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STANDARD CHARTERED PLC

渣打集團有限公司

(Incorporated as a public limited company in England and Wales with limited liability)

(Registered Number: 966425)

(Stock Code: 02888)

Interim Management Statement Third Quarter 2021 Results

Performance highlights

All figures are presented on an underlying basis and comparisons are made to the third quarter 2020 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 27 to 32.

Bill Winters, Group Chief Executive, said:

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

Update on strategic priorities

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

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

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

Outlook

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

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

Statement of results

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

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

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

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

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

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

Standard Chartered PLC – third quarter 2021 results

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Forward-looking statements

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

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

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

Please refer to the Group's 2020 Annual Report and the 2021 Half-Year Report for a discussion of certain risks and factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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.

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

The information within this report is unaudited.

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

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

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

Group Chief Financial Officer's review

The Group delivered a strong performance in 3Q'21

Summary of financial performance

| | 3Q'21 \$million | 3Q'20 \$million | Change % | Constant currency change ¹ % | 2Q'21 \$million | Change % | Constant currency change ¹ % | YTD'21 \$million | YTD'20 \$million | Change % | Constant currency change ¹ % |
|--|--------------------|--------------------|-----------------|--|--------------------|-----------------|--|---------------------|---------------------|-----------------|--|
| Net interest income | 1,735 | 1,620 | 7 | 6 | 1,713 | 1 | 2 | 5,110 | 5,122 | - | (2) |
| Other income | 2,030 | 1,899 | 7 | 7 | 1,976 | 3 | 4 | 6,273 | 6,444 | (3) | (4) |
| Underlying operating income | 3,765 | 3,519 | 7 | 7 | 3,689 | 2 | 3 | 11,383 | 11,566 | (2) | (3) |
| Other operating expenses | (2,594) | (2,480) | (5) | (3) | (2,592) | - | (1) | (7,680) | (7,193) | (7) | (4) |
| UK bank levy | - | - | nm ³ | nm ³ | (6) | 100 | 100 | (6) | - | nm ³ | nm ³ |
| Underlying operating expenses | (2,594) | (2,480) | (5) | (3) | (2,598) | - | (1) | (7,686) | (7,193) | (7) | (4) |
| Underlying operating profit before impairment and taxation | 1,171 | 1,039 | 13 | 16 | 1,091 | 7 | 8 | 3,697 | 4,373 | (15) | (14) |
| Credit impairment | (107) | (353) | 70 | 71 | 67 | nm ³ | nm ³ | (60) | (1,920) | 97 | 97 |
| Other impairment | (35) | (15) | (133) | (150) | (9) | nm ³ | nm ³ | (60) | 97 | (162) | (162) |
| Profit from associates and joint ventures | 46 | 74 | (38) | (38) | 87 | (47) | (47) | 180 | 150 | 20 | 21 |
| Underlying profit before taxation | 1,075 | 745 | 44 | 50 | 1,236 | (13) | (13) | 3,757 | 2,700 | 39 | 43 |
| Restructuring | (99) | (44) | (125) | (122) | (90) | (10) | (11) | (222) | (134) | (66) | (65) |
| Goodwill impairment | - | (231) | 100 | 100 | - | nm ³ | nm ³ | - | (489) | 100 | 100 |
| Other items | 20 | (35) | nm ³ | 157 | - | nm ³ | nm ³ | 20 | (15) | nm ³ | nm ³ |
| Statutory profit before taxation | 996 | 435 | 129 | 146 | 1,146 | (13) | (13) | 3,555 | 2,062 | 72 | 79 |
| Taxation | (229) | (274) | 16 | 17 | (317) | 28 | 27 | (860) | (835) | (3) | (2) |
| Profit for the period | 767 | 161 | nm ³ | nm ³ | 829 | (8) | (7) | 2,695 | 1,227 | 120 | 137 |
| Net interest margin (%) ² | 1.23 | 1.23 | - | | 1.22 | 1 | | 1.23 | 1.34 | (11) | |
| Underlying return on tangible equity (%) ² | 7.1 | 4.4 | 270 | | 7.8 | (70) | | 8.6 | 5.5 | 310 | |
| Underlying earnings per share (cents) | 23.1 | 13.6 | 70 | | 24.8 | (7) | | 81.4 | 49.5 | 64 | |
| Statutory return on tangible equity (%) ² | 6.4 | 1.3 | 510 | | 7.0 | (60) | | 7.9 | 3.3 | 460 | |
| Statutory earnings per share (cents) | 20.7 | 3.9 | nm ³ | | 22.1 | (6) | | 75.6 | 29.7 | 155 | |

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

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

3 Not meaningful

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

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

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

Group Chief Financial Officer's review continued

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

Operating income by product

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

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

² Not meaningful

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

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

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

Group Chief Financial Officer's review continued

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

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

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

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

Underlying profit before tax by client segment and geographic region

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

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

² Not meaningful

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

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

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

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

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

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

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

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

Group Chief Financial Officer's review continued

Adjusted net interest income and margin

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

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

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

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

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

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

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

Credit risk summary

Income statement

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

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

Group Chief Financial Officer's review continued

Balance sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

Group Chief Financial Officer's review continued

Restructuring, goodwill impairment and other items

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

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

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

Balance sheet and liquidity

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

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

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

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

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

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

Group Chief Financial Officer's review continued

Risk-weighted assets

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

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

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

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

Capital base and ratios

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

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

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

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

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

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

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

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

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

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

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

Group Chief Financial Officer's review continued

Outlook

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

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

Andy Halford

Group Chief Financial Officer

2 November 2021

Supplementary financial information

Underlying performance by client segment

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

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

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

2 Customer accounts includes FVTPL and repurchase agreements

3 Not meaningful

Supplementary financial information continued

Corporate, Commercial & Institutional Banking¹

| | 3Q'21 \$million | 3Q'20 \$million | Change ³ % | Constant currency change ^{2,3} % | 2Q'21 \$million | Change ³ % | Constant currency change ^{2,3} % | YTD'21 \$million | YTD'20 \$million | Change ³ % | Constant currency change ^{2,3} % |
|---|--------------------|--------------------|--------------------------|--|--------------------|--------------------------|--|---------------------|---------------------|--------------------------|--|
| Operating income | 2,226 | 2,044 | 9 | 8 | 2,131 | 4 | 5 | 6,518 | 6,699 | (3) | (4) |
| Transaction Banking | 625 | 642 | (3) | (3) | 615 | 2 | 2 | 1,862 | 2,115 | (12) | (13) |
| Trade | 288 | 244 | 18 | 17 | 278 | 4 | 4 | 831 | 714 | 16 | 16 |
| Cash Management | 337 | 398 | (15) | (16) | 337 | - | - | 1,031 | 1,401 | (26) | (27) |
| Financial Markets | 1,315 | 1,185 | 11 | 10 | 1,270 | 4 | 4 | 3,905 | 3,955 | (1) | (2) |
| Macro Trading | 540 | 518 | 4 | 4 | 571 | (5) | (5) | 1,783 | 2,097 | (15) | (16) |
| Credit Markets | 522 | 464 | 13 | 12 | 495 | 5 | 6 | 1,458 | 1,207 | 21 | 20 |
| Credit Trading | 144 | 129 | 12 | 11 | 102 | 41 | 41 | 377 | 285 | 32 | 31 |
| Financing Solutions & Issuance | 378 | 335 | 13 | 13 | 393 | (4) | (3) | 1,081 | 922 | 17 | 16 |
| Structured Finance | 156 | 101 | 54 | 53 | 120 | 30 | 30 | 375 | 281 | 33 | 32 |
| Financing & Securities Services | 98 | 124 | (21) | (22) | 85 | 15 | 9 | 291 | 288 | 1 | (1) |
| DVA | (1) | (22) | 95 | 95 | (1) | - | 50 | (2) | 82 | (102) | (102) |
| Lending & Portfolio Management | 268 | 217 | 24 | 23 | 243 | 10 | 12 | 734 | 638 | 15 | 13 |
| Wealth Management | 1 | - | nm ⁷ | nm ⁷ | - | nm ⁷ | nm ⁷ | 1 | - | nm ⁷ | nm ⁷ |
| Retail Products | - | - | nm ⁷ | nm ⁷ | - | nm ⁷ | nm ⁷ | - | 1 | (100) | (100) |
| Deposits | 1 | - | nm ⁷ | nm ⁷ | - | nm ⁷ | nm ⁷ | 1 | 1 | - | (100) |
| Other | 17 | - | nm ⁷ | nm ⁷ | 3 | nm ⁷ | nm ⁷ | 16 | (10) | nm ⁷ | nm ⁷ |
| Operating expenses | (1,304) | (1,281) | (2) | - | (1,294) | (1) | (1) | (3,886) | (3,665) | (6) | (4) |
| Operating profit before impairment losses and taxation | 922 | 763 | 21 | 22 | 837 | 10 | 10 | 2,632 | 3,034 | (13) | (13) |
| Credit impairment | (24) | (230) | 90 | 90 | 108 | (122) | (121) | 112 | (1,337) | 108 | 108 |
| Other impairment | (30) | (12) | (150) | (164) | (9) | nm | (190) | (55) | 103 | (153) | (153) |
| Underlying profit before taxation | 868 | 521 | 67 | 70 | 936 | (7) | (7) | 2,689 | 1,800 | 49 | 51 |
| Restructuring | (32) | (18) | (78) | (68) | (39) | 18 | 20 | (70) | (92) | 24 | 24 |
| Statutory profit before taxation | 836 | 503 | 66 | 70 | 897 | (7) | (6) | 2,619 | 1,708 | 53 | 56 |
| Total assets | 390,837 | 371,535 | 5 | 5 | 387,689 | 1 | 1 | 390,837 | 371,535 | 5 | 5 |
| Of which: loans and advances to customers ⁴ | 197,121 | 194,368 | 1 | 1 | 197,732 | - | - | 197,121 | 194,368 | 1 | 1 |
| Total liabilities | 468,431 | 447,304 | 5 | 5 | 452,449 | 4 | 4 | 468,431 | 447,304 | 5 | 5 |
| Of which: customer accounts ⁴ | 320,516 | 297,051 | 8 | 8 | 307,619 | 4 | 5 | 320,516 | 297,051 | 8 | 8 |
| Risk-weighted assets | 162,016 | 168,907 | (4) | nm ⁷ | 174,613 | (7) | nm ⁷ | 162,016 | 168,907 | (4) | nm ⁷ |
| Underlying return on risk-weighted assets (%) ⁵ | 2.0 | 1.2 | 80bps | nm ⁷ | 2.2 | (20)bps | nm ⁷ | 2.1 | 1.4 | 70bps | nm ⁷ |
| Underlying return on tangible equity (%) ⁵ | 10.6 | 6.1 | 450bps | nm ⁷ | 11.2 | (60)bps | nm ⁷ | 11.0 | 7.1 | 390bps | nm ⁷ |
| Cost-to-income ratio (%) ⁶ | 58.6 | 62.7 | 4.1 | 4.7 | 60.7 | 2.1 | 2.1 | 59.6 | 54.7 | (4.9) | (4.2) |

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

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

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

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

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

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

7 Not meaningful

Supplementary financial information continued

Performance highlights

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

Supplementary financial information continued

Consumer, Private & Business Banking¹

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

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

Performance highlights

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

Supplementary financial information continued

Central & other items (segment)

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

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

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

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

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

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

6 Not meaningful

Performance highlights

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

Supplementary financial information continued

Underlying performance by region

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

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

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

2 Customer accounts includes FVTPL and repurchase agreements

3 Not meaningful

Supplementary financial information continued

Asia¹

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

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

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

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

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

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

6 Not meaningful

Performance highlights

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

Supplementary financial information continued

Africa & Middle East

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

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

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

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

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

5 Not meaningful

Performance highlights

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

Supplementary financial information continued

Europe & Americas

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

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

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

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

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

5 Not meaningful

Performance highlights

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

Supplementary financial information continued

Central & other items (region)

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

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

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

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

4 Not meaningful

Performance highlights

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

Supplementary financial information continued

Underlying performance by key market

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

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

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

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

Supplementary financial information continued

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

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

Quarterly underlying operating income by product

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

Supplementary financial information continued

Earnings per ordinary share

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

1 Not meaningful

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

Supplementary financial information continued

Return on tangible equity (RoTE)

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

1 Not meaningful

Net tangible asset value per share

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

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

Underlying versus statutory results reconciliations

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

Operating income by client segment

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

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

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

Operating income by region

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

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

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

Underlying versus statutory results reconciliations continued

Profit before taxation

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

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

Underlying versus statutory results reconciliations continued

Profit before taxation by client segment

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

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

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

Underlying versus statutory results reconciliations continued

Profit before taxation by region

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

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

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

Underlying versus statutory results reconciliations continued

Return on tangible equity (RoTE)

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

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

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

Underlying versus statutory results reconciliations continued

Earnings per ordinary share (EPS)

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

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

Risk review

Credit quality by client segment

| | 30.09.21 | | | | | | |
|--|--------------------|---|--|---------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| | Customers | | | | | | |
| | Banks \$million | Corporate, Commercial & Institutional Banking \$million | Consumer, Private & Business Banking \$million | Central & other items \$million | Customer Total \$million | Undrawn commitments \$million | Financial guarantees \$million |
| Amortised cost | | | | | | | |
| Stage 1 | 45,042 | 123,108 | 132,872 | 28,160 | 284,140 | 145,383 | 53,517 |
| - Strong | 34,102 | 73,563 | 127,499 | 28,010 | 229,072 | 128,243 | 35,812 |
| - Satisfactory | 10,940 | 49,545 | 5,373 | 150 | 55,068 | 17,140 | 17,705 |
| Stage 2 | 730 | 13,513 | 2,080 | 166 | 15,759 | 9,979 | 2,616 |
| - Strong | 115 | 2,133 | 1,432 | - | 3,565 | 3,180 | 367 |
| - Satisfactory | 42 | 9,944 | 295 | - | 10,239 | 5,742 | 1,680 |
| - Higher risk | 573 | 1,436 | 353 | 166 | 1,955 | 1,057 | 569 |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | 2 | 142 | 291 | - | 433 | - | - |
| - More than 30 days past due | 23 | 18 | 357 | - | 375 | - | - |
| Stage 3, credit-impaired financial assets | - | 6,503 | 1,681 | - | 8,184 | 14 | 939 |
| Gross balance ¹ | 45,772 | 143,124 | 136,633 | 28,326 | 308,083 | 155,376 | 57,072 |
| Stage 1 | (11) | (51) | (358) | (2) | (411) | (33) | (8) |
| - Strong | (3) | (12) | (287) | (2) | (301) | (20) | (2) |
| - Satisfactory | (8) | (39) | (71) | - | (110) | (13) | (6) |
| Stage 2 | (7) | (367) | (168) | - | (535) | (63) | (30) |
| - Strong | - | (34) | (89) | - | (123) | (4) | (7) |
| - Satisfactory | (3) | (234) | (30) | - | (264) | (47) | (13) |
| - Higher risk | (4) | (99) | (49) | - | (148) | (12) | (10) |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | - | (3) | (30) | - | (33) | - | - |
| - More than 30 days past due | - | (3) | (49) | - | (52) | - | - |
| Stage 3, credit-impaired financial assets | - | (3,837) | (807) | - | (4,644) | - | (211) |
| Total credit impairment | (18) | (4,255) | (1,333) | (2) | (5,590) | (96) | (249) |
| Net carrying value | 45,754 | 138,869 | 135,300 | 28,324 | 302,493 | | |
| Stage 1 | 0.0% | 0.0% | 0.3% | 0.0% | 0.1% | 0.0% | 0.0% |
| - Strong | 0.0% | 0.0% | 0.2% | 0.0% | 0.1% | 0.0% | 0.0% |
| - Satisfactory | 0.1% | 0.1% | 1.3% | 0.0% | 0.2% | 0.1% | 0.0% |
| Stage 2 | 1.0% | 2.7% | 8.1% | 0.0% | 3.4% | 0.6% | 1.1% |
| - Strong | 0.0% | 1.6% | 6.2% | 0.0% | 3.5% | 0.1% | 1.9% |
| - Satisfactory | 7.1% | 2.4% | 10.2% | 0.0% | 2.6% | 0.8% | 0.8% |
| - Higher risk | 0.7% | 6.9% | 13.9% | 0.0% | 7.6% | 1.1% | 1.8% |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | 0.0% | 2.1% | 10.3% | 0.0% | 7.6% | 0.0% | 0.0% |
| - More than 30 days past due | 0.0% | 16.7% | 13.7% | 0.0% | 13.9% | 0.0% | 0.0% |
| Stage 3, credit-impaired financial assets (S3) | 0.0% | 59.0% | 48.0% | 0.0% | 56.7% | 0.0% | 22.5% |
| Cover ratio | 0.0% | 3.0% | 1.0% | 0.0% | 1.8% | 0.1% | 0.4% |
| Fair value through profit or loss (FVTPL) | | | | | | | |
| Performing | 21,832 | 59,115 | 82 | 2,008 | 61,205 | - | - |
| - Strong | 18,092 | 40,077 | 82 | 2,005 | 42,164 | - | - |
| - Satisfactory | 3,740 | 19,038 | - | 3 | 19,041 | - | - |
| - Higher risk | - | - | - | - | - | - | - |
| Defaulted (CG13-14) | - | 70 | - | - | 70 | - | - |
| Gross balance (FVTPL) ² | 21,832 | 59,185 | 82 | 2,008 | 61,275 | - | - |
| Net carrying value (incl FVTPL) | 67,586 | 198,054 | 135,382 | 30,332 | 363,768 | - | - |

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

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

Risk review continued

| | 30.06.21 | | | | | | |
|--|--------------------|---|---|---------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| | Customers | | | | | | |
| | Banks \$million | Corporate, Commercial & Institutional Banking \$million | Consumer, Private & Business Banking \$million | Central & other items \$million | Customer Total \$million | Undrawn commitments \$million | Financial Guarantees \$million |
| Amortised cost | | | | | | | |
| Stage 1 | 44,989 | 124,382 | 131,690 | 21,218 | 277,290 | 139,795 | 51,171 |
| - Strong | 33,591 | 74,198 | 126,179 | 21,019 | 221,396 | 120,626 | 34,374 |
| - Satisfactory | 11,398 | 50,184 | 5,511 | 199 | 55,894 | 19,169 | 16,797 |
| Stage 2 | 212 | 15,440 | 2,194 | - | 17,634 | 10,620 | 2,585 |
| - Strong | 120 | 2,138 | 1,491 | - | 3,629 | 4,181 | 485 |
| - Satisfactory | 62 | 11,709 | 323 | - | 12,032 | 5,369 | 1,602 |
| - Higher risk | 30 | 1,593 | 380 | - | 1,973 | 1,070 | 498 |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | - | 175 | 319 | - | 494 | - | - |
| - More than 30 days past due | - | 170 | 384 | - | 554 | - | - |
| Stage 3, credit-impaired financial assets | - | 7,430 | 1,628 | - | 9,058 | 6 | 920 |
| Gross balance ¹ | 45,201 | 147,252 | 135,512 | 21,218 | 303,982 | 150,421 | 54,676 |
| Stage 1 | (11) | (74) | (371) | (2) | (447) | (31) | (20) |
| - Strong | (3) | (24) | (310) | (2) | (336) | (18) | (13) |
| - Satisfactory | (8) | (50) | (61) | - | (111) | (13) | (7) |
| Stage 2 | (2) | (357) | (187) | - | (544) | (48) | (27) |
| - Strong | - | (44) | (90) | - | (134) | (6) | (1) |
| - Satisfactory | (2) | (217) | (35) | - | (252) | (31) | (14) |
| - Higher risk | - | (96) | (62) | - | (158) | (11) | (12) |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | - | - | (35) | - | (35) | - | - |
| - More than 30 days past due | - | (8) | (62) | - | (70) | - | - |
| Stage 3, credit-impaired financial assets | - | (4,230) | (758) | - | (4,988) | (1) | (191) |
| Total credit impairment | (13) | (4,661) | (1,316) | (2) | (5,979) | (80) | (238) |
| Net carrying value | 45,188 | 142,591 | 134,196 | 21,216 | 298,003 | | |
| Stage 1 | 0.0% | 0.1% | 0.3% | 0.0% | 0.2% | 0.0% | 0.0% |
| - Strong | 0.0% | 0.0% | 0.2% | 0.0% | 0.2% | 0.0% | 0.0% |
| - Satisfactory | 0.1% | 0.1% | 1.1% | 0.0% | 0.2% | 0.1% | 0.0% |
| Stage 2 | 0.9% | 2.3% | 8.5% | 0.0% | 3.1% | 0.5% | 1.0% |
| - Strong | 0.0% | 2.1% | 6.0% | 0.0% | 3.7% | 0.1% | 0.2% |
| - Satisfactory | 3.2% | 1.9% | 10.8% | 0.0% | 2.1% | 0.6% | 0.9% |
| - Higher risk | 0.0% | 6.0% | 16.3% | 0.0% | 8.0% | 1.0% | 2.4% |
| Of which (stage 2): | | | | | | | |
| - Less than 30 days past due | 0.0% | 0.0% | 11.0% | 0.0% | 7.1% | 0.0% | 0.0% |
| - More than 30 days past due | 0.0% | 4.7% | 16.1% | 0.0% | 12.6% | 0.0% | 0.0% |
| Stage 3, credit-impaired financial assets (S3) | 0.0% | 56.9% | 46.6% | 0.0% | 55.1% | 16.7% | 20.8% |
| Cover ratio | 0.0% | 3.2% | 1.0% | 0.0% | 2.0% | 0.1% | 0.4% |
| Fair value through profit or loss (FVTPL) | | | | | | | |
| Performing | 22,388 | 56,448 | 99 | 547 | 57,094 | - | - |
| - Strong | 18,919 | 37,076 | 98 | 544 | 37,718 | - | - |
| - Satisfactory | 3,469 | 19,357 | 1 | 3 | 19,361 | - | - |
| - Higher risk | - | 15 | - | - | 15 | - | - |
| Defaulted (CG13-14) | - | 79 | - | - | 79 | - | - |
| Gross balance (FVTPL) ² | 22,388 | 56,527 | 99 | 547 | 57,173 | - | - |
| Net carrying value (incl FVTPL) | 67,576 | 199,118 | 134,295 | 21,763 | 355,176 | - | - |

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

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

Risk review continued

Credit impairment charge (restated)¹

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

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

COVID-19 relief measures

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

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

Risk review continued

Vulnerable sectors

Maximum Exposure

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

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

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

Risk review continued

Loans and advances by stage

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

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

Capital review

Capital ratios

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

CRD Capital base¹

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

1 CRD capital is prepared on the regulatory scope of consolidation

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

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

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

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

Capital review continued

Movement in total capital

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

Capital review continued

Risk-weighted assets by business

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

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

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

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

Risk-weighted assets by geographic region

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

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

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

Capital review continued

Movement in risk-weighted assets

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

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

Capital review continued

UK leverage ratio

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

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

Financial statements

Condensed consolidated interim income statement

For the nine months ended 30 September 2021

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

Financial statements continued

Condensed consolidated interim statement of comprehensive income

For the nine months ended 30 September 2021

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

Financial statements continued

Condensed consolidated interim balance sheet

As at 30 September 2021

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

Financial statements continued

Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2021

| | Ordinary share capital and share premium account \$million | Preference share capital and share premium account \$million | Capital and merger reserves ¹ \$million | Own credit adjustment reserve \$million | Fair value through other comprehensive income reserve – debt \$million | Fair value through other comprehensive income reserve – equity \$million | Cash flow hedge reserve \$million | Translation reserve \$million | Retained earnings \$million | Parent company shareholders' equity \$million | Other equity instruments \$million | Non-controlling interests \$million | Total \$million |
|---|--|--|--|---|--|--|-----------------------------------|-------------------------------|-----------------------------|---|------------------------------------|-------------------------------------|-----------------|
| As at 1 January 2020 | 5,584 | 1,494 | 17,187 | 2 | 197 | 150 | (59) | (5,792) | 26,072 | 44,835 | 5,513 | 313 | 50,661 |
| Profit for the period | - | - | - | - | - | - | - | - | 724 | 724 | - | 27 | 751 |
| Other comprehensive (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 net movement | - | - | - | - | - | - | - | - | (90) | (90) | - | - | (90) |
| Share option expense, net of taxation | - | - | - | - | - | - | - | - | 133 | 133 | - | - | 133 |
| Dividends on preference shares and AT1 securities | - | - | - | - | - | - | - | - | (395) | (395) | - | - | (395) |
| Share buy-back ³ | (20) | - | 20 | - | - | - | - | - | (242) | (242) | - | - | (242) |
| Other movements | - | - | - | - | - | - | - | 69 | (60) ⁴ | 9 | - | 17 ⁵ | 26 |
| As at 31 December 2020 | 5,564 | 1,494 | 17,207 | (52) | 529 | 148 | (52) | (5,092) | 26,140 | 45,886 | 4,518 | 325 | 50,729 |
| Profit for the period | - | - | - | - | - | - | - | - | 2,677 | 2,677 | - | 18 | 2,695 |
| Other comprehensive income/(loss) | - | - | - | 7 | (295) | 94 | 28 | (625) | 126 ² | (665) | - | (4) | (669) |
| Distributions | - | - | - | - | - | - | - | - | - | - | - | (25) | (25) |
| Other equity instruments issued, net of expenses | - | - | - | - | - | - | - | - | - | - | 2,728 | - | 2,728 |
| Redemption of other equity instruments | - | - | - | - | - | - | - | - | (50) | (50) | (992) | - | (1,042) |
| Treasury shares net movement | - | - | - | - | - | - | - | - | (136) | (136) | - | - | (136) |
| Share option expense, net of taxation | - | - | - | - | - | - | - | - | 128 | 128 | - | - | 128 |
| Dividends on ordinary shares | - | - | - | - | - | - | - | - | (375) | (375) | - | - | (375) |
| Dividends on preference shares and AT1 securities | - | - | - | - | - | - | - | - | (315) | (315) | - | - | (315) |
| Share buy-back ^{6,7} | (39) | - | 39 | - | - | - | - | - | (506) | (506) | - | - | (506) |
| Other movements | 3 | - | - | - | - | - | - | - | 19 ⁸ | 22 | - | 101 ⁹ | 123 |
| As at 30 September 2021 | 5,528 | 1,494 | 17,246 | (45) | 234 | 242 | (24) | (5,717) | 27,708 | 46,666 | 6,254 | 415 | 53,335 |

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

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

3 On 28 February 2020, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$20 million, and the total consideration paid was \$242 million. The total number of shares purchased was 40,029,585 representing 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), and \$9 million increase related to revenue reserves of PT Bank Permata Tbk

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

6 On 25 February 2021, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. Nominal value of share purchases was \$19 million, and the total consideration paid was \$255 million (including \$1.5 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 \$1.5 million of fees and stamp duty). The total number of shares purchased was 39,914,763 representing 1.28 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

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

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

Financial statements continued

Basis of preparation

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

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

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

Comparatives

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

Going concern

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

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

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

Other supplementary financial information

Average balance sheets and yields

Average assets

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

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

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

Other supplementary financial information continued

Average liabilities

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

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

Other supplementary financial information continued

| | 9 months ended 30.09.20 | | | | |
|---|--|--|----------------------------|--------------------------------------|---------------------------|
| | Average non-interest bearing balance \$million | Average interest bearing balance \$million | Interest expense \$million | Rate paid interest bearing balance % | Rate paid total balance % |
| Deposits by banks | 18,435 | 26,206 | 271 | 1.38 | 0.81 |
| Customer accounts: | | | | | |
| Current accounts and savings deposits | 42,123 | 219,054 | 995 | 0.61 | 0.51 |
| Time and other deposits | 58,750 | 158,579 | 2,028 | 1.71 | 1.25 |
| Debt securities in issue | 7,083 | 52,493 | 670 | 1.70 | 1.50 |
| Accruals, deferred income and other liabilities | 119,134 | 1,204 | 45 | 4.99 | 0.05 |
| Subordinated liabilities and other borrowed funds | - | 16,242 | 498 | 4.10 | 4.10 |
| Non-controlling interests | 309 | - | - | - | - |
| Shareholders' funds | 50,306 | - | - | - | - |
| | 296,140 | 473,778 | 4,507 | 1.27 | 0.78 |
| Adjustment for Financial Markets funding costs | | | (148) | | |
| Financial guarantee fees on interest earning assets | | | - | | |
| Total average liabilities and shareholders' funds | 296,140 | 473,778 | 4,359 | 1.23 | 0.76 |

CONTACT INFORMATION

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HKSE Stock code: 02888

By Order of the Board
Amanda Mellor
Group Company Secretary

Hong Kong, 2 November 2021

As at the date of this announcement, the Board of Directors of Standard Chartered PLC comprises:

Chairman:

José María Viñals Iñiguez

Executive Directors:

William Thomas Winters, CBE and Andrew Nigel Halford

Independent Non-Executive Directors:

David Philbrick Conner; Byron Elmer Grote; Christine Mary Hodgson, CBE (Senior Independent Director); Gay Huey Evans, CBE; Naguib Kheraj (Deputy Chairman); Maria da Conceicao das Neves Calha Ramos; Philip George Rivett; David Tang; Carlson Tong and Jasmine Mary Whitbread