	–	–	(7.3)	(1.3)
Tax on normalised items	0.2	0.2	0.1	0.3
Statutory RoTE	5.2	6.3	(21.1)	0.9

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

Underlying versus statutory results reconciliations continued

Earnings per ordinary share (EPS)

	2021								
	Underlying $ million	Regulatory Fine $ million	Restructuring $ million	Profit from joint venture $ million	Gains arising on repurchase of senior and subordinated liabilities $ million	Net gain on sale of businesses $ million	Goodwill impairment $ million	Tax on normalised items $ million	Statutory $ million
Profit for the year attributable to ordinary shareholders	2,367	(62)	(507)	–	–	20	–	87	1,905
Basic – Weighted average number of shares (millions)	3,108								3,108
Basic earnings per ordinary share (cents)	76.2								61.3

	2020								
	Underlying $ million	Regulatory Fine $ million	Restructuring $ million	Profit from joint venture $ million	Gains arising on repurchase of senior and subordinated liabilities $ million	Net loss on sale of businesses $ million	Goodwill impairment $ million	Tax on normalised items $ million	Statutory $ million
Profit for the year attributable to ordinary shareholders	1,141	14	(382)	–	–	(38)	(489)	83	329
Basic – Weighted average number of shares (millions)	3,160								3,160
Basic earnings per ordinary share (cents)	36.1								10.4

Group Chief Risk Officer's review

"Staying vigilant in the face of an uneven global economic recovery"

2021 was a challenging year on the macroeconomic front driven by the ongoing pandemic. The COVID-19 recovery has continued to be uneven, with unbalanced vaccine roll-outs between developed markets and emerging markets, and easing of restrictions in some markets even as other locations and sectors continued to lag. The potential impact from new variants has also contributed to further uncertainty. Multiple sectors of the global economy have been impacted by the pandemic, and liquidity pressures in the commercial real estate sector in China have arisen during the year, although the long-term impact remains to be seen. A rapid recovery in demand following the easing of restrictions and existing supply chain disruptions has in turn contributed to elevated inflation levels, with many markets seeing a significant rise in prices. The accumulation of worldwide debt could also pose further risks to the economic environment.

The Group has built a strong foundation with solid risk fundamentals, and we are focussed on emerging strongly from the pandemic. We continue to scan the horizon for emerging risks and collaborate with internal and external partners to proactively mitigate risks as they are identified.

Asset quality has improved, with improvements in a number of metrics including a significant year-on-year reduction in credit impairments across all stages and an increase in percentage of investment grade corporate exposures (2021: 69 per cent, 2020: 62 per cent), though we remain watchful in the face of ongoing uncertainty. We continue to demonstrate resilience as evidenced by strong capital and liquidity metrics. As a result of the changes in internal and external operating environment due to the pandemic, non-financial risks areas such as Fraud, Information and Cyber Security, Privacy, and Conduct remain heightened. We continue to enhance our operational resilience and defences against these risks, especially as we adapt to more agile ways of working. We are also working to ensure a successful transition from the Interbank Offered Rate (IBOR) to alternative risk-free rates.

Digitalisation and technological development remain key items on the Group's agenda. We continue to ensure that our control frameworks and Risk Appetite evolve accordingly to keep pace with new business developments and asset classes.

Earlier in the year, we defined three Stands to use our unique ability to work across boundaries and connect capital, people, ideas and best practices to help address some key socio-economic challenges of our time. Accelerating Zero is one of the Stands, and our aim is to reduce the emissions associated with our financing activities to net zero by 2050, which includes interim 2030 targets for the most carbon-intensive sectors. We are supporting our clients in the transition to a low-carbon economy by developing transition frameworks and sustainable financing solutions. We have integrated Environmental, Social and Governance risk management into our Reputational Risk Type Framework. Sustainability is a core part of our strategy and our ambition to become the world's most sustainable and responsible bank.

To support Lifting Participation, we are helping our clients by building partnerships to expand their access to financial services. For these new business initiatives, we have developed new risk management and risk assessment approaches across our Principal Risk Types to address these unique risks. We further support our clients by promoting financial wellbeing through financial education and personalised services, including digitised solutions for lending and wealth management. We are also focused on driving customer awareness of environmental sustainability concerns through green products. As part of our aim to Reset Globalisation, we welcome digital-asset-related opportunities and have enhanced our Digital Asset Risk Management Approach and Policy to ensure that digital asset activities across the Group are appropriately managed, and within our Risk Appetite.

Read more about the considerations taken into account for our pathway to net zero in the full Annual Report. Further details on our overall approach to net zero can be found at **sc.com/netzero**.

Group Chief Risk Officer's review continued

An update on our key risk priorities

2021 presented a challenging risk landscape, however we faced this from an intrinsically strong position. Our risk management approach is at the heart of our business and is core to us achieving sustainable growth and performance. We have made progress on the key priorities set out at half year, these being:

Strengthening the Group's risk culture and conduct: We remain committed to promoting a healthy risk culture and driving the highest standards in conduct. Both risk culture and conduct are integral components of our Enterprise Risk Management Framework (ERMF). Our ERMF sets out the guiding principles for our colleagues, enabling us to have integrated and holistic risk conversations across the Group and the three lines of defence. It underpins an enterprise-level ability to identify and assess, openly discuss, and take prompt action to address existing and emerging risks. Senior management across the Group promote a healthy risk culture by rewarding risk-based thinking (including in remuneration decisions), challenging the status quo, and creating a transparent and safe environment for employees to communicate risk concerns.

We strive to uphold the highest standards of conduct through delivery of conduct outcomes, acknowledging that while incidents cannot be entirely avoided, the Group has no appetite for wilful or negligent misconduct. More broadly, we are continuing to focus on strengthening first-line Conduct Risk ownership, including helping to draw enhanced Conduct Risk insights through the development of better conduct analytics as part of the new Conduct Risk management approach.

As part of the Group's Future of Work Now initiative, moving to large-scale working from home arrangements has been formalised and rolled out to the majority of the Group's markets. Risks arising from the new working model have been assessed, with controls strengthened where appropriate. We remain vigilant to the need to increase staff awareness of fraud and cyber security risks, alongside other targeted mitigating actions to improve oversight and internal controls.

Enhancing information and cyber security (ICS) capabilities: The Group remains focused on pursuing a culture of cyber resilience as we progress with more agile ways of working. We are focused on maintaining client services and protecting our most critical assets, remaining vigilant to evolving cyber threats. Our cyber security framework has been further enhanced to underpin our management and mitigation of ICS Risk and support of our businesses and functions in their adoption of key controls. We plan to further enhance our key ICS risk metrics to support strategic oversight and decision-making. Strengthening our oversight of third-party ICS Risk also remains an area of focus, considering external threats and the continued prevalence of third-party ICS incidents. We are ensuring we develop our internal talent pool and recruit external talent where required to support these critical capabilities.

Embedding Climate Risk management: We have continued to embed Climate Risk management, starting with, among others, understanding the impact of physical and transition risks on our credit portfolio and climate-related reputational risks for clients in high transition sectors. In 2022, we will extend this to cover other relevant Principal Risk Types. Climate scenario analysis across our markets, including the Bank of England's 2021 Biennial Exploratory Scenario, have helped improve our understanding in identifying key portfolios vulnerable to Climate Risk. We reached out to around 2,000 of our clients globally, to understand their transition and physical risk profiles, adaptation plans, mitigation measures and approach to disclosure, enhancing the granularity of data available for risk identification and deepening client engagement. Climate Risk assessments are now considered as part of Reputational and Sustainability transaction reviews for impacted clients in high-carbon sectors, and a first phase of integration into credit decisioning for the transaction review process is under way for our Corporate, Commercial and Institutional Banking business. As our experience of quantifying Climate Risk grows, we are moving from measurement to management, while working closely with external partners, industry and academia to move forward on climate risk together. As part of our ongoing partnership with Imperial College London, we supported new climate research on the potential for nature-based solutions (actions to protect, restore and enhance ecosystems) to tackle the interlinkages between agriculture, land-use and climate change. Our 2021 Task Force on Climate-related Financial Disclosures Report provides further details on the Group's progress in managing climate risks and opportunities, including the Group's net zero target by 2050.

More details can be found at **sc.com/sustainability** and **sc.com/tcfd**

Group Chief Risk Officer's review continued

Managing our environmental, social and governance (ESG) risk: The Group remains committed to being the world's most sustainable and responsible bank. At the start of the year we expanded the Reputational Principal Risk Type by adding Sustainability and proposed new Risk Appetite metrics covering environmental and social (E&S) risks as well as ensuring no Modern Slavery risks in our supply chain.

We continue to invest in infrastructure and technology to keep pace with the emerging ESG regulatory obligations across our markets. We have developed an internal Environmental and Social Risk Catalogue that will be piloted to ensure that risk identification, assessment and enhanced due diligence, are underpinned by a standard classification system. Using the Catalogue, an initial heatmap of E&S risks has been developed for our clients and suppliers on an industry-portfolio level through a top-down risk assessment approach. The assessment is used to identify key areas of priority for E&S risks where safeguards could be further strengthened. From 2022 onwards, we plan to incorporate the findings of this risk assessment in our regular review of our position statements and supply chain onboarding to ensure that our businesses and supply chains continue to support our sustainability ambition.

Managing Financial Crime Risk: External developments continue to create new risks and control challenges, particularly with respect to rapidly changing geopolitical events. There is a heightened level of Fraud Risk in the environment due to new methods, schemes and technology, and we continue to increase our investment in fraud prevention and detection capabilities to protect the Group and our clients. Our Financial Crime Compliance team continues to identify and prevent fraud and money laundering using next-generation surveillance and financial crime monitoring infrastructure and machine learning. We are focused on strengthening our three lines of defence by transitioning certain responsibilities for financial crime surveillance from the second line to the first line while reinforcing the oversight and monitoring role of the second line.

The Group continues to partner to lead the fight against financial crime through information sharing about threats to protect clients and the wider financial system. We continue an active industry engagement to address new regulatory and statutory initiatives, focusing on enhancing the effectiveness of financial crime compliance and contributing useful information to law enforcement. We have made continued progress in resolving long-standing enforcement actions and related remediation, and continue to work to strengthen compliance and improve customer experience in areas of greater implementation challenge such as records management and transaction monitoring.

More information about the Group's commitment to fighting financial crime can be found at **sc.com/fightingfinancialcrime**

Innovation – Risk and CFCC infrastructure: We continue to focus on simplifying our approach to enable more effective first-line risk management, supported with SmartBot-enabled self-service platforms. Flexible strategic risk reporting with centralised data and advanced analytical capabilities enabled a timely and an agile response to the challenges of COVID-19. Continued integration of our risk aggregation platform with front office data provides near real-time bespoke exposure analysis for financial risks, decisioning and reporting, and our stress testing scenarios have been expanded to include the impact of the pandemic and Climate Risks. We are implementing an Enterprise GRC (Governance, Risk and Compliance) platform to integrate data and processes across Operational Risk, policies and standards, compliance and assurance activities, and have made significant progress in the year. We have clear priorities to build a more digital and data-driven control function with scalable self-service solutions and partnerships with our internal innovation centre, SC Ventures. Hubs continue to be utilised for centralised specialist knowledge and delivery of data visualisation, reporting, change management, model development, validation and governance, with automation of supporting processes to reduce operational risks.

Embedding Model Risk management: Model Risk management has seen a notable step forward in 2021. We enhanced our risk management framework earlier in the year to strengthen model issue management and governance framework for artificial intelligence and machine learning. The Group Model Inventory has undergone many enhancements through the year to be an industry-level model inventory tool, enabling increased coverage of information with a higher level of accuracy. Regulatory model delivery has been a key focus area related to new European Banking Authority standards and the cessation of IBOR. We are also progressing well on rolling out the Model Risk Type Framework across our countries, including training, extension of risk type framework, inventory identification and generation of risk information reports. This will continue to be an area of focus to ensure we effectively embed awareness of Model Risk management at a firm-wide level.

Group Chief Risk Officer's review continued

Our risk profile and performance in 2021

Despite the challenges of the ongoing pandemic, our solid foundation has helped us to deliver a good performance with a resilient risk profile and improved asset quality. 2021 demonstrates our commitment to strong and sustainable growth, with continued improvements across several metrics reflecting our robust risk management during the pandemic.

We remain vigilant to the continued impact of COVID-19 and an uneven recovery across markets and industries.

In 2021, we have seen a 49 per cent decrease in early alerts exposure (2021: $5.5 billion, 2020: $10.7 billion), mainly due to reductions in counterparty exposure and clients being removed from early alert. While early alerts have decreased compared with December 2020, the Group remains vigilant in view of persistent challenging conditions in some markets and sectors. Credit Grade 12 balances decreased to $1.7 billion (2020: $2.2 billion) mainly due to repayments and outflows to non-performing loans, that were partly offset by sovereign rating downgrades.

The percentage of investment-grade corporate exposure has also increased to 69 per cent compared with 62 per cent a year ago, reflecting an increase in repurchase agreement balances and high-quality originations.

The total credit impairment charge significantly reduced to $0.3 billion (2020: $2.3 billion), with decreases seen across all stages. Stage 3 impairment charge was $185 million (2020: $1.5 billion), majority of which was from Corporate, Commercial and Institutional Banking. Stage 1 and 2 impairment charge decreased by $749 million to $78 million, over half of which is due to reduction in Stage 2 exposures from lower levels of early alerts, new guarantees and improvement in probability of default, with the remainder due to improving macroeconomic forecasts and reduction in COVID-19 management overlays.

Overall stage 3 gross loans and advances to customers decreased from $9.2 billion to $8.1 billion, while stage 3 provisions were lower by $0.7 billion at $4.7 billion (2020: $5.3 billion). The stage 3 cover ratio (excluding collateral) in the total customer loan book was stable at 58 per cent (2020: 58 per cent).

Average Group Value at Risk (VaR) in 2021 was 44 per cent lower at $54.8 million (2020: $97.6 million), driven by the extreme market movements from 2020 dropping out of the one-year VaR time horizon. However, volatility started to increase in the second half of 2021 driven by the impact of new COVID variants. There were three regulatory VaR backtesting negative exceptions in 2021.

The results of the Bank of England's annual solvency stress test exercise in 2021 shows that the Group is resilient under the Bank of England scenario. We have a diverse and liquid balance sheet and these results demonstrate our continued capital strength and resilience to stress, supported by a focus on sustainable returns and actions to improve our portfolio quality.

We have re-assessed the methodology for calculating the Group liquidity coverage ratio (LCR) in 2021, to better reflect the portability of liquidity across the group while still considering currency convertibility and regulatory intra-Group limits. The Group LCR remained stable at 143 per cent (2020: 143 per cent).

Our Common Equity Tier 1 (CET1) ratio is 14.1 per cent (2020: 14.4 per cent). Further details, including explanation of pro forma changes as at 1 January 2022, can be found in the Capital Review section.

Details of the Group's risk performance are set out in the full Annual Report.

An update on our risk management approach

Our Enterprise Risk Management Framework (ERMF) outlines how we manage risk across the Group, as well as at branch and subsidiary level[1]. It gives us the structure to manage existing risks effectively in line with our Risk Appetite, as well as allowing for holistic risk identification. As part of the annual review of the ERMF, we have repositioned our Cross-Cutting Risks to Integrated Risk Types (IRT), which are defined as "risks that are significant in nature and materialise primarily through the relevant Principal Risk Types". The ERMF sets out the roles and responsibilities and minimum governance requirements for the management of IRTs. Additionally, the Capital and Liquidity Principal Risk Type has been renamed to Treasury Risk and the scope of the risk type has been expanded to cover Interest Rate Risk in the Banking Book (IRRBB).

Given their integrated nature, Digital Asset and Third-Party Risks, have been newly identified as IRTs in the ERMF, in addition to Climate Risk.

Group Chief Risk Officer's review continued

Principal and Integrated Risk Types

Principal risks 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 Board-approved Risk Appetite. We will not compromise adherence to our Risk Appetite in order to pursue revenue growth or higher returns. The table below provides an overview of the Group's principal and integrated risks and how these are managed. In addition to principal risks, the Group has defined a Risk Appetite Statement for Climate Risk and will give consideration to standalone Risk Appetite Statements for additional integrated risks in 2022.

Further details can be found in our 2021 Annual Report.

Principal Risk Types	How these are managed
Credit Risk	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors
Traded Risk	The Group should control its trading portfolio and activities to ensure that Traded Risk losses (financial or reputational) do not cause material damage to the Group's franchise
Treasury Risk	The Group should maintain a strong capital position, including the maintenance of management buffers sufficient to support its strategic aims and hold an adequate buffer of high-quality liquid assets to survive extreme but plausible liquidity stress scenarios for at least 60 days without recourse to extraordinary central bank support
Operational and Technology Risk	The Group aims to control Operational and Technology Risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise
Information and Cyber Security Risk	The Group seeks to minimise ICS Risk from threats to the Group's most critical information assets and systems, and has a low appetite for material incidents affecting these or the wider operations and reputation of the Group
Compliance Risk	The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that whilst incidents are unwanted, they cannot be entirely avoided
Financial Crime Risk	The Group has no appetite for breaches in laws and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided
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, while accepting model uncertainty
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 by the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm

Integrated Risk Types	How these are managed
Climate Risk	The Group aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to our own activities and those related to the financing of clients, in alignment with the Paris Agreement
Digital Asset Risk	This IRT is currently supported by Risk Appetite metrics embedded within relevant Principal Risk Types
Third-Party Risk	This IRT is currently supported by Risk Appetite metrics embedded within relevant Principal Risk Types

1 The Group's Risk Management Framework and System of Internal Control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group

Emerging risks

Emerging risks refer to unpredictable and uncontrollable events with the potential to materially impact our business. As part of our continuous risk identification process, we have updated the Group's emerging risks from those disclosed in the 2020 Annual Report and 2021 Half Year Report. A detailed explanation of the changes to our emerging risks compared with 2020 can be found in the full Annual Report.

The table below summarises our current list of emerging risks, outlining the risk trend changes since the end of 2020, the reasons for any changes and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment as identified by senior management. The list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. Our mitigation approach for these risks may not eliminate them but shows the Group's attempt to reduce or manage the risk. As certain risks develop and materialise over time, management will take appropriate steps to mitigate the risk based on its impact on the Group.

Emerging risks	Risk trend since 2020[1]	Key risk trend drivers	How these are mitigated
Expanding array of global tensions	↑	Relations between China and the West remain fragile and tensions are increasing regarding Russia's presence on the Ukrainian border. There has also been increasing friction between historic allies on issues such as the withdrawal from Afghanistan and AUKUS, as well as protectionist policies in the wake of COVID-19. Global supply chain disruption could tip the balance of power towards producers and potentially lead to an increased focus on local security over global collaboration.	• Sharp slowdowns in the US, China, and more broadly, world trade and global growth are a feature of Group stress scenarios. These stress tests provide visibility to key vulnerabilities so that management can implement timely interventions • Detailed portfolio reviews are conducted on an ongoing basis, most recently regarding increasing tensions around Ukraine, and action is taken where necessary • The Group is closely monitoring the China-G7 relationship and assessing the impact on our business with teams in the first and second line of defence • The Group remains vigilant in monitoring geopolitical relationships. Increased scrutiny is applied when onboarding clients in sensitive industries and in ensuring compliance with sanctions requirements
Energy security	↑	Increased industrial demand and an accelerated transition to cleaner energy sources have put a strain on supply lines. This has increased tensions between nations as power shifts towards energy exporters, and energy security decreases across developed markets and emerging markets alike. A lack of investment by oil producers as we transition could also lead to an increase in oil prices in the short term.	• As part of our stress tests, an oil shock scenario was developed • Sovereign ratings, outlooks and country risk limits are regularly monitored with periodic updates to senior stakeholders • The Group is implementing a Climate Risk work plan and aims to embed Climate Risks across all relevant Principal Risks in 2022. This includes scenario analysis and stress testing capability to understand financial risks and opportunities from climate change
Crystallisation of inflation fears	↑	Interest rates have already increased or are likely to rise in several countries as central banks respond to inflationary pressure. Drivers of price increases include recent shortages of materials and labour, and long-term monetary stimulus, and there is growing acceptance that the inflationary shock will last longer than initially expected. Nevertheless there is still a lack of firm consensus within the industry on some key inflation questions, as well as other potential scenarios such as slow economic growth and rising prices leading to stagflation.	• As part of our stress tests, a severe stress in the global economy associated with a sharp slowdown was assessed • Both Group-wide management and Traded Risk scenarios are being developed to examine the impact of a rapid build-up in inflationary pressures around the world • Sovereign ratings, outlooks and country risk limits are regularly monitored with periodic updates to senior stakeholders

Adapting to endemic COVID-19 and a K-shaped recovery[2]	↔	Although countries with higher vaccination rates are moving towards accepting COVID-19 as endemic, the threat of new variants and increased restrictions remains. Vast differences in the pace and scale of vaccine roll-outs and financial resources have widened the recovery gap and threaten a K-shaped global recovery, where countries or sectors recover at a different rate depending on their ability to adapt to a post-COVID world. There are deeper structural impacts on traditional economic systems, including shifts in labour demographics.	• As part of our stress tests, a severe stress in the global economy associated with a sharp slow-down was assessed • Sensitive sectors (e.g. aviation and hospitality) are regularly reviewed and exposures to these sectors are actively managed as part of Credit Risk reviews • Exposures that could result in material credit impairment charges and risk weighted asset inflation under stress tests are regularly reviewed and actively managed • The Group's priority remains the health and safety of our clients and employees and continuation of normal operations by leveraging our robust Business Continuity Plans which enable the majority of our colleagues to work remotely where possible
Supply chain dislocations	↑	A combination of supply and demand factors, some transitory and some more structural, have led to global supply chain disruptions, especially as some markets have started to emerge from the pandemic. There may also be a fundamental shift in supply chains of the future, with increased contingency costs and potential shifts to move production closer to consumers.	• Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and actively managed • Sectors which exhibit high supply chain pressure and vulnerability are regularly reviewed and exposures to these sectors are actively managed as part of credit risk reviews • We actively utilise Credit Risk mitigation techniques including credit insurance and collateral
Emerging Markets Sovereign risk	↔	COVID-19 has caused liquidity and potential solvency issues for some of the world's poorest countries, with several negative sovereign rating actions observed. Tightening of financial conditions in developed markets may lead to local currency depreciations against the US dollar, pushing up debt reservicing costs.	• Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and actively managed • We conduct stress tests and portfolio reviews at a Group, country, and business level to assess the impact of extreme but plausible events and manage the portfolio accordingly • We actively utilise Credit Risk mitigation techniques including credit insurance and collateral • We actively track the participation of our footprint countries in G20's Common Framework Agreement and Debt Service Suspension Initiative for Debt Treatments and the associated exposure
Expanding stakeholder expectations for environmental, social and corporate governance	↑	There are risks if the Group is unable to adapt to new regulation quickly, as well as meeting publicly stated sustainability goals and helping clients transition. Environmental targets are being incorporated into many countries' domestic policies and corporations' business models, with increased pressure to set ambitious sustainability goals. This includes an increase in disclosure requirements. There is fragmentation in the pace and scale of adoption around the world, which adds complexity in managing a global business. There is a risk that focus on environmental goals over social and governance concerns, as well as fragmentation in ESG taxonomies, may lead to unintended consequences.	• We remain committed to being a responsible bank, minimising our environmental impact and embedding our values through our strengthened Position Statements for sensitive sectors and a list of prohibited activities that the Group will not finance • The Group is proactively participating in industry initiatives and framework development on both climate and biodiversity, to help inform our internal efforts and capabilities. Increased scrutiny is applied to environmental and social standards in providing services to clients • Detailed portfolio reviews are conducted on an ongoing basis and action is taken where necessary • Stress tests are conducted to test resilience to climate-related risks in line with local regulatory requirements • The Group has released net zero targets and specific emission reduction targets for carbon-sensitive sectors. The Group's TCFD Report includes more details on climate risk and net zero • Our Green and Sustainable Product Framework, developed with the support of Sustainalytics, has been informed by industry and supervisory principles and standards such as the Green Bond Principles and EU Taxonomy for sustainable activities • We have defined three Stands to use our unique ability to work across boundaries and connect capital, people, ideas and best practices to help address some key socioeconomic challenges and enable a just transition. • We are developing an approach to further integrate ESG risk management across the ERMF

Social unrest	↓	COVID-19 has restricted the ability to demonstrate in some markets, although the prolonged nature of the pandemic and imposed vaccine and lockdown mandates have led to tensions in some countries. Inequality has increased as a result of the pandemic, which may give rise to societal disturbances. Other causes such as climate and social justice also remain a focus.	• The Group is committed to managing human rights impacts through our social safeguards in our Position Statements • The Human Rights Working Group has developed an approach to monitor, report and escalate human rights issues to our Management Team for consideration with our Group's strategy • We continue to support our operations and communities who are greatly impacted by COVID-19 through various aid programmes and financing • We conduct portfolio reviews at a Group, country, and business level to assess the impact of extreme but plausible geopolitical events
Data and digital	↑	Regulatory requirements and client expectations relating to data management, data protection, data sovereignty and privacy are increasing, including the ethical use of data and artificial intelligence. The Group, as well as the industry, continues to face challenges to keep pace with the volume of data-related regulatory change. Rapid adoption and increased sophistication of new technologies may expose the Group to new technology-related risks, including heightened cyber security risks. Data is becoming more concentrated in the hands of governments and big private companies. There are also relatively few providers of new technologies such as cloud computing services.	• We actively monitor, both in house and through external counsel, regulatory developments in relation to data management, including records management, data protection and privacy, data sovereignty and artificial intelligence • The Group has further embedded the existing risk control framework for data management risks, which has strengthened and streamlined risk oversight • We have established a dedicated Data and Privacy Operations team and mobilised a Groupwide transformation programme to build data management capabilities and expertise across the Group to ensure compliance with data management regulations
New business structures, channels and competition	↑	There are significant shifts in customer value propositions. Fintechs are delivering digital-only banking offerings with a growing usage of machine learning to provide highly personalised services. In addition, digital assets are gaining adoption and linked business models are increasing in prominence. These present material opportunities as well as risks. Failure to adapt and harness new technologies and new business models would place banks at a competitive disadvantage. There is an increasing usage of partnerships and alliances by banks to respond to disruption and changes in the industry. However, this exposes banks to third-party risks.	• We monitor emerging trends, opportunities and risk developments in technology that may have implications for the banking sector • We are enhancing capabilities to ensure our systems are resilient, we remain relevant and can capitalise quickly on technology trends • Enhanced digital capabilities have been rolled out in Consumer, Private and Business Banking, particularly around onboarding, sales, and marketing • We have developed and implemented a risk management approach to address the specific risks arising from digital asset activities, as well as internal guidance on how to leverage existing risk management practices for new activities and nascent risks • Strategic partnerships and alliances are being set up with fintechs to better compete in the markets in which we operate • Third-Party Risk management policies, procedures and governance are being reviewed to ensure adequate coverage across all Group activities

Talent pools of the future	↑	COVID-19 accelerated the move towards remote working for employees. However this has raised concerns around effective mitigation and management of Operational, Information and Cyber Security, Compliance, and Conduct Risks. The extended nature of the COVID-19 pandemic is continuing to restrict employees' ability to operate in their preferred hybrid working location format (between home and office), causing potential risks to wellbeing, ease of collaboration and learning from others. A shortage of key skills is driving a war for talent which, combined with cross-border mobility restrictions and government protectionist policies, will especially intensify competition for local talent.	• We assess and manage people-related risks, for example, organisation, capability, conduct and culture, as part of our Group risk management framework and our People Strategy • The Group undertook a Future of Work change risk assessment which considered Operational, Compliance, Data Privacy and Cyber Security Risks in addition to wellbeing, culture and leadership • The Group has rolled out hybrid-working options in 28 markets and over 73 per cent of employees in these locations are now on flexi-working arrangements. • Wellbeing is one of the key pillars of the Group's diversity and inclusion strategy and we have embedded multiple tools and resources to support colleague wellbeing. These include toolkits for managers and employees, a confidential Employee Assistance Program, an online programme to support physical wellbeing, increased training for Mental Health First Aiders, an on-the-go mobile app and proactive training in resilience • We have embarked on a multi-year journey focused on upskilling and re-skilling our workforce by building a culture of continuous learning and leveraging technology to enable employees to build future ready skills through content and cross-functional experiences

↑ Risk heightened in 2021 ↓ Risk reduced in 2021 ←→ Risk remained consistent with 2020 levels

1 The risk trend refers to the overall risk score trend, which is a combination of potential impact, likelihood and velocity of change
2 A K-shaped global recovery occurs where countries or sectors recover at different rates following a recession

Summary

We remain fully committed to robust risk management, embracing innovation while ensuring that we achieve the right risk outcomes when adopting new technologies and digital capabilities. The COVID-19 pandemic dominated the economic climate throughout 2021 and recovery remains uneven. Continued focus on enhancing risk management capabilities and leveraging our technology will help the Group to emerge stronger from the pandemic, as a more sustainable, innovative, resilient and client-centred bank.

Mark Smith
Group Chief Risk Officer

17 February 2022

Credit quality by client segment

	2021						
		Customers					
Amortised cost	Banks $million	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Central & other items $million	Customer Total $million	Undrawn commitments $million	Financial guarantees $million
Stage 1	43,776	122,368	134,371	22,439	279,178	149,530	54,923
– Strong	30,813	77,826	129,568	22,333	229,727	132,274	37,418
– Satisfactory	12,963	44,542	4,803	106	49,451	17,256	17,505
Stage 2	580	14,818	1,921	110	16,849	8,993	2,813
– Strong	126	2,366	1,253	–	3,619	2,786	714
– Satisfactory	105	11,180	308	–	11,488	5,235	1,546
– Higher risk	349	1,272	360	110	1,742	972	553
Of which (stage 2):							
– Less than 30 days past due	–	77	308	–	385	–	–
– More than 30 days past due	–	49	360	–	409	–	–
Stage 3, credit-impaired financial assets	54	6,520	1,575	–	8,095	–	799
Gross balance[1]	44,410	143,706	137,867	22,549	304,122	158,523	58,535
Stage 1	(12)	(103)	(370)	–	(473)	(42)	(15)
– Strong	(4)	(58)	(283)	–	(341)	(23)	(5)
– Satisfactory	(8)	(45)	(87)	–	(132)	(19)	(10)
Stage 2	(4)	(341)	(183)	–	(524)	(60)	(22)
– Strong	(2)	(62)	(104)	–	(166)	(6)	(1)
– Satisfactory	(2)	(179)	(32)	–	(211)	(46)	(9)
– Higher risk	–	(100)	(47)	–	(147)	(8)	(12)
Of which (stage 2):							
– Less than 30 days past due	–	(2)	(32)	–	(34)	–	–
– More than 30 days past due	–	(3)	(47)	–	(50)	–	–
Stage 3, credit-impaired financial assets	(11)	(3,861)	(796)	–	(4,657)	–	(207)
Total credit impairment	(27)	(4,305)	(1,349)	–	(5,654)	(102)	(244)
Net carrying value	44,383	139,401	136,518	22,549	298,468		
Stage 1	0.0%	0.1%	0.3%	0.0%	0.2%	0.0%	0.0%
– Strong	0.0%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%
– Satisfactory	0.1%	0.1%	1.8%	0.0%	0.3%	0.1%	0.1%
Stage 2	0.7%	2.3%	9.5%	0.0%	3.1%	0.7%	0.8%
– Strong	1.6%	2.6%	8.3%	0.0%	4.6%	0.2%	0.1%
– Satisfactory	1.9%	1.6%	10.4%	0.0%	1.8%	0.9%	0.6%
– Higher risk	0.0%	7.9%	13.1%	0.0%	8.4%	0.8%	2.2%
Of which (stage 2):							
– Less than 30 days past due	0.0%	2.6%	10.4%	0.0%	8.8%	0.0%	0.0%
– More than 30 days past due	0.0%	6.1%	13.1%	0.0%	12.2%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	20.4%	59.2%	50.5%	0.0%	57.5%	0.0%	25.9%
Cover ratio	0.1%	3.0%	1.0%	0.0%	1.9%	0.1%	0.4%
Fair value through profit or loss							
Performing	22,574	69,356	67	1,774	71,197	–	–
– Strong	20,132	53,756	67	1,772	55,595	–	–
– Satisfactory	2,442	15,600	–	2	15,602	–	–
– Higher risk	–	–	–	–	–	–	–
Defaulted (CG13–14)	–	38	–	–	38	–	–
Gross balance (FVTPL)[2]	22,574	69,394	67	1,774	71,235	–	–
Net carrying value (incl FVTPL)	66,957	208,795	136,585	24,323	369,703	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of $7,331 million under Customers and of $1,079 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $61,282 million under Customers and of $18,727 million under Banks, held at fair value through profit or loss

Amortised cost	Banks $million	Customers: Corporate, Commercial & Institutional Banking[3] $million	Customers: Consumer, Private & Business Banking[3] $million	Customers: Central & other items $million	Customers: Customer Total $million	Undrawn commitments $million	Financial Guarantees $million
	2020 (Restated)						
Stage 1	44,015	110,993	126,294	19,150	256,437	143,703	49,489
– Strong[4]	34,961	64,277	120,892	18,889	204,058	122,792	30,879
– Satisfactory[4]	9,054	46,716	5,402	261	52,379	20,911	18,610
Stage 2	349	20,004	2,657	–	22,661	9,698	3,573
– Strong	95	2,756	1,522	–	4,278	3,537	386
– Satisfactory	233	15,105	665	–	15,770	5,522	2,399
– Higher risk	21	2,143	470	–	2,613	639	788
Of which (stage 2):							
– Less than 30 days past due	–	202	663	–	865	–	–
– More than 30 days past due	29	148	480	–	628	–	–
Stage 3, credit-impaired financial assets	–	7,652	1,562	–	9,214	2	770
Gross balance[1]	44,364	138,649	130,513	19,150	288,312	153,403	53,832
Stage 1	(14)	(95)	(438)	(1)	(534)	(39)	(20)
– Strong	(7)	(34)	(328)	–	(362)	(19)	(13)
– Satisfactory	(7)	(61)	(110)	(1)	(172)	(20)	(7)
Stage 2	(3)	(487)	(251)	–	(738)	(78)	(36)
– Strong	–	(42)	(100)	–	(142)	(3)	(3)
– Satisfactory	(3)	(291)	(85)	–	(376)	(44)	(19)
– Higher risk	–	(154)	(66)	–	(220)	(31)	(14)
Of which (stage 2):							
– Less than 30 days past due	–	(6)	(85)	–	(91)	–	–
– More than 30 days past due	–	(6)	(66)	–	(72)	–	–
Stage 3, credit-impaired financial assets	–	(4,610)	(731)	–	(5,341)	–	(194)
Total credit impairment	(17)	(5,192)	(1,420)	(1)	(6,613)	(117)	(250)
Net carrying value	44,347	133,457	129,093	19,149	281,699		
Stage 1	0.0%	0.1%	0.3%	0.0%	0.2%	0.0%	0.0%
– Strong	0.0%	0.1%	0.3%	0.0%	0.2%	0.0%	0.0%
– Satisfactory	0.1%	0.1%	2.0%	0.4%	0.3%	0.1%	0.0%
Stage 2	0.9%	2.4%	9.4%	0.0%	3.3%	0.8%	1.0%
– Strong	0.0%	1.5%	6.6%	0.0%	3.3%	0.1%	0.8%
– Satisfactory	1.3%	1.9%	12.8%	0.0%	2.4%	0.8%	0.8%
– Higher risk	0.0%	7.2%	14.0%	0.0%	8.4%	4.9%	1.8%
Of which (stage 2):							
– Less than 30 days past due	0.0%	3.0%	12.8%	0.0%	10.5%	0.0%	0.0%
– More than 30 days past due	0.0%	4.1%	13.8%	0.0%	11.5%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	0.0%	60.2%	46.8%	0.0%	58.0%	0.0%	25.2%
Cover ratio	0.0%	3.7%	1.1%	0.0%	2.3%	0.1%	0.5%
Fair value through profit or loss							
Performing	22,082	54,384	135	12	54,531	–	–
– Strong	18,100	29,527	133	8	29,668	–	–
– Satisfactory	3,982	24,775	2	4	24,781	–	–
– Higher risk	–	82	–	–	82	–	–
Defaulted (CG13-14)	–	46	–	–	46	–	–
Gross balance (FVTPL)[2]	22,082	54,430	135	12	54,577	–	–
Net carrying value (incl FVTPL)	66,429	187,887	129,228	19,161	336,276	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of $2,919 million under Customers and of $1,247 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of $45,200 million under Customers and of $18,205 million under Banks, held at fair value through profit or loss

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

4 FY 2020 Consumer, Private & Business Banking Stage 1 Gross: Strong restated from $119,766 million to $120,892 million and Satisfactory restated from $6,528 million to $5,402 million. Stage 1 ECL: Strong restated from $307 million to $328 million and Satisfactory restated from $131 million to $110 million

Credit impairment charge (restated[1])

	2021			2020 (Restated)		
	Stage 1 & 2 $million	Stage 3 $million	Total $million	Stage 1 & 2 $million	Stage 3 $million	Total $million
Ongoing business portfolio						
Corporate, Commercial & Institutional Banking[1]	23	(67)	(44)	390	1,139	1,529
Consumer, Private & Business Banking[1]	32	253	285	413	328	741
Central & other items	23	(1)	22	24	–	24
Credit impairment charge/(release)	78	185	263	827	1,467	2,294
Restructuring business portfolio						
Others	(2)	(7)	(9)	–	31	31
Credit impairment charge/(release)	(2)	(7)	(9)	–	31	31
Total credit impairment charge/(release)	76	178	254	827	1,498	2,325

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

COVID-19 relief measures

	Total		Asia		Africa & Middle East[1]		Europe & Americas	
Segment/Product	Outstanding $million	% of portfolio[2]	Outstanding $million	% of portfolio[2]	Outstanding $million	% of portfolio[2]	Outstanding $million	% of portfolio[2]
Credit cards & Personal loans	217	1.2%	74	0.5%	143	7.7%		
Mortgages & Auto	600	0.7%	590	0.7%	10	0.6%		
Business banking	365	4.3%	365	4.4%	–	0.0%		
Total Consumer, Private and Business Banking	1,182	0.9%	1,029	0.9%	153	3.1%		
Corporate, Commercial & Institutional Banking	511	0.2%	388		113		10	
Total at 31 December 2021	1,693	0.5%	1,417		266		10	
Total Consumer, Private and Business Banking	2,372	1.8%	2,206		166			
Corporate, Commercial & Institutional Banking	1,195	0.6%	746		429		20	
Total at 31 December 2020	3,567	1.0%	2,952		595		20	

1 Bahrain's moratoria scheme expired on 31 December 2021. The scheme has been further extended to 30 June 2022 on an opt-in basis, and up to 31 January 2022. Amount includes $151 million of customers who were under moratoria schemes that expired on 31 December 2021 have opted to continue under the extended scheme up to 31 January 2022
2 Percentage of portfolio represents the outstanding amount at 31 December 2021 as a percentage of the gross loans and advances to banks and customers by product and segment and total loans and advances to banks and customers at 31 December 2021 and 2020

Risk review continued

Vulnerable Sectors

Maximum exposure

Amortised cost	2021 Maximum on-balance sheet exposure (net of credit impairment) $million	Collateral $million	Net on-balance sheet exposure $million	Undrawn commitments (net of credit impairment) $million	Financial guarantees (net of credit impairment) $million	Net off-balance sheet exposure $million	Total on & off-balance sheet net exposure $million
Industry:							
Aviation[1]	3,458	2,033	1,425	1,914	431	2,345	3,770
Commodity traders	8,732	262	8,470	2,434	6,832	9,266	17,736
Metals & mining	3,616	450	3,166	3,387	637	4,024	7,190
Commercial real estate	19,847	7,290	12,557	7,192	291	7,483	20,040
Hotels & tourism	2,390	789	1,601	1,363	121	1,484	3,085
Oil & gas	6,826	1,029	5,797	8,842	6,013	14,855	20,652
Total	44,869	11,853	33,016	25,132	14,325	39,457	72,473
Total Corporate, Commercial & Institutional Banking	139,401	26,294	113,107	96,406	49,666	146,072	259,179
Total Group	342,847	138,564	204,283	158,421	58,291	216,712	420,995

Amortised cost	2020 (Restated) Maximum on-balance sheet exposure (net of credit impairment) $million	Collateral $million	Net on-balance sheet exposure $million	Undrawn commitments (net of credit impairment) $million	Financial guarantees (net of credit impairment) $million	Net off-balance sheet exposure $million	Total on & off-balance sheet net exposure $million
Industry:							
Aviation[1,2]	4,255	2,106	2,149	1,321	531	1,852	4,001
Commodity traders	8,664	318	8,346	2,189	4,459	6,648	14,994
Metals & mining	3,882	513	3,369	2,850	886	3,736	7,105
Commercial real estate	19,090	8,004	11,086	5,283	313	5,596	16,682
Hotels & tourism	2,557	1,110	1,447	1,185	110	1,295	2,742
Oil & gas	7,199	1,032	6,167	8,332	5,587	13,919	20,086
Total	45,647	13,083	32,564	21,160	11,886	33,046	65,610
Total Corporate, Commercial & Institutional Banking	133,457	27,561	105,896	92,001	46,725	138,726	244,622
Total Group	326,046	131,447	194,599	153,286	53,582	206,868	401,467

1 As a result of industry classification changes in 2021, FY 2020 on-balance sheet exposure has been restated by $416 million to make the numbers comparable
2 In addition to the aviation sector loan exposures, the Group owns $3.1 billion (31 December 2020: $3.9 billion) of aircraft under operating leases. Refer to Operating lease assets

Loans and advances by stage

	2021											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million
Industry:												
Aviation	1,120	–	1,120	2,174	(11)	2,163	239	(64)	175	3,533	(75)	3,458
Commodity traders	8,482	(4)	8,478	195	(5)	190	713	(649)	64	9,390	(658)	8,732
Metals & mining	3,083	(1)	3,082	450	(17)	433	219	(118)	101	3,752	(136)	3,616
Commercial real estate	17,680	(43)	17,637	1,787	(75)	1,712	833	(335)	498	20,300	(453)	19,847
Hotels & tourism	1,562	(1)	1,561	722	(9)	713	182	(66)	116	2,466	(76)	2,390
Oil & gas	4,999	(5)	4,994	1,595	(34)	1,561	486	(215)	271	7,080	(254)	6,826
Total	36,926	(54)	36,872	6,923	(151)	6,772	2,672	(1,447)	1,225	46,521	(1,652)	44,869
Total Corporate, Commercial & Institutional Banking	122,368	(103)	122,265	14,818	(341)	14,477	6,520	(3,861)	2,659	143,706	(4,305)	139,401
Total Group	322,951	(485)	322,466	17,429	(529)	16,900	8,147	(4,666)	3,481	348,527	(5,680)	342,847

	2020 (Restated)											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million	Gross balance $million	Total credit impair-ment $million	Net carrying amount $million
Industry:												
Aviation[1]	2,193	(1)	2,192	1,909	(26)	1,883	258	(78)	180	4,360	(105)	4,255
Commodity traders	8,067	(3)	8,064	473	(12)	461	799	(660)	139	9,339	(675)	8,664
Metals & mining	3,128	(3)	3,125	677	(18)	659	210	(112)	98	4,015	(133)	3,882
Commercial real estate	15,847	(13)	15,834	3,068	(34)	3,034	408	(186)	222	19,323	(233)	19,090
Hotels & tourism	1,318	(2)	1,316	1,168	(18)	1,150	138	(47)	91	2,624	(67)	2,557
Oil & gas	5,650	(7)	5,643	1,548	(69)	1,479	276	(199)	77	7,474	(275)	7,199
Total	36,203	(29)	36,174	8,843	(177)	8,666	2,089	(1,282)	807	47,135	(1,488)	45,647
Total Corporate, Commercial & Institutional Banking	110,993	(95)	110,898	20,004	(487)	19,517	7,652	(4,610)	3,042	138,649	(5,192)	133,457
Total Group	300,452	(548)	299,904	23,010	(741)	22,269	9,214	(5,341)	3,873	332,676	(6,630)	326,046

1 As a result of industry classification changes in 2021, FY 2020 gross has been restated by $416 million (Stage 1 $120 million and Stage 2 $296 million) to make the numbers comparable

Capital review

Capital ratios

	31.12.21	30.09.21	Change[4]	30.06.21	Change[4]	31.12.20	Change[4]
CET1	**14.1%**	14.6%	(0.5)	14.1%	-	14.4%	(0.3)
Tier 1 capital	**16.6%**	17.2%	(0.6)	16.4%	0.2	16.5%	0.1
Total capital	**21.3%**	22.0%	(0.7)	21.1%	0.2	21.2%	0.1

CRD IV Capital base[1] (audited)

	31.12.21 $million	30.09.21 $million	Change[4] %	30.06.21 $million	Change[4] %	31.12.20 $million	Change[4] %
CET1 capital instruments and reserves							
Capital instruments and the related share premium accounts	**5,528**	5,528	-	5,548	-	5,564	(1)
Of which: share premium accounts	**3,989**	3,989	-	3,989	-	3,989	-
Retained earnings[2]	**24,968**	25,210	(1)	25,695	(3)	25,723	(3)
Accumulated other comprehensive income (and other reserves)	**11,805**	11,936	(1)	12,278	(4)	12,688	(7)
Non-controlling interests (amount allowed in consolidated CET1)	**201**	197	2	191	5	180	12
Independently audited year-end profits	**2,346**	2,691	(13)	1,924	22	718	227
Foreseeable dividends	**(493)**	(744)	34	(315)	(57)	(481)	(2)
CET1 capital before regulatory adjustments	**44,355**	44,818	(1)	45,321	(2)	44,392	-
CET1 regulatory adjustments					-		-
Additional value adjustments (prudential valuation adjustments)	**(665)**	(569)	(17)	(632)	(5)	(490)	(36)
Intangible assets (net of related tax liability)[3]	**(4,392)**	(4,164)	(5)	(4,072)	(8)	(4,274)	(3)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	**(150)**	(152)	1	(109)	(38)	(138)	(9)
Fair value reserves related to net losses on cash flow hedges	**34**	24	42	38	(11)	52	(35)
Deduction of amounts resulting from the calculation of excess expected loss	**(580)**	(696)	17	(864)	33	(701)	17
Net gains on liabilities at fair value resulting from changes in own credit risk	**15**	45	(67)	53	(72)	52	(71)
Defined-benefit pension fund assets	**(159)**	(62)	(156)	(60)	(165)	(40)	(298)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	**(60)**	(45)	(33)	(46)	(30)	(48)	(25)
Exposure amounts which could qualify for risk weighting of 1,250%	**(36)**	(32)	(13)	(40)	10	(26)	(38)
Total regulatory adjustments to CET1	**(5,993)**	(5,651)	(6)	(5,732)	(5)	(5,613)	(7)
CET1 capital	**38,362**	39,167	(2)	39,589	(3)	38,779	(1)
Additional Tier 1 capital (AT1) instruments	**6,811**	6,811	-	6,313	8	5,632	21
AT1 regulatory adjustments	**(20)**	(20)	-	(20)	-	(20)	-
Tier 1 capital	**45,153**	45,958	(2)	45,882	(2)	44,391	2
					-		-
Tier 2 capital instruments	**12,521**	12,943	(3)	13,309	(6)	12,687	(1)
Tier 2 regulatory adjustments	**(30)**	(30)	-	(30)	-	(30)	-
Tier 2 capital	**12,491**	12,913	(3)	13,279	(6)	12,657	(1)
Total capital	**57,644**	58,871	(2)	59,161	(3)	57,048	1
Total risk-weighted assets (unaudited)	**271,233**	267,555	1	280,227	(3)	268,834	1

1 CRD capital is prepared on the regulatory scope of consolidation
2 Retained earnings includes IFRS9 capital relief (transitional) of $252 million, including dynamic relief of $40 million
3 The deduction of intangible assets includes software deduction relief of $1,005 million available as per CRR 'Quick Fix' measures. (FY20 software deduction relief of $677 million)
4 Change is the percentage point difference between two periods, rather than percentage change
5 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Capital review continued

Movement in total capital (audited)

	2021 $million	2020 $million
CET1 at 1 January	**38,779**	36,513
Ordinary shares issued in the period and share premium	**–**	–
Share buy-back	**(506)**	(242)
Profit for the period	**2,346**	718
Foreseeable dividends deducted from CET1	**(493)**	(481)
Difference between dividends paid and foreseeable dividends	**(303)**	476
Movement in goodwill and other intangible assets	**(118)**	1,044
Foreign currency translation differences	**(652)**	700
Non-controlling interests	**21**	(543)
Movement in eligible other comprehensive income	**(306)**	324
Deferred tax assets that rely on future profitability	**(12)**	(9)
Decrease/(increase) in excess expected loss	**121**	121
Additional value adjustments (prudential valuation adjustment)	**(175)**	125
IFRS 9 transitional impact on regulatory reserves including day one	**(142)**	35
Exposure amounts which could qualify for risk weighting	**(10)**	36
Fair value gains arising from the institution's own Credit Risk related to derivative liabilities	**(12)**	(10)
Other	**(176)**	(28)
CET1 at 31 December	**38,362**	38,779
AT1 at 1 January	**5,612**	7,164
Net issuances (redemptions)	**1,736**	(995)
Foreign currency translation difference	**(2)**	8
Excess on AT1 grandfathered limit (ineligible)	**(555)**	(565)
AT1 at 31 December	**6,791**	5,612
Tier 2 capital at 1 January	**12,657**	12,288
Regulatory amortisation	**(1,035)**	(463)
Net issuances (redemptions)	**573**	(69)
Foreign currency translation difference	**(181)**	257
Tier 2 ineligible minority interest	**(81)**	82
Recognition of ineligible AT1	**555**	565
Other	**3**	(3)
Tier 2 capital at 31 December	**12,491**	12,657
Total capital at 31 December	**57,644**	57,048

The main movements in capital in the period were:

- CET1 capital decreased by $0.4 billion as retained profits of $2.3 billion were more than offset by share buy-backs of $0.5 billion, distributions paid and foreseeable of $0.8 billion, foreign currency translation impact of $0.7 billion, movement in other comprehensive income of $0.3 billion and an increase in regulatory deductions and other movements of $0.4 billion.
- AT1 capital increased by $1.2 billion following the issuance of $1.25 billion 4.75 per cent and $1.5 billion 4.3 per cent AT1 securities partly offset by the repurchase of $1 billion 7.5 per cent AT1 securities via a tender offer and the phasing out of $0.6 billion of grandfathered instruments.
- Tier 2 capital decreased by $0.2 billion as issuance of $1.2 billion of new Tier 2 instruments and recognition of ineligible AT1 were more than offset by regulatory amortisation and the redemption of $0.5 billion of Tier 2 during the year.

Capital review continued

Risk-weighted assets by business

	31.12.21			
	Credit risk $million	**Operational risk $million**	**Market risk $million**	**Total risk $million**
Corporate, Commercial & Institutional Banking	**125,904**	**16,595**	**20,789**	**163,288**
Consumer, Private & Business Banking	**42,733**	**8,504**	**-**	**51,237**
Central & other items	**50,951**	**2,017**	**3,740**	**56,708**
Total risk-weighted assets	**219,588**	**27,116**	**24,529**	**271,233**

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

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

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

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

Risk-weighted assets by geographic region

	31.12.21 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 (Restated) $million	Change[1] %
Asia[2]	**170,381**	172,205	(1)	182,172	(6)	174,283	(2)
Africa & Middle East	**48,852**	49,040	-	52,596	(7)	51,149	(4)
Europe & Americas	**50,283**	48,476	4	48,556	4	45,758	10
Central & other items	**1,717**	(2,166)	179	(3,097)	155	(2,356)	173
Total risk-weighted assets	**271,233**	267,555	1	280,227	(3)	268,834	1

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods
2 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Movement in risk-weighted assets

	Credit Risk						
	Commercial, Corporate & Institutional Banking[2] $million	Consumer, Private & Business Banking[2] $million	Central & other items $million	Total $million	Operational Risk $million	Market Risk $million	Total risk $million
At 31 December 2019	123,667	42,819	49,178	215,664	27,620	20,806	264,090
At 1 January 2020[1]	123,611	42,875	49,178	215,664	27,620	20,806	264,090
Assets growth mix	(9,743)	520	3,711	(5,512)	–	–	(5,512)
Asset quality	12,190	323	2,409	14,922	–	–	14,922
Risk-weighted assets efficiencies	(71)	–	–	(71)	–	–	(71)
Model, methodology and policy changes	247	134	661	1,042	–	(1,500)	(458)
Disposals	–	–	(7,859)	(7,859)	(1,003)	(159)	(9,021)
Foreign currency translation	1,429	903	(77)	2,255	–	–	2,255
Other non-credit risk movements	–	–	–	–	183	2,446	2,629
At 31 December 2020	**127,663**	**44,755**	**48,023**	**220,441**	**26,800**	**21,593**	**268,834**
Assets growth mix	**2,278**	**3,614**	**4,350**	**10,242**	**–**	**–**	**10,242**
Asset quality	**(1,537)**	**(662)**	**13**	**(2,186)**	**–**	**–**	**(2,186)**
Risk-weighted assets efficiencies	**(415)**	**(30)**	**(657)**	**(1,102)**	**–**	**–**	**(1,102)**
Model, methodology and policy changes	**–**	**(3,701)**	**–**	**(3,701)**	**–**	**2,065**	**(1,636)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation	**(2,085)**	**(1,243)**	**(1,106)**	**(4,434)**	**–**	**–**	**(4,434)**
Other non-credit risk movements	**–**	**–**	**328**	**328**	**316**	**871**	**1,515**
At 31 December 2021	**125,904**	**42,733**	**50,951**	**219,588**	**27,116**	**24,529**	**271,233**

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments. 1 January 2020 balances have been restated
2 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking and Private Banking and Retail Banking to Consumer, Private & Business Banking. Prior period has been restated

Movements in risk-weighted assets

RWA increased by $2.4 billion, or 0.9 per cent from 31 December 2020 to $271.2 billion. This was mainly due to increases in Market Risk RWA of $2.9 billion and Operational Risk RWA of $0.3 billion, partly offset by a decrease in Credit Risk RWA of $0.9 billion.

Capital review continued

UK leverage ratio

	31.12.21 $million	30.09.21 $million	Change[3] %	30.06.21 $million	Change[3] %	31.12.20 $million	Change[3] %
Tier 1 capital (transitional)	45,153	45,958	(2)	45,882	(2)	44,391	2
Additional Tier 1 capital subject to phase out	(557)	(557)	-	(557)	-	(1,114)	50
Tier 1 capital (end point)[1]	**44,596**	45,401	(2)	45,325	(2)	43,277	3
Derivative financial instruments	52,445	52,668	-	52,254	-	69,467	(25)
Derivative cash collateral	9,217	10,639	(13)	9,832	(6)	11,759	(22)
Securities financing transactions (SFTs)	88,418	78,747	12	69,555	27	67,570	31
Loans and advances and other assets	677,738	675,048	-	664,269	2	640,254	6
Total on-balance sheet assets	**827,818**	817,102	1	795,910	4	789,050	5
Regulatory consolidation adjustments[2]	(63,704)	(72,047)	12	(67,508)	6	(60,059)	(6)
Derivatives adjustments			-		-		-
Derivatives netting	(34,819)	(33,996)	(2)	(33,043)	(5)	(44,257)	21
Adjustments to cash collateral	(17,867)	(18,089)	1	(16,784)	(6)	(21,278)	16
Net written credit protection	1,534	1,551	(1)	1,505	2	1,284	19
Potential future exposure on derivatives	50,857	51,199	(1)	49,471	3	42,410	20
Total derivatives adjustments	(295)	665	(144)	1,149	(126)	(21,841)	99
Counterparty risk leverage exposure measure for SFTs	13,724	14,711	(7)	9,178	50	4,969	176
Off-balance sheet items	139,505	135,572	3	133,785	4	128,167	9
Regulatory deductions from Tier 1 capital	(5,908)	(5,584)	(6)	(5,682)	(4)	(5,521)	(7)
UK leverage exposure (end point)	**911,140**	890,419	2	866,832	5	834,765	9
UK leverage ratio (end point)	**4.9%**	5.1%	(0.2)	5.2%	(0.3)	5.2%	(0.3)
UK leverage exposure quarterly average	**897,992**	873,156	3	879,678	2	837,147	7
UK leverage ratio quarterly average	**5.0%**	5.2%	(0.2)	5.1%	(0.1)	5.2%	(0.2)
Countercyclical leverage ratio buffer	**0.1%**	0.1%	-	0.1%	-	0.0%	0.1
G-SII additional leverage ratio buffer	**0.4%**	0.4%	-	0.4%	-	0.4%	-

1 Tier 1 Capital (end point) is adjusted only for Grandfathered Additional Tier 1 instruments
2 Includes adjustment for qualifying central bank claims
3 Change is the percentage point difference between two periods, rather than percentage change

Financial statements

Consolidated income statement

For the year ended 31 December 2021

	Notes	2021 $million	2020 $million
Interest income		10,246	12,292
Interest expense		(3,448)	(5,440)
Net interest income	3	6,798	6,852
Fees and commission income		4,458	3,865
Fees and commission expense		(736)	(705)
Net fee and commission income	4	3,722	3,160
Net trading income	5	3,431	3,672
Other operating income	6	750	1,070
Operating income		14,701	14,754
Staff costs		(7,668)	(6,886)
Premises costs		(387)	(412)
General administrative expenses		(1,688)	(1,831)
Depreciation and amortisation		(1,181)	(1,251)
Operating expenses	7	(10,924)	(10,380)
Operating profit before impairment losses and taxation		3,777	4,374
Credit impairment	8	(254)	(2,325)
Goodwill, property, plant and equipment and other impairment	9	(372)	(587)
Profit from associates and joint ventures	32	196	151
Profit before taxation		3,347	1,613
Taxation	10	(1,034)	(862)
Profit for the year		2,313	751
Profit attributable to:			
Non-controlling interests	29	(2)	27
Parent company shareholders		2,315	724
Profit for the year		2,313	751

		cents	cents
Earnings per share:			
Basic earnings per ordinary share	12	61.3	10.4
Diluted earnings per ordinary share	12	60.4	10.3

The notes form an integral part of these financial statements and are available in the Annual Report 2021.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Notes	2021 $million	2020 $million
Profit for the year		2,313	751
Other comprehensive (loss)/income:			
Items that will not be reclassified to income statement:		309	(9)
Own credit gains/(losses) on financial liabilities designated at fair value through profit or loss		43	(55)
Equity instruments at fair value through other comprehensive income		169	62
Actuarial gains on retirement benefit obligations	30	179	1
Taxation relating to components of other comprehensive income	10	(82)	(17)
Items that may be reclassified subsequently to income statement:		(1,081)	922
Exchange differences on translation of foreign operations:			
Net (losses)/gains taken to equity		(791)	657
Net gains/(losses) on net investment hedges		118	(287)
Reclassified to income statement on sale of joint venture		–	246
Share of other comprehensive income/(loss) from associates and joint ventures		10	(37)
Debt instruments at fair value through other comprehensive income:			
Net valuation (losses)/gains taken to equity		(386)	815
Reclassified to income statement		(157)	(431)
Net impact of expected credit losses		31	21
Cash flow hedges:			
Net losses taken to equity		(1)	(25)
Reclassified to income statement	14	21	17
Taxation relating to components of other comprehensive income	10	74	(54)
Other comprehensive (loss)/income for the year, net of taxation		(772)	913
Total comprehensive income for the year		1,541	1,664
Total comprehensive income attributable to:			
Non-controlling interests	29	(17)	15
Parent company shareholders		1,558	1,649
Total comprehensive income for the year		1,541	1,664

The notes form an integral part of these financial statements and are available in the Annual Report 2021.

Consolidated balance sheet

As at 31 December 2021

	Notes	2021 $million	2020 $million
Assets			
Cash and balances at central banks	13,35	**72,663**	66,712
Financial assets held at fair value through profit or loss	13	**129,121**	106,787
Derivative financial instruments	13,14	**52,445**	69,467
Loans and advances to banks	13,15	**44,383**	44,347
Loans and advances to customers	13,15	**298,468**	281,699
Investment securities	13	**163,437**	153,315
Other assets	20	**49,932**	48,688
Current tax assets	10	**766**	808
Prepayments and accrued income		**2,176**	2,122
Interests in associates and joint ventures	32	**2,147**	2,162
Goodwill and intangible assets	17	**5,471**	5,063
Property, plant and equipment	18	**5,616**	6,515
Deferred tax assets	10	**859**	919
Assets classified as held for sale	21	**334**	446
Total assets		**827,818**	789,050
Liabilities			
Deposits by banks	13	**30,041**	30,255
Customer accounts	13	**474,570**	439,339
Repurchase agreements and other similar secured borrowing	13	**3,260**	1,903
Financial liabilities held at fair value through profit or loss	13	**85,197**	68,373
Derivative financial instruments	13,14	**53,399**	71,533
Debt securities in issue	13,22	**61,293**	55,550
Other liabilities	23	**44,314**	47,904
Current tax liabilities	10	**348**	660
Accruals and deferred income		**4,651**	4,546
Subordinated liabilities and other borrowed funds	13,27	**16,646**	16,654
Deferred tax liabilities	10	**800**	695
Provisions for liabilities and charges	24	**453**	466
Retirement benefit obligations	30	**210**	443
Total liabilities		**775,182**	738,321
Equity			
Share capital and share premium account	28	**7,022**	7,058
Other reserves		**11,805**	12,688
Retained earnings		**27,184**	26,140
Total parent company shareholders' equity		**46,011**	45,886
Other equity instruments	28	**6,254**	4,518
Total equity excluding non-controlling interests		**52,265**	50,404
Non-controlling interests	29	**371**	325
Total equity		**52,636**	50,729
Total equity and liabilities		**827,818**	789,050

The notes form an integral part of these financial statements and are available in the Annual Report 2021.

These financial statements were approved by the Board of Directors and authorised for issue on 17 February 2022 and signed on its behalf by:

José Viñals
Group Chairman

Bill Winters
Group Chief Executive

Andy Halford
Group Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Ordinary share capital and share premium account $million	Preference share capital and share premium account $million	Capital and merger reserves[1] $million	Own credit adjustment reserve $million	Fair value through other comprehensive income reserve – debt $million	Fair value through other comprehensive income reserve – equity $million	Cash flow hedge reserve $million	Translation reserve $million	Retained earnings $million	Parent company shareholders' equity $million	Other equity instruments $million	Non-controlling interests $million	Total $million
As at 1 January 2020	5,584	1,494	17,187	2	197	150	(59)	(5,792)	26,072	44,835	5,513	313	50,661
Profit for the year	–	–	–	–	–	–	–	–	724	724	–	27	751
Other comprehensive (loss)/income	–	–	–	(54)	332	(2)	7	631	11[2]	925	–	(12)	913
Distributions	–	–	–	–	–	–	–	–	–	–	–	(20)	(20)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	992	–	992
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(13)	(13)	(1,987)	–	(2,000)
Treasury shares purchased	–	–	–	–	–	–	–	–	(98)	(98)	–	–	(98)
Treasury shares issued	–	–	–	–	–	–	–	–	8	8	–	–	8
Share option expenses	–	–	–	–	–	–	–	–	133	133	–	–	133
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(395)	(395)	–	–	(395)
Share buy-back[3]	(20)	–	20	–	–	–	–	–	(242)	(242)	–	–	(242)
Other movements	–	–	–	–	–	–	–	69	(60)[4]	9	–	17[5]	26
As at 31 December 2020	5,564	1,494	17,207	(52)	529	148	(52)	(5,092)	26,140	45,886	4,518	325	50,729
Profit/(loss) for the year	–	–	–	–	–	–	–	–	2,315	2,315	–	(2)	2,313
Other comprehensive income/(loss)	–	–	–	37	(426)	101	18	(662)	175[2]	(757)	–	(15)	(772)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	2,728	–	2,728
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(51)	(51)	(992)	–	(1,043)
Treasury shares purchased	–	–	–	–	–	–	–	–	(242)	(242)	–	–	(242)
Treasury shares issued	–	–	–	–	–	–	–	–	7	7	–	–	7
Share option expenses	–	–	–	–	–	–	–	–	147	147	–	–	147
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(374)	(374)	–	–	(374)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(410)	(410)	–	–	(410)
Share buy-back[6,7]	(39)	–	39	–	–	–	–	–	(506)	(506)	–	–	(506)
Other movements	3	–	–	–	–	–	–	10	(17)[8]	(4)	–	94[9]	90
As at 31 December 2021	5,528	1,494	17,246	(15)	103	249	(34)	(5,744)	27,184	46,011	6,254	371	52,636

1 Includes capital reserve of $5 million, capital redemption reserve of $130 million and merger reserve of $17,111 million
2 Comprises actuarial gain, net of taxation on Group defined benefit scheme
3 On 28 February 2020, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $20 million, and the total consideration paid was $242 million. The total number of shares purchased was 40,029,585 representing 1.25 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account. On 1 April 2020, the Group announced that, in response to a request from the Prudential Regulation Authority and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, its Board had decided after careful consideration to withdraw the recommendation to pay a final dividend for 2019 of 20 cents per ordinary share, and to suspend the buy-back programme
4 Includes $69 million related to prior period adjustments to reclass FX movements from translation reserve to retained earnings ($45 million related to FX movements of the hedging instruments for net investment hedges and $24 million related to FX movements for monetary items, which were considered structural positions)
5 Movement related to non-controlling interest from Mox Bank Limited
6 On 25 February 2021, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $19 million, and the total consideration paid was $255 million (including $2 million of fees and stamp duty). The total number of shares purchased was 37,148,399 representing 1.18 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
7 On 3 August 2021, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $20 million, and the total consideration paid was $251 million (including $1 million of fees and stamp duty). The total number of shares purchased was 39,914,763 representing 1.28 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
8 Movement related to Translation adjustment and AT1 securities charges
9 Movements related to non-controlling interest from Mox Bank Limited ($21 million), Trust Bank Singapore Limited ($70 million) and Zodia Markets Holdings Limited ($3 million)

Note 28 includes a description of each reserve and is available in the Annual Report 2021.

The notes form an integral part of these financial statements and are available in the Annual Report 2021.

Basis of preparation

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

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

Going concern

These financial statements were approved by the Board of Directors on 17 February 2022. The directors have made an assessment of the Group's ability to continue as a going concern. This assessment has been made having considered the impact of COVID-19, macroeconomic and geopolitical headwinds, including:

- A review of the Group Strategy and Corporate Plan, both of which cover a year from the date of signing the annual report
- An assessment of the actual performance to date, loan book quality, credit impairment, legal, regulatory and compliance matters, and the updated annual budget
- Consideration of stress testing performed, including both the Bank of England annual stress test and a Group Recovery and Resolution Plan (RRP) as submitted to the PRA. Both these submissions include the application of stressed scenarios including; COVID-19 additional waves with the accompanying economic shocks, credit impact and short term liquidity shocks. Under the tests and through the range of scenarios, the results of these exercises and the RRP demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet minimum regulatory capital and liquidity requirements
- Analysis of the capital, funding and liquidity position of the Group, including the capital and leverage ratios, and ICAAP which summarises the Group's capital and risk assessment processes, assesses its capital requirements and the adequacy of resources to meet them. Further, funding and liquidity was considered in the context of the risk appetite metrics, including the ADR and LCR ratios
- The Group's Internal Liquidity Adequacy Assessment Process (ILAAP), which considers the Group's liquidity position, its framework and whether sufficient liquidity resources are being maintained to meet liabilities as they fall due, was also reviewed
- The level of debt in issue, including redemptions and issuances during the year, debt falling due for repayment in the next 12 months and further planned debt issuances, including the appetite in the market for the Group's debt
- A detailed review of all principal and emerging risks

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of 12 months from 17 February 2022. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

Other supplementary financial information

Average balance sheets and yields and volume and price variances

Average balance sheets and yields

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

- Statutory net interest income is adjusted to remove interest expense on amortised cost liabilities used to provide funding to the Financial Markets business
- Financial instruments measured at fair value through profit or loss are classified as non-interest earning
- Premiums on financial guarantees purchased to manage interest earning assets are treated as interest expense

In the Group's view this results in a net interest margin that is more reflective of banking book performance.

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 31 December 2021 and 31 December 2020 under the revised definition of net interest margin. For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.

Average assets

	2021				
	Average non-interest earning balance $million	Average interest earning balance $million	Interest income $million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	23,612	55,991	92	0.16	0.12
Gross loans and advances to banks	22,335	45,953	490	1.07	0.72
Gross loans and advances to customers	56,582	307,552	7,574	2.46	2.08
Impairment provisions against loans and advances to banks and customers	–	(6,013)	–	–	–
Investment securities	32,250	155,925	2,090	1.34	1.11
Property, plant and equipment and intangible assets	8,869	–	–	–	–
Prepayments, accrued income and other assets	111,564	–	–	–	–
Investment associates and joint ventures	2,330	–	–	–	–
Total average assets	**257,542**	**559,408**	**10,246**	**1.83**	**1.25**

	2020				
	Average non-interest earning balance $million	Average interest earning balance $million	Interest income $million	Gross yield interest earning balance %	Gross yield total balance %
Cash and balances at central banks	18,185	43,210	113	0.26	0.18
Gross loans and advances to banks	27,684	54,142	801	1.48	0.98
Gross loans and advances to customers	51,322	291,432	8,558	2.94	2.50
Impairment provisions against loans and advances to banks and customers	–	(6,526)	–	–	–
Investment securities	28,313	144,112	2,820	1.96	1.64
Property, plant and equipment and intangible assets	9,787	–	–	–	–
Prepayments, accrued income and other assets	116,263	–	–	–	–
Investment associates and joint ventures	2,122	–	–	–	–
Total average assets	253,676	526,370	12,292	2.34	1.58

Other supplementary financial information continued

Average liabilities

	2021				
	Average non-interest bearing balance $million	**Average interest bearing balance $million**	**Interest expense $million**	**Rate paid bearing balance %**	**Rate paid total balance %**
Deposits by banks	**18,486**	**27,402**	**136**	**0.50**	**0.30**
Customer accounts:					
Current accounts and savings deposits	**51,104**	**262,191**	**848**	**0.32**	**0.27**
Time and other deposits	**54,658**	**149,367**	**1,348**	**0.90**	**0.66**
Debt securities in issue	**6,288**	**59,135**	**566**	**0.96**	**0.87**
Accruals, deferred income and other liabilities	**115,477**	**1,149**	**53**	**4.61**	**0.05**
Subordinated liabilities and other borrowed funds	**–**	**16,525**	**497**	**3.01**	**3.01**
Non-controlling interests	**343**	**–**	**–**	**–**	**–**
Shareholders' funds	**51,307**	**–**	**–**	**–**	**–**
	297,663	**515,769**	**3,448**	**0.67**	**0.42**
Adjustment for Financial Markets funding costs			**(97)**		
Financial guarantee fees on interest earning assets			**99**		
Total average liabilities and shareholders' funds	**297,663**	**515,769**	**3,450**	**0.67**	**0.42**

	2020				
	Average non-interest bearing balance $million	Average interest bearing balance $million	Interest expense $million	Rate paid bearing balance %	Rate paid total balance %
Deposits by banks	17,899	27,178	237	0.87	0.53
Customer accounts:					
Current accounts and savings deposits	43,729	226,278	1,140	0.50	0.42
Time and other deposits	58,789	154,865	2,531	1.63	1.18
Debt securities in issue	6,883	52,391	836	1.60	1.41
Accruals, deferred income and other liabilities	122,194	1,169	59	5.05	0.05
Subordinated liabilities and other borrowed funds	–	16,170	637	3.94	3.94
Non-controlling interests	319	–	–	–	–
Shareholders' funds	50,377	–	–	–	–
	300,190	478,051	5,440	1.14	0.70
Adjustment for Financial Markets funding costs			(173)		
Financial guarantee fees on interest earning assets			104		
Total average liabilities and shareholders' funds	300,190	478,051	5,371	1.12	0.69

Other supplementary financial information continued

Volume and price variances

The following table analyses the estimated change in the Group's net interest income attributable to changes in the average volume of interest-earning assets and interest-bearing liabilities, and changes in their respective interest rates for the years presented. Volume and rate variances have been determined based on movements in average balances and average exchange rates over the year and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	2021 versus 2020		
	(Decrease)/increase in interest due to:		Net increase/ (decrease) in interest $million
	Volume $million	Rate $million	
Interest earning assets			
Cash and unrestricted balances at central banks	21	(42)	(21)
Loans and advances to banks	(87)	(224)	(311)
Loans and advances to customers	418	(1,402)	(984)
Investment securities	158	(888)	(730)
Total interest earning assets	510	(2,556)	(2,046)
Interest bearing liabilities			
Subordinated liabilities and other borrowed funds	11	(151)	(140)
Deposits by banks	1	(102)	(101)
Customer accounts:			
Current accounts and savings deposits	123	(420)	(297)
Time and other deposits	(50)	(1,134)	(1,184)
Debt securities in issue	65	(335)	(270)
Total interest bearing liabilities	150	(2,142)	(1,992)

	2020 versus 2019		
	(Decrease)/increase in interest due to:		Net increase/ (decrease) in interest $million
	Volume $million	Rate $million	
Interest earning assets			
Cash and unrestricted balances at central banks	37	(253)	(216)
Loans and advances to banks	(102)	(931)	(1,033)
Loans and advances to customers	442	(2,659)	(2,217)
Investment securities	191	(982)	(791)
Total interest earning assets	568	(4,825)	(4,257)
Interest bearing liabilities			
Subordinated liabilities and other borrowed funds	44	(163)	(119)
Deposits by banks	(4)	(498)	(502)
Customer accounts:			
Current accounts and savings deposits	233	(1,148)	(915)
Time and other deposits	(213)	(1,409)	(1,622)
Debt securities in issue	49	(333)	(284)
Total interest bearing liabilities	109	(3,551)	(3,442)

Other supplementary financial information continued

Five-year summary[1]

	2021 $million	2020 $million	2019 $million	2018 $million	2017 $million
Operating profit before impairment losses and taxation	**3,777**	4,374	4,484	3,142	4,008
Impairment losses on loans and advances and other credit risk provisions	**(254)**	(2,325)	(908)	(653)	(1,362)
Other impairment	**(372)**	(98)	(136)	(182)	(179)
Profit before taxation	**3,347**	1,613	3,713	2,548	2,415
Profit/(loss) attributable to shareholders	**2,315**	724	2,303	1,054	1,219
Loans and advances to banks[2]	**44,383**	44,347	53,549	61,414	78,188
Loans and advances to customers[2]	**298,468**	281,699	268,523	256,557	282,288
Total assets	**827,818**	789,050	720,398	688,762	663,501
Deposits by banks[2]	**30,041**	30,255	28,562	29,715	30,945
Customer accounts[2]	**474,570**	439,339	405,357	391,013	370,509
Shareholders' equity	**46,011**	45,886	44,835	45,118	46,505
Total capital resources[3]	**69,282**	67,383	66,868	65,353	68,983
Information per ordinary share					
Basic earnings/(loss) per share	**61.3c**	10.4c	57.0c	18.7c	23.5c
Underlying earnings per share	**76.2c**	36.1c	75.7c	61.4c	47.2c
Dividends per share[4]	**–**	–	22.0c	17.0c	–
Net asset value per share	**1,456.4c**	1,409.3c	1,358.3c	1,319.3c	1,366.9c
Net tangible asset value per share	**1,277.0c**	1,249.0c	1,192.5c	1,167.7c	1,214.7c
Return on assets[5]	**0.3%**	0.1%	0.3%	0.3%	0.2%
Ratios					
Statutory return on ordinary shareholders' equity	**4.2%**	0.8%	4.2%	1.4%	1.7%
Statutory return on ordinary shareholders' tangible equity	**4.8%**	0.9%	4.8%	1.6%	2.0%
Underlying return on ordinary shareholders' equity	**5.3%**	2.6%	5.6%	4.6%	3.5%
Underlying return on ordinary shareholders' tangible equity	**6.0%**	3.0%	6.4%	5.1%	3.9%
Statutory cost to income ratio (excluding UK Bank Levy)	**73.6%**	68.1%	68.7%	76.6%	70.7%
Statutory cost to income ratio (including UK Bank Levy)	**74.3%**	70.4%	70.9%	78.8%	72.2%
Underlying cost to income ratio (excluding UK Bank levy)	**69.8%**	66.4%	65.9%	67.7%	69.3%
Underlying cost to income ratio (including UK Bank levy)	**70.5%**	68.7%	68.2%	69.9%	70.8%
Capital ratios:					
CET 1[6]	**14.1%**	14.4%	13.8%	14.2%	13.6%
Total capital[6]	**21.3%**	21.2%	21.2%	21.6%	21.0%

1 The amounts for the financial year ended 2017 are presented in line with IAS 39 and, therefore, not on a comparable basis to the current financial year presented in accordance with IFRS 9
2 Excludes amounts held at fair value through profit or loss
3 Shareholders' funds, non-controlling interests and subordinated loan capital
4 Dividend paid during the year per share
5 Represents profit attributable to shareholders divided by the total assets of the Group
6 Unaudited

Shareholder information

Dividend and interest payment dates

Ordinary shares	Final dividend
Results and dividend announced	17 February 2022
Ex-dividend date	24 (UK) 23 (HK) February 2022
Record date for dividend	25 February 2022
Last date to amend currency election instructions for cash dividend*	12 April 2022
Dividend payment date	12 May 2022

* In either US dollars, sterling, or Hong Kong dollars

Preference shares	1st half yearly dividend	2nd half yearly dividend
7³⁄₈ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2022	1 October 2022
8¹⁄₄ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2022	1 October 2022
6.409 per cent non-cumulative redeemable preference shares of $5 each	30 January and 30 April 2022	30 July and 30 October 2022
7.014 per cent non-cumulative redeemable preference shares of $5 each	30 January 2022	30 July 2022

Annual General Meeting

The Annual General Meeting (AGM) will be held on Wednesday 4 May 2022 at 11:00 UK time (18:00 Hong Kong time). Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2022 Notice of AGM.

Details of voting at the Company's AGM and of proxy votes cast can be found on the Company's website at **sc.com/agm**

Interim results

The interim results will be announced to the London Stock Exchange, The Stock Exchange of Hong Kong Limited and put on the Company's website.

Country-by-Country Reporting

In accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, the Group will publish additional country-by-country information in respect of the year ended 31 December 2021, on or before 31 December 2022. We have also published our approach to tax and tax policy.

This information will be available on the Group's website at **sc.com**

ShareCare

ShareCare is available to shareholders on the Company's UK register who have a UK address and bank account. It allows you to hold your Standard Chartered PLC shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare, you will still be invited to attend the Company's AGM and you will receive any dividend at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay.

If you would like to receive more information, please visit our website at **sc.com/shareholders** or contact the shareholder helpline on **0370 702 0138.**

Donating shares to ShareGift

Shareholders who have a small number of shares often find it uneconomical to sell them. An alternative is to consider donating them to the charity ShareGift (registered charity 1052686), which collects donations of unwanted shares until there are enough to sell and uses the proceeds to support UK charities. There is no implication for capital gains tax (no gain or loss) when you donate shares to charity, and UK taxpayers may be able to claim income tax relief on the value of their donation.

Further information can be obtained from the Company's registrars or from ShareGift on **020 7930 3737** or from **sharegift.org**

Shareholder information continued

Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account.

Please register online at **investorcentre.co.uk** or contact our registrar for a dividend mandate form.

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

You can check your shareholding at **computershare.com/hk/investors**

Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, shareholders no longer have an obligation under Part XV of the SFO (other than Divisions 5, 11 and 12 thereof) to notify the Company of substantial shareholding interests, and the Company is no longer required to maintain a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with The Stock Exchange of Hong Kong Limited any disclosure of interests made in the UK.

Taxation

No tax is currently withheld from payments of dividends by Standard Chartered PLC. Shareholders and prospective purchasers should consult an appropriate independent professional adviser regarding the tax consequences of an investment in shares in light of their particular circumstances, including the effect of any national, state or local laws.

Previous dividend payments (unadjusted for the impact of the 2015/2010/2008 rights issues)

Dividend and financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Final 2008	15 May 2009	42.32c/28.4693p/HK$3.279597	£8.342/$11.7405
Interim 2009	8 October 2009	21.23c/13.25177p/HK$1.645304	£13.876/$22.799
Final 2009	13 May 2010	44.80c/29.54233p/HK$3.478306	£17.351/$26.252
Interim 2010	5 October 2010	23.35c/14.71618p/HK$1.811274/INR0.984124[1]	£17.394/$27.190
Final 2010	11 May 2011	46.65c/28.272513p/HK$3.623404/INR1.9975170[1]	£15.994/$25.649
Interim 2011	7 October 2011	24.75c/15.81958125p/HK$1.928909813/INR1.13797125[1]	£14.127/$23.140
Final 2011	15 May 2012	51.25c/31.63032125p/HK$3.9776083375/INR2.6667015[1]	£15.723/$24.634
Interim 2012	11 October 2012	27.23c/16.799630190p/HK$2.111362463/INR1.349803950[1]	£13.417/$21.041
Final 2012	14 May 2013	56.77c/36.5649893p/HK$4.4048756997/INR2.976283575[1]	£17.40/$26.28792
Interim 2013	17 October 2013	28.80c/17.8880256p/HK$2.233204992/INR1.6813[1]	£15.362/$24.07379
Final 2013	14 May 2014	57.20c/33.9211444p/HK$4.43464736/INR3.354626[1]	£11.949/$19.815
Interim 2014	20 October 2014	28.80c/17.891107200p/HK$2.2340016000/INR1.671842560[1]	£12.151/$20.207
Final 2014	14 May 2015	57.20c/37.16485p/HK$4.43329/INR3.514059[1]	£9.797/$14.374
Interim 2015	19 October 2015	14.40c/9.3979152p/HK$1.115985456/INR0.86139372[1]	£8.5226/$13.34383
Final 2015	No dividend declared	N/A	N/A
Interim 2016	No dividend declared	N/A	N/A
Final 2016	No dividend declared	N/A	N/A
Interim 2017	No dividend declared	N/A	N/A
Final 2017	17 May 2018	11.00c/7.88046p/HK$0.86293/INR0.653643340[1]	£7.7600/$10.83451
Interim 2018	22 October 2018	6.00c/4.59747p/HK$0.46978/INR0.3696175[1]	£6.7104/$8.51952
Final 2018	16 May 2019	15.00c/11.569905p/HK$1.176260/INR0.957691650[1]	N/A
Interim 2019	21 October 2019	7.00c/5.676776p/HK$0.548723/INR0.425028600[1]	N/A
Final 2019	Dividend withdrawn	N/A	N/A
Interim 2020	No dividend declared	N/A	N/A
Final 2020	20 May 2021	9.00c/6.472413p/HK$0.698501	N/A
Interim 2021	22 October 2021	3.00c/2.204877p/HK$0.233592	N/A

1 The INR dividend is per Indian Depository Receipt. In March 2020, the Group announced the termination of the IDR programme. The IDR programme was formally delisted from the BSE Limited (formerly the Bombay Stock Exchange) and National Stock Exchange of India Limited with effect from 22 July 2020.

Shareholder information continued

Chinese translation

If you would like a Chinese version of the 2021 Annual Report please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

二〇二一年年報之中文譯本可向香港中央證券登記有限公司索取， 地址：香港灣仔皇后大道東183號合和中心17M樓。

Shareholders on the Hong Kong branch register who have asked to receive corporate communications in either Chinese or English can change this election by contacting Computershare.

If there is a dispute between any translation and the English version of this Annual Report, the English text shall prevail.

Electronic communications

If you hold your shares on the UK register and in future you would like to receive the Annual Report electronically rather than by post, please register online at: investorcentre.co.uk. Click on 'register' and follow the instructions. You will need to have your Shareholder or ShareCare reference number to hand. You can find this on your share certificate or ShareCare statement. Once you have registered and confirmed your email communication preference, you will receive future notifications via email enabling you to submit your proxy vote online. In addition, as a member of Investor Centre, you will be able to manage your shareholding online and submit dividend elections electronically and change your bank mandate or address information.

Shareholder information continued

Important Notice – Forward-looking statements

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

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive; market forces or condition; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; the development of standards and interpretations; the ability of the Group to mitigate the impact of climate change effectively; risks arising out of health crisis and pandemics, changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

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

Please refer to the Group's 2021 Annual Report and the 2021 Half-Year Report for a discussion of certain risks and factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Financial instruments

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

Caution regarding climate and environment related information

Some of the climate and environment related information in this document is subject to certain limitations, and therefore the reader should treat the information provided, as well as conclusions, projections and assumptions drawn from such information, with caution. The information may be limited due to a number of factors, which include (but are not limited to): a lack of reliable data; a lack of standardisation of data; and future uncertainty. The information includes externally sourced data that may not have been verified. Furthermore, some of the data, models and methodologies used to create the information is subject to adjustment which is beyond our control, and the information is subject to change without notice.

Shareholder information continued

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