

Standard Chartered PLC

1Q'23 Results

26 April 2023

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

The information within this report is unaudited.

Unless context requires within the 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, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam, Mainland China, Hong Kong, Japan, Korea, Macau, Taiwan; Africa and Middle East (AME) includes Angola, Bahrain, Botswana, Cameroon, Côte d'Ivoire, Egypt, The Gambia, Ghana, Iraq, Jordan, Kenya, Lebanon, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, South Africa, Tanzania, UAE, Uganda, Zambia, Zimbabwe; and Europe and Americas (EA) include Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Ireland, Jersey, Poland, Sweden, Turkey, the UK, and the US. Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and nm stands for not meaningful.

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

Standard Chartered PLC – first quarter 2023 results

All figures are presented on an underlying basis and comparisons are made to 2022 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 30-35.

Bill Winters, Group Chief Executive, said:

"We have delivered another strong set of results in the first quarter of 2023, with income up 13 per cent year-on-year and underlying profit before tax up 25 per cent. Business performance continues to improve across our markets and products and has been achieved in what continues to be an uncertain environment. We remain highly liquid and strongly capitalised with a CET1 ratio towards the top of our target range. We remain optimistic about our continued strong performance and now expect 2023 income to grow around 10 per cent, the top end of our range, and remain confident in the delivery of all of our financial targets, including our return on tangible equity targets."

Update on strategic actions

- Drive improved returns in CCIB: Income RoRWA of 8.0%, up 2%pts year-on-year (YoY); \$0.9bn of RWA optimised in 1Q'23; \$14.8bn since 1.1.22
- Transform profitability in CPBB: Cost-to-income ratio of 58%, improved by 13%pts YoY; \$0.3bn of gross expense savings since 1.1.22
- Seize China opportunity: China onshore income up 4% YoY; Offshore income up 67% YoY
- Create operational leverage: \$0.1bn of gross productivity saves in 1Q'23; \$0.6bn since 1.1.22; Cost-to-income ratio improved by 2%pts to 61%
- Deliver substantial shareholder returns: Current \$1bn share buyback progressing well; \$2.8bn of total returns announced since 1.1.22

Other highlights

- Ventures: Onboarded around 1 million customers across our two digital banks, Mox and Trust since launch
- Sustainability: In line with our earlier commitment, we will announce our Oil & Gas absolute emissions target ahead of our AGM in May 2023

Selected information concerning 1Q'23 financial performance

- Return on tangible equity of 11.9%, up 170bps YoY
- Income up 8% to \$4.4bn, up 13% YoY at constant currency (ccy)
 - Net interest income up 18% at ccy
 - Net interest margin (NIM) up 5bps QoQ to 1.63%, with the benefit from rising interest rates partly offset by increased hedge losses and adverse liability and asset mix; Deposit balances stable in the quarter and deposit migration and betas performing as expected
 - Financial Markets down \$0.1bn or 5% at ccy, up 1% ccy excluding \$94m gain on mark-to-market liabilities in 1Q'22
 - Wealth Management broadly flat at ccy, with a rebound in Hong Kong and China supported by positive leading indicators from China reopening
- Expenses increased 5% YoY to \$2.7bn, or up 10% at ccy
 - Positive 3% income-to-cost jaws at ccy
 - Increased expenses from supporting business initiatives and inflation
- Credit impairment charge of \$26m, down \$172m YoY
 - Net release of \$23m from earlier downgraded sovereign exposures and an \$2m net release on China CRE portfolio
 - Remaining management overlay: COVID-19 of \$9m and China CRE of \$167m
 - High-risk assets broadly flat in the quarter
- Underlying profit before tax of \$1.7bn, up 25% at ccy; Statutory profit before tax up 25% at ccy to \$1.8bn
- Tax charge of \$464m: underlying effective tax rate of 26%
- The Group's balance sheet remains strong, liquid and well diversified
 - Customer loans and advances down \$10bn or 3% to \$301bn since 31.12.22; Down \$2bn or 1% on an underlying basis
 - Customer deposits stable at \$462bn since 31.12.22; CPBB up \$3bn offset by lower CASA in CCIB. No volume impact from recent banking stress
 - Liquidity coverage ratio 161% (31.12.22: 147%)
 - Advances-to-deposit ratio 56.2% (31.12.22: 57.4%)

Standard Chartered PLC – first quarter 2023 results

- Risk-weighted assets (RWA) of \$251bn, up 3% or \$6.2bn since 31.12.22
 - Credit RWA up \$3.8bn, \$4.3bn increase from asset growth and mix, \$1.8bn increase from asset quality deterioration, partly offset by \$1.8bn optimisation savings and \$1.1bn reduction from FX movements
 - Market RWA up \$1.7bn and Operational RWA up \$0.7bn
- The Group remains strongly capitalised
 - CET1 ratio 13.7% towards the top of the 13-14% target range (31.12.22: 14.0%); Profit accretion of \$1.3bn more than offset by \$1bn share buyback and 37bps reduction from higher RWA
- Earnings per share increased 5.9 cents or 19% to 37.6 cents

Outlook

The strong first quarter performance together with a favourable trading outlook in our key markets gives us increased confidence we will deliver our financial targets.

Our liquidity profile remains strong, with deposit balances stable and deposit migration and betas performing as expected. We continue to actively manage our credit portfolio and closely monitor sovereign risks in markets that are most vulnerable. Capital levels remain robust.

Taken together our revised guidance is as follows:

- Income to increase by around 10%, the top end of the 8-10% range at ccý in 2023 and in the 8-10% range at ccý in 2024
- Full year average NIM of around 170bps in 2023 and around 175bps in 2024
- Asset and RWA growth in the low single digit percentage range
- Positive income-to-cost jaws of 3%, excluding UK bank levy at ccý in 2023 and 2024
- Credit impairment to normalise towards the historic through the cycle loan-loss rate range of 30-35bps
- Operate dynamically within the full 13-14% CET1 target range
- Plan to return in excess of \$5bn to shareholders by 2024
- RoTE to be approaching 10% in 2023, and to exceed 11% in 2024, with further growth thereafter

Statement of results

	1Q'23 \$million	1Q'22 \$million	Change ² %
Underlying performance¹			
Operating income	4,396	4,076	8
Operating expenses (including UK bank levy)	(2,675)	(2,550)	(5)
Credit impairment	(26)	(198)	87
Other impairment	–	(1)	100
Profit from associates and joint ventures	11	63	(83)
Profit before taxation	1,706	1,390	23
Profit/(loss) attributable to ordinary shareholders ³	1,076	965	12
Return on ordinary shareholders' tangible equity (%)	11.9	10.2	170bps
Cost to income ratio (excluding bank levy) (%)	60.9	62.6	170bps
Statutory performance			
Operating income	4,560	4,292	6
Operating expenses	(2,750)	(2,665)	(3)
Credit impairment	(20)	(197)	90
Other impairment	–	(6)	100
Profit from associates and joint ventures	18	68	(74)
Profit before taxation	1,808	1,492	21
Taxation	(464)	(313)	(48)
Profit for the period	1,344	1,179	14
Profit/(loss) attributable to parent company shareholders	1,341	1,176	14
Profit/(loss) attributable to ordinary shareholders ³	1,163	1,055	10
Return on ordinary shareholders' tangible equity (%)	13.0	11.1	190bps
Cost to income ratio (including bank levy) (%)	60.3	62.1	180bps
Balance sheet and capital			
Total assets	820,678	839,117	(2)
Total equity	50,011	51,840	(4)
Average tangible equity attributable to ordinary shareholders	36,269	38,614	(6)
Loans and advances to customers	300,627	295,785	2
Customer accounts	462,169	456,404	1
Risk weighted assets	250,893	260,833	(4)
Total capital	52,318	55,036	(5)
Total capital (%)	20.9	21.1	(20)bps
Common Equity Tier 1	34,402	36,296	(5)
Common Equity Tier 1 ratio (%)	13.7	13.9	(20)bps
Net Interest Margin (%) (adjusted)	1.63	1.29	34bps
Advances-to-deposits ratio (%) ⁴	56.2	60.0	(3.7)
Liquidity coverage ratio (%)	161	140	21
Leverage ratio (%)	4.7	4.4	30bps
Information per ordinary share			
Earnings per share – underlying ⁵	Cents 37.6	Cents 31.7	Cents 5.9
– statutory ⁵	40.7	34.6	6.1
Net asset value per share	1,505	1,460	45
Tangible net asset value per share ⁶	1,297	1,276	21
Number of ordinary shares at period end (millions)	2,833	2,993	(5)

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

2 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

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

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

5 Represents the underlying or statutory earnings divided by the basic weighted average number of shares

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

Group Chief Financial Officer's review

The Group delivered a strong performance in the first quarter of 2023

Summary of financial performance

	1Q'23 \$million	1Q'22 ³ \$million	Change %	Constant currency change ¹ %	4Q'22 ³ \$million	Change %	Constant currency change ¹ %
Net interest income	2,007	1,783	13	18	2,023	(1)	(2)
Other income	2,389	2,293	4	9	1,742	37	35
Underlying operating income	4,396	4,076	8	13	3,765	17	15
Other operating expenses	(2,675)	(2,550)	(5)	(10)	(2,630)	(2)	2
UK bank levy	–	–	nm ⁴	nm ⁴	(107)	100	100
Underlying operating expenses	(2,675)	(2,550)	(5)	(10)	(2,737)	2	6
Underlying operating profit before impairment and taxation	1,721	1,526	13	17	1,028	67	76
Credit impairment	(26)	(198)	87	82	(340)	92	90
Other impairment	–	(1)	100	100	(38)	100	100
Profit from associates and joint ventures	11	63	(83)	(83)	(2)	nm ⁴	nm ⁴
Underlying profit before taxation	1,706	1,390	23	25	648	163	169
Restructuring ⁵	48	17	182	nm ⁴	(90)	153	155
Goodwill & other impairment	–	–	nm ⁴	nm ⁴	(322)	100	100
DVA	54	85	(36)	(35)	(133)	141	141
Other items	–	–	nm ⁴	nm ⁴	20	(100)	(100)
Statutory profit before taxation	1,808	1,492	21	25	123	nm⁴	nm⁴
Taxation	(464)	(313)	(48)	(65)	(387)	(20)	(15)
Profit / (loss) for the period	1,344	1,179	14	15	(264)	nm⁴	nm⁴
Net interest margin (%) ²	1.63	1.29	34		1.58	5	
Underlying return on tangible equity (%) ²	11.9	10.2	170		2.7	922	
Underlying earnings per share (cents)	37.6	31.7	19		7.7	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 Change is the basis points (bps) difference between the two periods rather than the percentage change

3 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

4 Not meaningful

5 Restructuring includes impacts to profit or loss from businesses that have been disclosed as no longer part of the Group's ongoing business, redundancy costs, costs of closure or relocation of business locations, impairments of assets and other costs which are not related to the Group's ongoing business. Restructuring in this context is not the same as a restructuring provision as defined in IAS 37.

Group Chief Financial Officer's review

Statutory financial performance summary

	1Q'23 \$million	1Q'22 \$million	Change %	Constant currency change ¹ %	4Q'22 \$million	Change %	Constant currency change ¹ %
Net interest income	2,006	1,788	12	18	2,023	(1)	(2)
Other income	2,554	2,504	2	6	1,741	47	44
Statutory operating income	4,560	4,292	6	11	3,764	21	19
Statutory operating expenses	(2,750)	(2,665)	(3)	(8)	(2,889)	5	8
Statutory operating profit before impairment and taxation	1,810	1,627	11	16	875	107	118
Credit impairment	(20)	(197)	90	86	(346)	94	92
Goodwill & other impairment	–	(6)	100	100	(393)	100	100
Profit from associates and joint ventures	18	68	(74)	(73)	(13)	nm ³	nm ³
Statutory profit before taxation	1,808	1,492	21	25	123	nm³	nm³
Taxation	(464)	(313)	(48)	(65)	(387)	(20)	(15)
Profit/(loss) for the period	1,344	1,179	14	15	(264)	nm³	nm³
Statutory return on tangible equity (%) ²	13.0	11.1	190		(3.2)	nm ³	
Statutory earnings per share (cents)	40.7	34.6	18		(10.1)	nm ³	

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

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

3 Not meaningful

The first quarter of 2023 was characterised by a period of significant uncertainty for the banking industry. The Group has successfully navigated this period delivering a strong operating performance whilst maintaining its robust liquidity and capital metrics.

The Group's underlying profit before tax of \$1.7bn, was an increase of 23 per cent and the largest quarterly profit since the first quarter of 2014. Income grew 13 per cent on a constant currency basis with an 18 per cent increase in net interest income and a 9 per cent increase in other income. The net interest margin increased 5 basis points in the quarter as the Group continues to benefit from rising interest rates. Expenses increased 10 per cent at constant currency and the Group generated 3 per cent positive income-to-cost jaws. Credit impairment charges in the quarter were equivalent to an annualised loan loss rate of 7 basis points.

The Group remains well capitalised and highly liquid with a diverse and stable deposit base. The advances-to-deposits ratio of 56 per cent and a liquidity coverage ratio of 161 per cent both reflect disciplined asset and liability management. Deposit betas in all segments were in line with expectations as was the extent of migration from current and savings accounts (CASA) to time deposits. The CET1 ratio of 13.7 per cent has remained towards the top of the target range for several consecutive quarters allowing the Group to continue returning surplus capital to shareholders.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a reported currency basis, unless otherwise stated.

- **Operating income** of \$4.4 billion in the first quarter was the highest quarterly income since the first quarter of 2015, up 8 per cent and up 13 per cent on a constant currency basis, as the Group benefited from an expansion in net interest margin and increased trading income within Financial Markets
- **Net interest income** increased 13 per cent, or 18 per cent on a constant currency basis. Excluding the increased interest expense of funding the trading book in a higher interest rate environment, adjusted net interest income increased 29 per cent as the net interest margin increased 26 per cent or 34 basis points. This was despite a year-on-year incremental 23 basis points drag from hedges. The Group increased its pricing on assets and its yield on its Treasury portfolio more quickly than it repriced its liability base, reflecting strong pricing discipline and passthrough rate management
- **Other income** increased 9 per cent as Financial Markets other income increased 16 per cent on a constant currency basis despite the non-repeat of \$94 million of gains on mark-to-market liabilities in the first quarter of 2022
- **Operating expenses** increased 5 per cent and grew 10 per cent on a constant currency basis, reflecting the impact of inflation, post-COVID normalisation and additional headcount supporting business initiatives in Financial Markets, Consumer, Private and Business Banking ('CPBB') Relationship Managers and in China. Increased investment spend into transformational digital initiatives includes a double-digit percentage increase in amortisation charges and was offset by cost efficiency actions. The Group generated 3 per cent positive income-to-cost jaws while the cost-to-income ratio decreased 2 percentage points to 61 per cent
- **Credit impairment** was a \$26 million charge in the quarter, a \$172 million reduction on the first quarter of 2022, with the loan loss rate in the quarter annualising to 7 basis points. Impairment charges in the CPBB portfolio were partly offset by net releases relating to the prior sovereign ratings downgrade of Ghana

Group Chief Financial Officer's review continued

- **Profit from associates and joint ventures** decreased \$52 million to \$11 million primary due to lower profits at China Bohai Bank, as reflected by the 2022 impairment.
- The Group's underlying operating profit before taxation no longer includes movements in the debit valuation adjustment (DVA), the markets and businesses it intends to exit in the Africa & Middle East region and the Aviation Finance business and now reports them within restructuring and other items. Restructuring profits of \$48 million primarily reflect the operating profit from the exit markets and Aviation Finance while DVA was a positive \$54 million
- **Taxation** was \$464 million on a statutory basis, with an underlying year-to-date effective tax rate of 26.3 per cent compared to the prior year rate of 21.7 per cent reflecting a change in the geographic mix of profits and the non-repeat of a prior year credit
- **Underlying return on tangible equity** increased by 170 basis points to 11.9 per cent due to higher profits and lower tangible equity reflecting shareholder distributions, including share buy-backs, and adverse movements in reserves during the course of 2022 due to movements in interest rates and FX. On a statutory basis, return on tangible equity increased 190 basis points to 13.0 per cent

Group Chief Financial Officer's review continued

Operating income by product

	1Q'23 \$million	1Q'22 ² \$million	Change %	Constant currency change ¹ %	4Q'22 ² \$million	Change %	Constant currency change ¹ %
Transaction Banking	1,399	729	92	102	1,254	12	11
Trade & Working capital	331	356	(7)	(3)	316	5	3
Cash Management	1,068	373	186	nm ³	938	14	14
Financial Markets	1,414	1,557	(9)	(5)	1,147	23	21
Macro Trading	830	939	(12)	(7)	628	32	30
Credit Markets	432	453	(5)	–	414	4	3
Credit Trading	172	105	64	76	147	17	15
Financing Solutions & Issuance	260	348	(25)	(22)	267	(3)	(4)
Financing & Securities Services	152	165	(8)	(6)	105	45	39
Lending & Portfolio Management	134	146	(8)	1	112	20	21
Wealth Management	511	528	(3)	–	358	43	40
Retail Products	1,212	837	45	53	1,147	6	5
CCPL & other unsecured lending	290	300	(3)	2	294	(1)	(3)
Deposits	771	241	nm ³	nm ³	805	(4)	(4)
Mortgage & Auto	114	246	(54)	(52)	12	nm ³	nm ³
Other Retail Products	37	50	(26)	(23)	36	3	(5)
Treasury	(233)	314	(174)	(177)	(173)	(35)	(40)
Other	(41)	(35)	(17)	(47)	(80)	49	42
Total underlying operating income	4,396	4,076	8	13	3,765	17	15

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 Underlying income for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

3 Not meaningful

The operating income by product commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a constant currency basis, unless otherwise stated.

Transaction Banking income increased 102 per cent. Cash Management income nearly tripled reflecting strong pricing discipline and passthrough rate management to take advantage of a rising interest rate environment. Trade & Working Capital decreased 2 per cent reflecting lower balance sheet and contingent volumes.

Financial Markets income decreased 5 per cent compared to a record performance in the first quarter of 2022 but was up 1 per cent excluding the non-repeat of \$94 million of gains on mark-to-market liabilities in the first quarter of 2022. Macro Trading had another strong quarter, albeit down 7 per cent against a record prior year comparative quarter, with strong double-digit growth in Rates partly offsetting a non-repeat of last year's record performance in FX and Commodities. Credit Markets income was flat with strong growth in Credit Trading income offset by lower Financing Solutions & Issuance income which was impacted by lower capital market issuances in a volatile interest rate environment. Excluding the non-repeat of the mark-to-market gains, Financing & Security Services income more than doubled as Securities Services income benefited from rising interest rates.

Lending and Portfolio Management income increased 1 per cent with an increase in fee income partly offset by lower volumes and increased cost of funding on undrawn commitments.

Wealth Management income recovered from a weak performance in the second half of 2022 to build back up to the strong performance in the first quarter of 2022 as strong double-digit growth in FX, fixed income and structured products was offset by lower managed investment income as transactional volumes were impacted by subdued equity markets across the footprint. Bancassurance income was broadly flat while Wealth Management secured lending income nearly halved on the back of customer deleveraging.

Retail Products income increased 53 per cent. Deposit income more than tripled due to low passthrough rates in a rising interest rate environment partly offset by migration from CASA into time deposits. Mortgages & Auto income decreased 52 per cent as the Best Lending Rate cap in Hong Kong restricted the ability to reprice mortgages despite an increase in funding costs from higher interest rates. Credit Cards & Personal Loans income increased 2 per cent reflecting growth in credit card balances and increased fee income.

Treasury income was a \$233 million loss in the quarter primarily due to the \$298 million loss from structural and short-term hedges in a rising interest environment which more than offset increased yields on the remainder of the Treasury portfolio and mark to market gains from FX swaps.

Group Chief Financial Officer's review continued

Profit before tax by client segment and geographic region

	1Q'23 \$million	1Q'22 ² \$million	Change %	Constant currency change ¹ %	4Q'22 ² \$million	Change %	Constant currency change ¹ %
Corporate, Commercial & Institutional Banking	1,485	995	49	57	971	53	56
Consumer, Private & Business Banking	677	368	84	92	398	70	74
Ventures	(103)	(77)	(34)	(36)	(127)	19	20
Central & other items (segment)	(353)	104	nm ³	nm ³	(594)	41	39
Underlying profit before taxation	1,706	1,390	23	25	648	163	169
Asia	1,395	858	63	65	787	77	74
Africa & Middle East	304	280	9	31	91	nm ³	162
Europe & Americas	(18)	469	(104)	(103)	(56)	68	74
Central & other items (region)	25	(217)	112	114	(174)	114	112
Underlying profit before taxation	1,706	1,390	23	25	648	163	169

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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

3 Not meaningful

Corporate, Commercial & Institutional Banking (CCIB) profit increased 49 per cent. Income grew 27 per cent on a constant currency basis with Cash Management benefiting from disciplined pricing initiatives in a rising interest rate environment partly offset by a non-repeat of gains on mark-to-market liabilities within Financial Markets in the first quarter of 2022. Expenses were 18 per cent higher on a constant currency basis reflecting further investment in the business partly offset by a net \$8 million credit impairment release.

Consumer, Private & Business Banking (CPBB) profit increased 84 per cent, with income up 31 per cent on a constant currency basis as the benefit from higher interest rates on Retail Deposit income was partly offset by lower Mortgage income negatively impacted by the Best Lending Rate cap in Hong Kong. Expenses increased 7 per cent on a constant currency basis while credit impairment was \$27 million higher.

Ventures loss increased by over a third to \$103 million, reflecting the Group's continued investment in transformational digital initiatives with expenses increasing \$30 million while income was \$17 million in the quarter, an increase of \$16 million on the first quarter of 2022. The impairment charge increased \$7 million to \$10 million reflecting the build of expected credit loss provisions as the credit portfolios grow.

Central & other items (segment) recorded a loss of \$353 million with negative income of \$285 million including the \$298 million loss from hedges. This was partly offset by lower expenses and a net release in credit impairment relating to sovereign downgrades.

Asia profits increased 63 per cent as income grew 23 per cent on a constant currency basis. Strong growth in Cash Management, Retail Deposits and Financial Markets income was offset by lower Mortgage income and a loss in Treasury Markets. Expenses increased 12 per cent on a constant currency basis with the credit impairment charge reducing by three-quarters. The profit share from China Bohai Bank reduced by \$49 million.

Africa & Middle East (AME) profits increased 9 per cent but was up 31 per cent on a constant currency basis as income increased 26 per cent with strong growth in Cash Management and Retail Deposit income. This was partly offset by expenses increasing 14 per cent on a constant currency basis reflecting inflationary pressures in the region. Impairment charges was a net release of \$26 million, a \$18 million reduction on the prior year.

Europe & Americas recorded a loss of \$18 million as income nearly halved, reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income. Expenses increased 15 per cent and there was a \$36 million reduction in the credit impairment release booked in the quarter.

Central & other items (region) recorded a profit of \$25 million compared to a \$217 million loss in the first quarter of 2022. The return to profitability is mainly due to higher returns paid to Treasury on the equity provided to the regions in a rising interest rate environment.

Group Chief Financial Officer's review continued

Adjusted net interest income and margin

	1Q'23 \$million	1Q'22 \$million	Change ¹ %	4Q'22 \$million	Change ¹ %
Adjusted net interest income ²	2,340	1,809	29	2,256	4
Average interest-earning assets	582,557	569,220	2	568,302	3
Average interest-bearing liabilities	538,969	529,966	2	524,610	3
Gross yield (%) ³	4.37	1.92	nm ⁵	3.76	61
Rate paid (%) ³	2.97	0.68	nm ⁵	2.36	61
Net yield (%) ³	1.40	1.24	16	1.40	–
Net interest margin (%) ^{3,4}	1.63	1.29	34	1.58	5

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

5 Not meaningful

Adjusted net interest income increased 29 per cent due to a 26 per cent increase in the net interest margin which averaged 163 basis points in the quarter, increasing 34 basis points year-on-year and 5 basis points compared to the prior quarter:

- Average interest-earning assets increased 3 per cent in the quarter with growth primarily from an increase in the Treasury Markets portfolio. Gross yields increased 61 basis points compared with the prior quarter due to the impact of rising interest rates on customer loan pricing and on Treasury portfolio yields partly offset by a 3 basis point quarter-on-quarter additional loss from hedges
- Average interest-bearing liabilities increased 3 per cent in the quarter due to an increase in customer accounts and debt securities in issue. The increase in customer accounts reflects an increase in time deposits partly offset by a reduction in current and savings accounts (CASA). The rate paid on liabilities increased 61 basis points compared with the average in the prior quarter reflecting the impact of interest rate movements and a slight deterioration in the liability mix

Group Chief Financial Officer's review continued

Credit risk summary

Income Statement

	1Q'23 \$million	1Q'22 ² \$million	Change ¹ %	4Q'22 ² \$million	Change ¹ %
Total credit impairment charge/(release)	26	198	(87)	340	(92)
Of which stage 1 and 2	6	(81)	(107)	235	(97)
Of which stage 3	20	279	(93)	105	(81)

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

2 Underlying credit impairment for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance. No change to statutory credit impairment

Balance sheet

	1Q'23 \$million	4Q'22 \$million	Change ¹ %	1Q'22 \$million	Change ¹ %
Gross loans and advances to customers²	305,975	316,107	(3)	301,066	2
Of which stage 1	286,335	295,219	(3)	280,021	2
Of which stage 2	12,216	13,043	(6)	13,823	(12)
Of which stage 3	7,424	7,845	(5)	7,222	3
Expected credit loss provisions	(5,348)	(5,460)	(2)	(5,281)	1
Of which stage 1	(507)	(559)	(9)	(475)	7
Of which stage 2	(446)	(444)	–	(430)	4
Of which stage 3	(4,395)	(4,457)	(1)	(4,376)	–
Net loans and advances to customers	300,627	310,647	(3)	295,785	2
Of which stage 1	285,828	294,660	(3)	279,546	2
Of which stage 2	11,770	12,599	(7)	13,393	(12)
Of which stage 3	3,029	3,388	(11)	2,846	6
Cover ratio of stage 3 before/after collateral (%) ³	59 / 79	57 / 76	2 / 3	61 / 78	(2) / 1
Credit grade 12 accounts (\$million)	1,642	1,574	4	988	66
Early alerts (\$million)	5,351	4,967	8	6,653	(20)
Investment grade corporate exposures (%) ³	75	76	(1)	69	6

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 \$14,398 million at 31 March 2023, \$24,498 million at 31 December 2022 and \$12,571 million at 31 March 2022

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

Asset quality remained resilient in the first quarter, with an improvement in a number of underlying credit metrics. However, the Group continues to remain alert to a volatile and challenging external environment which has led to idiosyncratic stress in a select number of markets and industry sectors.

Credit impairment was a \$26 million charge in the quarter, a \$172 million reduction year-on-year and down \$314 million compared to the prior quarter. There was an ongoing \$62 million charge relating to CPBB inclusive of a \$12m reduction in the management overlay relating to COVID-19. There was a net release of \$23 million relating to sovereign downgrades as a \$14 million additional charge relating to Pakistan was more than offset by a net release relating to Ghana sovereign exposures. There was a \$2 million net release relating to China commercial real estate sector, with further Stage 3 impairments offset by a \$6 million reduction in the management overlay. The remaining China commercial real estate sector management overlay is now \$167 million, and the COVID-19 remaining overlay is \$9m, wholly in CPBB.

The credit impairment charge represents an annualised loan loss rate of 7 basis points, as the loan loss rate calculation references the \$108 million impairment in relation to loans and advances partly offset by \$46 million releases on financial guarantees, and loan commitments but excludes the impairment releases on debt securities.

Gross stage 3 loans and advances to customers of \$7.4 billion were 5 per cent lower, as repayments, client upgrades, reduction in exposures and write-offs more than offset new inflows. Credit-impaired loans represented 2.4 per cent of gross loans and advances, a decrease of 5 basis points in the quarter.

Group Chief Financial Officer's review continued

The stage 3 cover ratio of 59 per cent increased by 2 percentage points compared to 31 December 2022, while the cover ratio post collateral at 79 per cent increased by 3 percentage points due to the reduction in gross stage 3 balances.

Credit grade 12 balances increased \$68 million to \$1.6 billion in the quarter. Early Alert accounts of \$5.4 billion have increased by 8 per cent from 31 December 2022, reflecting new inflows relating to a select number of clients. The Group is continuing to carefully monitor its exposures in vulnerable sectors and select markets, given the unusual stresses caused by the currently difficult macro-economic environment.

The proportion of investment grade corporate exposures has decreased by 1 percentage point to 75 per cent.

The above balance sheet disclosure relates to loans and advances to customers. The movement in high-risk assets (gross stage 3 loans and advances, credit grade 12 balances and early alert accounts) does not fully reflect the impact of the sovereign ratings downgrade of Ghana, Pakistan and Sri Lanka as it does not capture the impact of these downgrades on the Group's investment and debt securities portfolio.

Restructuring, goodwill impairment and other items

	1Q'23				1Q'22 ¹				4Q'22 ¹			
	Restructuring \$million	Goodwill & other impairment \$million	DVA \$million	Other items \$million	Restructuring \$million	Goodwill & other impairment \$million	DVA \$million	Other items \$million	Restructuring \$million	Goodwill & other impairment \$million	DVA \$million	Other items \$million
Operating income	110	–	54	–	131	–	85	–	112	–	(133)	20
Operating expenses	(75)	–	–	–	(115)	–	–	–	(152)	–	–	–
Credit impairment	6	–	–	–	1	–	–	–	(5)	–	–	–
Goodwill & other impairment	–	–	–	–	(5)	–	–	–	(33)	(322)	–	–
Profit from associates and joint ventures	7	–	–	–	5	–	–	–	(12)	–	–	–
Profit/(Loss) before taxation	48	–	54	–	17	–	85	–	(90)	(322)	(133)	20

1 Restructuring, DVA and other items for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA from underlying operating performance

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.

The Group has announced that subject to regulatory approval, it intends to exit onshore operations in seven markets in the AME region and will focus solely on the CCIB segment in two more "exit markets". Additionally, the Group announced that it intends to explore alternatives for the future ownership of its Aviation Finance business. As a result of these announcements, effective 1st January 2023, the Group will no longer include the exit markets and the Aviation Finance business within the Group's underlying operating profit before taxation but will report them within restructuring.

The Group is also reclassifying movements in the debit valuation adjustment (DVA) out of its underlying operating profit before taxation and into other items.

To aid comparisons with prior periods the Group has removed the exit markets, Aviation Finance business and DVA from its underlying operating profit before taxation for 2022.

Restructuring profits of \$48 million primarily reflect the profit from the exit markets and Aviation Finance businesses partly offset by losses on the remaining Principal Finance portfolio and redundancy charges.

DVA was a positive \$54 million driven by the widening of Group's asset swap spreads on derivative liability exposures. The size of the portfolio subject to DVA did not change materially.

Group Chief Financial Officer's review continued

Balance sheet and liquidity

	31.03.23 \$million	31.12.22 \$million	Change %	31.03.22 \$million	Change ¹ %
Assets					
Loans and advances to banks	38,216	39,519	(3)	35,638	7
Loans and advances to customers	300,627	310,647	(3)	295,785	2
Other assets	481,835	469,756	3	507,694	(5)
Total assets	820,678	819,922	–	839,117	(2)
Liabilities					
Deposits by banks	26,889	28,789	(7)	28,930	(7)
Customer accounts	462,169	461,677	–	456,404	1
Other liabilities	281,609	279,440	1	301,943	(7)
Total liabilities	770,667	769,906	–	787,277	(2)
Equity	50,011	50,016	–	51,840	(4)
Total equity and liabilities	820,678	819,922	–	839,117	(2)
Advances-to-deposits ratio (%) ²	56.2%	57.4%		60.0%	
Liquidity coverage ratio (%)	161%	147%		140%	

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

2 The Group now excludes \$24,173 million held with central banks (31.12.22: \$20,798 million, 31.03.22: \$11,970 million) that has been confirmed as repayable at the point of stress. Advances exclude repurchase agreement and other similar secured lending and include loans and advances to customers held at fair value through profit or loss. Deposits include customer accounts held at fair value through profit or loss.

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

- **Loans and advances to customers** decreased by \$10 billion or 3 per cent from 31 December 2022 to \$301 billion. This includes a \$6 billion reduction in Treasury and securities backed loans held to collect and a \$2 billion reduction from the reclassification of Aviation Finance loans into Held for Sale assets. Excluding these items, there was an underlying \$2 billion decrease in customer loans, with growth in corporate lending offset by a decline in retail mortgages reflecting in part tighter mortgage margins in key markets
- **Customer accounts** of \$462 billion were stable compared to 31 December 2022 with a temporary reduction in Corporate operating account deposits which partly reversed post 31 March 2023 offset by an increase in retail time deposits
- **Other assets** increased 3 per cent in the first quarter of 2023 with an increase in cash and balances held at central banks, reverse repurchase agreements designated at fair value through profit or loss and assets classified as held for sale, partly offset by a reduction in derivative assets. Other liabilities increased 1 per cent with an increased in repurchase agreements and debt securities in issue partly offset by a reduction in derivative liabilities

The **advances-to-deposits ratio** declined to 56.2 per cent from 57.4 per cent at 31 December 2022. The point-in-time liquidity **coverage ratio** increased 14 percentage points in the quarter to 161 per cent and remains well above the minimum regulatory requirement.

Group Chief Financial Officer's review continued

Risk-weighted assets

	31.03.23 \$million	31.12.22 \$million	Change ¹ %	31.03.22 \$million	Change ¹ %
By risk type					
Credit risk	200,632	196,855	2	210,637	(5)
Operational risk	27,861	27,177	3	27,177	3
Market risk	22,400	20,679	8	23,019	(3)
Total RWAs	250,893	244,711	3	260,833	(4)

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

Total risk-weighted assets (RWAs) of \$250.9 billion increased \$6.2 billion or 3 per cent since 31 December 2022:

- **Credit Risk RWA** increased by \$3.8 billion in the first quarter to \$200.6 billion. There was a \$4.3 billion increase from a combination of asset growth and mix, \$1.8 billion increase from deterioration in asset quality reflecting the impact of sovereign downgrades and a \$0.6 billion increase from a reversal of prior quarter derivative counterparty credit risk movements. This was partly offset by a \$1.1 billion reduction from currency translation, a further \$0.9 billion reduction in the CCIB low-returning portfolio targeted for optimisation and \$0.9 billion from other efficiency actions
- **Operational Risk RWA** increased \$0.7 billion primarily due to an increase in average income as measured over a rolling three-year time horizon, with higher 2022 income replacing lower 2019 income
- **Market Risk RWA** increased \$1.7 billion to \$22.4 billion reflecting a seasonally higher level of Financial Markets activity

Capital base and ratios

	31.03.23 \$million	31.12.22 \$million	Change ¹ %	31.03.22 \$million	Change ¹ %
CET1 capital	34,402	34,157	1	36,296	(5)
Additional Tier 1 capital (AT1)	5,492	6,484	(15)	5,235	5
Tier 1 capital	39,894	40,641	(2)	41,531	(4)
Tier 2 capital	12,424	12,510	(1)	13,505	(8)
Total capital	52,318	53,151	(2)	55,036	(5)
CET1 capital ratio (%)²	13.7	14.0	(0.3)	13.9	(0.2)
Total capital ratio (%)²	20.9	21.7	(0.8)	21.1	(0.2)
Leverage ratio (%)²	4.7	4.8	(0.1)	4.4	0.3

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

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

The Group's CET1 ratio of 13.7 per cent was 25 basis points lower than as at 31 December 2022 as an increase in RWAs and the reduction in CET1 from shareholder distributions was partly offset by profit accretion. The CET1 ratio remains 3.3 percentage points above the Group's latest regulatory minimum of 10.4 per cent and towards the top of the 13-14 per cent target range.

The Group is part way through the \$1 billion share buyback programme which it announced on 16 February 2023, and by 31 March 2023 had spent \$501 million purchasing 58 million ordinary shares, reducing the share count by approximately 2 per cent. Even though the share buyback was still ongoing on 31 March 2023, the entire \$1 billion is deducted from CET1 in the period, reducing the CET1 ratio by 40 basis points.

The Group is accruing a provisional interim 2023 ordinary share dividend over the first half of 2023, which is calculated formulaically at one third of the ordinary dividend paid in 2022 or 6 cents a share. Half of this amount was accrued in the first quarter and combined with payments due to AT1 and preference shareholders reduced the CET1 ratio by 8 basis points.

The \$6.2 billion increase in RWAs in the first quarter accounted for a 37 basis points reduction in the CET1 ratio.

The above CET1 ratio headwinds were partly offset by 54 basis points uplift from profit accretion in the quarter and 13 basis points from an increase in reserves mainly relating to currency movements and a reversal of prior year unrealised losses on debt securities.

The Group's UK leverage ratio of 4.7 per cent is 10 basis points lower than at 31 December 2022. This is primarily driven by reduced Tier 1 capital following a call of \$1.0 billion Additional Tier 1 securities, effective 4 April 2023 but impacting the regulatory ratio in March 2023. 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 strong first quarter performance together with a favourable trading outlook in our key markets gives us increased confidence we will deliver our financial targets.

Our liquidity profile remains strong, with deposit balances stable and deposit migration and betas performing as expected. We continue to actively manage our credit portfolio and closely monitor sovereign risks in markets that are most vulnerable. Capital levels remain robust.

Taken together our revised guidance is as follows:

- Income to increase by around 10 per cent, the top end of the 8-10 per cent range at constant currency in 2023 and in the 8-10 per cent range at constant currency in 2024
- Full year average net interest margin of around 170 basis points in 2023 and around 175 basis points in 2024
- Asset and RWA growth in the low single digit percentage range
- Positive income-to-cost jaws of 3 per cent, excluding UK bank levy at constant currency in 2023 and 2024
- Credit impairment to normalise towards the historic through the cycle loan-loss rate range of 30-35 basis points
- Operate dynamically within the full 13-14 per cent CET1 target range
- Plan to return in excess of \$5 billion to shareholders by 2024
- RoTE to be approaching 10 per cent in 2023, and to exceed 11 per cent in 2024, with further growth thereafter

Andy Halford

Group Chief Financial Officer

26 April 2023

Supplementary financial information

Underlying performance by client segment

1Q'23

	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Operating income	2,892	1,772	17	(285)	4,396
External	2,313	1,126	17	940	4,396
Inter-segment	579	646	–	(1,225)	–
Operating expenses	(1,415)	(1,033)	(102)	(125)	(2,675)
Operating profit/(loss) before impairment losses and taxation	1,477	739	(85)	(410)	1,721
Credit impairment	8	(62)	(10)	38	(26)
Profit from associates and joint ventures	–	–	(8)	19	11
Underlying profit/(loss) before taxation	1,485	677	(103)	(353)	1,706
Restructuring	39	(2)	–	11	48
DVA	54	–	–	–	54
Statutory profit/(loss) before taxation	1,578	675	(103)	(342)	1,808
Total assets	394,873	130,669	2,683	292,453	820,678
Of which: loans and advances to customers ¹	181,335	128,102	812	36,816	347,065
loans and advances to customers	134,927	128,079	812	36,809	300,627
loans held at fair value through profit or loss	46,408	23	–	7	46,438
Total liabilities	476,993	188,050	1,955	103,669	770,667
Of which: customer accounts ¹	335,996	182,856	1,767	5,792	526,411
Risk-weighted assets	148,550	50,621	1,627	50,095	250,893
Income return on risk-weighted assets (%)	8.0	14.1	5.5	(2.3)	7.1
Underlying return on tangible equity (%)	21.2	28.0	nm ²	(25.7)	11.9
Cost to income ratio (excluding bank levy) (%)	48.9	58.3	nm ²	nm ²	60.9

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

2 Not meaningful

Supplementary financial information continued

	1Q'22 ²				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Operating income	2,393	1,410	1	272	4,076
External	2,269	1,314	1	491	4,075
Inter-segment	124	96	–	(219)	1
Operating expenses	(1,252)	(1,006)	(72)	(220)	(2,550)
Operating profit/(loss) before impairment losses and taxation	1,141	404	(71)	52	1,526
Credit impairment	(146)	(35)	(3)	(14)	(198)
Other impairment	–	(1)	–	–	(1)
Profit from associates and joint ventures	–	–	(3)	66	63
Underlying profit/(loss) before taxation	995	368	(77)	104	1,390
Restructuring	13	(4)	–	8	17
DVA	85	–	–	–	85
Statutory profit/(loss) before taxation	1,093	364	(77)	112	1,492
Total assets	420,168	138,063	1,115	279,771	839,117
Of which: loans and advances to customers ¹	200,625	135,333	115	27,979	364,052
loans and advances to customers	135,704	135,279	115	24,687	295,785
loans held at fair value through profit or loss	64,921	54	–	3,292	68,267
Total liabilities	489,720	182,197	693	114,667	787,277
Of which: customer accounts ¹	329,206	177,953	621	10,277	518,057
Risk-weighted assets	156,753	53,463	876	49,741	260,833
Income return on risk-weighted assets (%)	5.9	10.6	1.6	2.0	6.1
Underlying return on tangible equity (%)	12.7	14.4	nm ³	(0.1)	10.2
Cost to income ratio (excluding bank levy) (%)	52.3	71.3	nm ³	80.9	62.6

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

2 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

3 Not meaningful

Supplementary financial information continued

Corporate, Commercial & Institutional Banking

	1Q'23 \$million	1Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %
Operating income	2,892	2,393	21	27	2,467	17	17
Transaction Banking	1,356	703	93	103	1,216	12	11
Trade & Working Capital	320	340	(6)	(2)	305	5	3
Cash Management	1,036	363	185	nm ⁷	911	14	14
Financial Markets	1,414	1,557	(9)	(5)	1,147	23	21
Macro Trading	830	939	(12)	(7)	628	32	30
Credit Markets	432	453	(5)	nm ⁷	414	4	3
Credit Trading	172	105	64	76	147	17	15
Financing Solutions & Issuance	260	348	(25)	(22)	267	(3)	(4)
Financing & Securities Services	152	165	(8)	(6)	105	45	39
Lending & Portfolio Management	124	136	(9)	nm ⁷	107	16	20
Other	(2)	(3)	33	33	(5)	60	78
Operating expenses	(1,415)	(1,252)	(13)	(18)	(1,352)	(5)	(1)
Operating profit before impairment losses and taxation	1,477	1,141	29	37	1,115	32	36
Credit impairment	8	(146)	105	102	(144)	106	102
Underlying profit before taxation	1,485	995	49	57	971	53	56
Restructuring	39	13	nm ⁷	nm ⁷	(34)	nm ⁷	nm ⁷
DVA	54	85	(36)	(35)	(133)	141	141
Statutory profit before taxation	1,578	1,093	44	52	804	96	101
Total assets	394,873	420,168	(6)	(4)	401,567	(2)	(1)
Of which: loans and advances to customers ³	181,335	200,625	(10)	(7)	184,254	(2)	(1)
Total liabilities	476,993	489,720	(3)	(1)	479,981	(1)	(1)
Of which: customer accounts ³	335,996	329,206	2	4	332,176	1	1
Risk-weighted assets	148,550	156,753	(5)	nm ⁷	143,582	3	nm ⁷
Income return on risk-weighted assets (%) ⁴	8.0	5.9	210bps	nm ⁷	6.7	130bps	nm ⁷
Underlying return on tangible equity (%) ⁴	21.2	12.7	850bps	nm ⁷	13.6	760bps	nm ⁷
Cost to income ratio (%) ⁵	48.9	52.3	3.4	3.8	54.8	5.9	7.3

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 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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

7 Not meaningful

Performance highlights

- Underlying profit before tax of \$1,485 million was up 49 per cent driven mainly by higher income and impairment releases partially offset by higher expenses
- Underlying operating income of \$2,892 million was up 21 per cent, up 27 per cent on constant currency basis. Cash Management income nearly tripled reflecting strong pricing discipline and passthrough rate management to take advantage of a rising interest rate environment. Trade & Working Capital decreased 2 per cent reflecting lower balance sheet and contingent volumes. Financial Markets income decreased 5 per cent compared to a record performance in the first quarter of 2022 and was up 1 per cent excluding the non-repeat of \$94 million of gains on mark-to-market liabilities in the first quarter of 2022
- Credit impairment was a net release of \$8m for 1Q'23 mainly from stage 3 releases more than offsetting an increase in stage 1 and 2 assets
- Risk-weighted assets of \$149 billion were up \$5 billion since 31 December 2022, mainly from asset growth and mix, partly offset by optimisation actions
- RoTE increased to 21.2 per cent from 12.7 per cent

Supplementary financial information continued

Consumer, Private & Business Banking

	1Q'23 \$million	1Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %
Operating income	1,772	1,410	26	31	1,533	16	14
Transaction Banking	43	26	65	72	38	13	8
Trade & Working Capital	11	16	(31)	(27)	11	–	(8)
Cash Management	32	10	nm ⁷	nm ⁷	27	19	14
Lending & Portfolio Management	10	10	–	25	5	100	25
Wealth Management	511	528	(3)	–	357	43	40
Retail Products	1,207	836	44	52	1,142	6	5
CCPL & other unsecured lending	275	299	(8)	(3)	284	(3)	(5)
Deposits	781	242	nm ⁷	nm ⁷	810	(4)	(3)
Mortgage & Auto	114	246	(54)	(52)	12	nm ⁷	nm ⁷
Other Retail Products	37	49	(24)	(20)	36	3	(3)
Other	1	10	(90)	(90)	(9)	111	108
Operating expenses	(1,033)	(1,006)	(3)	(7)	(1,030)	–	3
Operating profit before impairment losses and taxation	739	404	83	92	503	47	50
Credit impairment	(62)	(35)	(77)	(94)	(96)	35	35
Other impairment	–	(1)	100	nm ⁷	(9)	100	100
Underlying profit before taxation	677	368	84	92	398	70	74
Restructuring	(2)	(4)	50	71	(17)	88	89
Statutory profit before taxation	675	364	85	96	381	77	82
Total assets	130,669	138,063	(5)	(3)	133,956	(2)	(2)
Of which: loans and advances to customers ³	128,102	135,333	(5)	(2)	130,985	(2)	(2)
Total liabilities	188,050	182,197	3	6	185,396	1	2
Of which: customer accounts ³	182,856	177,953	3	6	180,659	1	2
Risk-weighted assets	50,621	53,463	(5)	nm ⁷	50,730	–	nm ⁷
Income return on risk-weighted assets (%) ⁴	14.1	10.6	350bps	nm ⁷	12.0	210bps	nm ⁷
Underlying return on tangible equity (%) ⁴	28.0	14.4	1,360bps	nm ⁷	16.1	1,190bps	nm ⁷
Cost to income ratio (%) ⁵	58.3	71.3	13.0	13.2	67.2	8.9	10.0

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 Underlying performance for relevant periods in 2022 has been restated for the removal of exit markets and businesses in AME. No change to statutory performance

7 Not meaningful

Performance highlights

- Underlying profit before tax of \$677 million was up 84 per cent, with income up 31 per cent on a constant currency basis as the benefit from higher interest rates on Retail Deposit income was partly offset by lower Mortgage income negatively impacted by the Best Lending Rate cap in Hong Kong. Expenses increased 7 per cent on a constant currency basis while credit impairment was \$27 million higher
- RoTE increased from 14.4 per cent to 28.0 per cent

Supplementary financial information continued

Ventures

	1Q'23 \$million	1Q'22 \$million	Change ² %	Constant currency change ¹² %	4Q'22 \$million	Change ² %	Constant currency change ¹² %
Operating income	17	1	nm⁶	nm⁶	14	21	21
Retail Products	5	1	nm⁶	nm⁶	4	25	25
CCPL & other unsecured lending	15	1	nm⁶	nm⁶	10	50	50
Deposits	(10)	(1)	nm⁶	nm⁶	(6)	(67)	(50)
Other Retail Products	–	1	-100⁷	nm⁶	–	nm⁶	nm⁶
Treasury	5	–	nm⁶	nm⁶	5	–	–
Other	7	–	nm⁶	nm⁶	5	40	40
Operating expenses	(102)	(72)	(42)	(44)	(103)	1	3
Operating Loss before impairment losses and taxation	(85)	(71)	(20)	(21)	(89)	4	7
Credit impairment	(10)	(3)	nm⁶	nm⁶	(9)	(11)	(11)
Other impairment	–	–	nm⁶	nm⁶	(24)	100	100
Profit from associates and joint ventures	(8)	(3)	(167)	(167)	(5)	(60)	(60)
Underlying loss before taxation	(103)	(77)	(34)	(36)	(127)	19	20
Restructuring	–	–	nm⁶	nm⁶	–	nm⁶	nm⁶
Other items	–	–	nm⁶	nm⁶	–	nm⁶	nm⁶
Statutory loss before taxation	(103)	(77)	(34)	(36)	(127)	19	20
Total assets	2,683	1,115	141	158	2,451	9	11
Of which: loans and advances to customers ³	812	115	nm⁶	nm⁶	702	16	16
Total liabilities	1,955	693	182	183	1,658	18	18
Of which: customer accounts ³	1,767	621	185	185	1,548	14	14
Risk-weighted assets	1,627	876	86	nm⁶	1,358	20	nm⁶
Income return on risk-weighted assets (%) ⁴	5.5	1.6	390bps	nm⁶	5.5	–	nm⁶
Underlying return on tangible equity (%) ⁴	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶
Cost to income ratio (%) ⁵	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶	nm⁶

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 \$103 million reflecting the Group's continued investment in transformational digital initiatives with expenses increasing \$30 million while income was \$17 million in the quarter, an increase of \$16 million on the first quarter of 2022. The impairment charge increased \$7 million to \$10 million reflecting the build of expected credit loss provisions as the credit portfolios grow
- Loans and advances to customers increased 16 per cent since 31 December 2022, due to customer growth and additional credit product launches. Customer growth has also led to customer account liabilities increase by 14 per cent since 31 December 2022

Supplementary financial information continued

Central & other items (segment)

	1Q'23 \$million	1Q'22 ⁷ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁷ \$million	Change ² %	Constant currency change ¹² %
Operating income	(285)	272	nm ⁸	nm ⁸	(249)	(14)	–
Treasury	(238)	314	(176)	(179)	(178)	(34)	(39)
Other	(47)	(42)	(12)	(35)	(71)	34	17
Operating expenses	(125)	(220)	43	35	(252)	50	56
Operating (loss)/profit before impairment losses and taxation	(410)	52	nm ⁸	nm ⁸	(501)	18	19
Credit impairment	38	(14)	nm ⁸	nm ⁸	(91)	142	158
Other impairment	–	–	nm ⁸	100	(5)	100	100
Profit from associates and joint ventures	19	66	(71)	(71)	3	nm ⁸	nm ⁸
Underlying profit/(loss) before taxation	(353)	104	nm ⁸	nm ⁸	(594)	41	39
Restructuring	11	8	38	nm ⁸	(39)	128	134
Goodwill & other impairment ³	–	–	nm ⁸	nm ⁸	(322) ³	100	100
Other items	–	–	nm ⁸	nm ⁸	20	(100)	(100)
Statutory (loss)/profit before taxation	(342)	112	nm ⁸	nm ⁸	(935)	63	62
Total assets	292,453	279,771	5	6	281,948	4	4
Of which: loans and advances to customers ⁴	36,816	27,979	32	36	41,789	(12)	(12)
Total liabilities	103,669	114,667	(10)	(10)	102,871	1	1
Of which: customer accounts ⁴	5,792	10,277	(44)	(42)	5,846	(1)	(1)
Risk-weighted assets	50,095	49,741	1	nm ⁸	49,041	2	nm ⁸
Income return on risk-weighted assets (%) ⁵	(2.3)	2.0	(430)bps	nm ⁸	(1.9)	(40)bps	nm ⁸
Underlying return on tangible equity (%) ⁵	(25.7)	(0.1)	nm ⁸	nm ⁸	(38.4)	1,270bps	nm ⁸
Cost to income ratio (%) (excluding UK bank levy) ⁶	nm ⁸	80.9	nm ⁸	nm ⁸	nm ⁸	nm ⁸	nm ⁸

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 Goodwill and other impairment include \$308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets in AME and (ii) Aviation Finance. No change to statutory performance

8 Not meaningful

Performance highlights

- Underlying loss before tax of \$353 million compared to 1Q'22 profit of \$104 million primarily due to lower net interest income from hedges as rates rose, and lower profit share from our associate Bohai, partially offset by lower expenses and lower impairments

Supplementary financial information continued

Underlying performance by region

	1Q'23				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	3,191	676	413	116	4,396
Operating expenses	(1,750)	(397)	(433)	(95)	(2,675)
Operating profit/(loss) before impairment losses and taxation	1,441	279	(20)	21	1,721
Credit impairment	(64)	26	2	10	(26)
Other impairment	1	(1)	–	–	–
Profit from associates and joint ventures	17	–	–	(6)	11
Underlying profit/(loss) before taxation	1,395	304	(18)	25	1,706
Restructuring	(7)	18	22	15	48
DVA	13	7	34	–	54
Statutory profit/(loss) before taxation	1,401	329	38	40	1,808
Total assets	488,860	52,124	270,332	9,362	820,678
Of which: loans and advances to customers ¹	259,161	24,334	63,570	–	347,065
loans and advances to customers	246,910	21,639	32,078	–	300,627
loans held at fair value through profit or loss	12,251	2,695	31,492	–	46,438
Total liabilities	441,492	39,606	222,235	67,334	770,667
Of which: customer accounts ¹	352,016	30,933	143,462	–	526,411
Risk-weighted assets	153,062	41,995	51,929	3,907	250,893
Income return on risk-weighted assets (%) ²	8.4	6.7	3.2	14.2	7.1
Underlying return on tangible equity (%) ²	19.6	15.1	(1.0)	nm ⁵	11.9
Cost to income ratio (%) ³	54.8	58.7	104.8	nm ⁵	60.9
	1Q'22 ⁴				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,698	609	808	(39)	4,076
Operating expenses	(1,622)	(373)	(377)	(178)	(2,550)
Operating profit/(loss) before impairment losses and taxation	1,076	236	431	(217)	1,526
Credit impairment	(283)	44	38	3	(198)
Other impairment	–	–	–	(1)	(1)
Profit from associates and joint ventures	65	–	–	(2)	63
Underlying profit/(loss) before taxation	858	280	469	(217)	1,390
Restructuring	7	16	(1)	(5)	17
DVA	31	9	45	–	85
Statutory profit/(loss) before taxation	896	305	513	(222)	1,492
Total assets	475,917	55,458	298,207	9,535	839,117
Of which: loans and advances to customers ¹	263,871	26,175	74,006	–	364,052
loans and advances to customers	198,950	26,121	74,006	(3,292)	295,785
loans held at fair value through profit or loss	64,921	54	–	3,292	68,267
Total liabilities	424,264	43,287	252,035	67,691	787,277
Of which: customer accounts ¹	334,813	34,705	148,539	–	518,057
Risk-weighted assets	163,447	45,154	49,619	2,613	260,833
Income return on risk-weighted assets (%) ²	6.4	5.2	6.4	(7.2)	6.1
Underlying return on tangible equity (%) ²	10.7	12.3	19.2	nm ⁵	10.2
Cost to income ratio (%) ³	60.1	61.2	46.7	nm ⁵	62.6

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

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

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

4 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

5 Not meaningful

Supplementary financial information continued

Asia

	1Q'23 \$million	1Q'22 ⁷ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁷ \$million	Change ² %	Constant currency change ¹² %
Operating income	3,191	2,698	18	23	2,682	19	16
Operating expenses	(1,750)	(1,622)	(8)	(12)	(1,692)	(3)	(1)
Operating profit before impairment losses and taxation	1,441	1,076	34	39	990	46	42
Credit impairment	(64)	(283)	77	75	(199)	68	68
Other impairment	1	–	nm ⁸	nm ⁸	(7)	114	113
Profit from associates and joint ventures	17	65	(74)	(74)	3	nm ⁸	nm ⁸
Underlying profit before taxation	1,395	858	63	65	787	77	74
Restructuring	(7)	7	nm ⁸	nm ⁸	(23)	70	70
Goodwill & other impairment ³	–	–	nm ⁸	nm ⁸	(308) ³	(100)	(100)
DVA	13	31	(58)	(58)	(45)	129	130
Other items	–	–	nm ⁸	nm ⁸	20	(100)	(100)
Statutory profit before taxation	1,401	896	56	59	431	nm ⁸	nm ⁸
Total assets	488,860	475,917	3	6	488,399	–	–
Of which: loans and advances to customers ⁴	259,161	263,871	(2)	1	270,892	(4)	(4)
Total liabilities	441,492	424,264	4	7	441,349	–	–
Of which: customer accounts ⁴	352,016	334,813	5	8	346,832	1	2
Risk-weighted assets	153,062	163,447	(6)	nm ⁸	150,816	1	nm ⁸
Income return on risk-weighted assets (%) ⁵	8.4	6.4	200bps	nm ⁸	6.9	150bps	nm ⁸
Underlying return on tangible equity (%) ⁵	19.6	10.7	890bps	nm ⁸	10.9	866bps	nm ⁸
Cost to income ratio (%) ⁶	54.8	60.1	5.3	5.3	63.1	8.3	8.3

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3 Goodwill and other impairment include \$308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

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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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) Aviation Finance and (ii) DVA. No change to statutory performance

8 Not meaningful

Performance highlights

- Underlying profit before tax of \$1,395 million was up 63 per cent, primarily with higher income and lower credit impairment partly offset by higher costs and lower profit share from China Bohai Bank, down \$49 million
- Underlying operating income of \$3,191 million was up 18 per cent, up 23 per cent on a constant currency. Strong growth in Cash Management, Retail Deposits and Financial Markets income was offset by lower Mortgage income and a loss in Treasury Markets
- Loans and advances to customers were down 4 per cent and customer accounts were up 1 per cent, up 2 per cent on a constant currency, since 31 December 2022
- Risk-weighted assets broadly flat since 31 December 2022
- RoTE increased from 10.7 per cent to 19.6 per cent

Supplementary financial information continued

Africa & Middle East

	1Q'23 \$million	1Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %
Operating income	676	609	11	26	642	5	6
Operating expenses	(397)	(373)	(6)	(14)	(407)	2	5
Operating profit before impairment losses and taxation	279	236	18	48	235	19	26
Credit impairment	26	44	(41)	(46)	(145)	118	121
Other impairment	(1)	–	nm ⁷	nm ⁷	1	nm ⁷	nm ⁷
Underlying profit before taxation	304	280	9	31	91	nm ⁷	162
Restructuring	18	16	13	80	(14)	nm ⁷	nm ⁷
DVA	7	9	(22)	(13)	(13)	154	154
Other items	–	–	nm ⁷	nm ⁷	–	nm ⁷	nm ⁷
Statutory profit before taxation	329	305	8	31	64	nm ⁷	nm ⁷
Total assets	52,124	55,458	(6)	3	53,086	(2)	–
Of which: loans and advances to customers ³	24,334	26,175	(7)	–	23,857	2	4
Total liabilities	39,606	43,287	(9)	(2)	40,902	(3)	(1)
Of which: customer accounts ³	30,933	34,705	(11)	(4)	31,860	(3)	(1)
Risk-weighted assets	41,995	45,154	(7)	nm ⁷	40,716	3	nm ⁷
Income return on risk-weighted assets (%) ⁴	6.7	5.2	150bps	nm ⁷	6.1	60bps	nm ⁷
Underlying return on tangible equity (%) ⁴	15.1	12.3	277bps	nm ⁷	4.8	1,031bps	nm ⁷
Cost to income ratio (%) ⁵	58.7	61.2	2.5	6.2	63.4	4.7	6.7

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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME and (ii) DVA. No change to statutory performance

7 Not meaningful

Performance highlights

- Underlying profit before tax of \$304 million, the highest quarterly profit since 2015, was 9 per cent higher and was up 31 per cent on constant currency basis, driven by higher income
- Underlying operating income of \$676 million was up 11 per cent and was up 26 per cent on a constant currency basis. Broad-based growth across products, led by Cash Management and Retail Deposits
- Loans and advances to customers were up 2 per cent and customer accounts were down 3 per cent since 31 December 2022
- Risk-weighted assets increased 3 per cent since 31 December 2022
- RoTE increased from 12.3 per cent to 15.1 per cent, and was the highest quarterly ROTE since 2015

Supplementary financial information continued

Europe & Americas

	1Q'23 \$million	1Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁶ \$million	Change ² %	Constant currency change ¹² %
Operating income	413	808	(49)	(48)	348	19	19
Operating expenses	(433)	(377)	(15)	(18)	(415)	(4)	(3)
Operating (loss)/profit before impairment losses and taxation	(20)	431	(105)	(104)	(67)	70	75
Credit impairment	2	38	(95)	(95)	13	(85)	(83)
Other impairment	–	–	nm ⁷	nm ⁷	(2)	100	100
Underlying (loss)/profit before taxation	(18)	469	(104)	(103)	(56)	68	74
Restructuring	22	(1)	nm ⁷	nm ⁷	(19)	nm ⁷	nm ⁷
DVA	34	45	(24)	(23)	(75)	145	145
Statutory profit before taxation	38	513	(93)	(92)	(150)	125	126
Total assets	270,332	298,207	(9)	(9)	268,960	1	1
Of which: loans and advances to customers ³	63,570	74,006	(14)	(13)	62,981	1	3
Total liabilities	222,235	252,035	(12)	(12)	219,701	1	1
Of which: customer accounts ³	143,462	148,539	(3)	(3)	141,537	1	1
Risk-weighted assets	51,929	49,619	5	nm ⁷	50,174	3	nm ⁷
Income return on risk-weighted assets (%) ⁴	3.2	6.4	(320)bps	nm ⁷	2.7	50bps	nm ⁷
Underlying return on tangible equity (%) ⁴	(1.0)	19.2	nm ⁷	nm ⁷	(2.2)	121bps	nm ⁷
Cost to income ratio (%) ⁵	104.8	46.7	(58.1)	(58.3)	119.3	14.5	16.1

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

2 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 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) Aviation Finance and (ii) DVA. No change to statutory performance

7 Not meaningful

Performance highlights

- Underlying loss before tax of \$18 million, down \$487 million, driven by lower income, higher expenses and a reduction in the credit impairment release in the quarter
- Underlying operating income down 49 per cent compared to 1Q'22 reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income
- RoTE of negative 1.0 per cent down from 19.2 per cent in 1Q'22

Supplementary financial information continued

Central & other items (region)

	1Q'23 \$million	1Q'22 ⁵ \$million	Change ² %	Constant currency change ¹² %	4Q'22 ⁵ \$million	Change ² %	Constant currency change ¹² %
Operating income	116	(39)	nm ⁶	nm ⁶	93	25	26
Operating expenses	(95)	(178)	47	36	(223)	57	66
Operating (loss)/profit before impairment losses and taxation	21	(217)	110	112	(130)	116	113
Credit impairment	10	3	nm ⁶	nm ⁶	(9)	nm ⁶	nm ⁶
Other impairment	–	(1)	100	100	(30)	100	100
Profit from associates and joint ventures	(6)	(2)	nm ⁶	(100)	(5)	(20)	(20)
Underlying (loss)/profit before taxation	25	(217)	112	114	(174)	114	112
Restructuring	15	(5)	nm ⁶	nm ⁶	(34)	144	144
Goodwill impairment	–	–	nm ⁶	nm ⁶	(14)	100	100
Statutory (loss)/profit before taxation	40	(222)	118	122	(222)	118	115
Total assets	9,362	9,535	(2)	(2)	9,477	(1)	(1)
Total liabilities	67,334	67,691	(1)	(3)	67,954	(1)	(1)
Risk-weighted assets	3,907	2,613	50	nm ⁶	3,005	30	30
Income return on risk-weighted assets (%) ³	14.2	(7.2)	nm ⁶	nm ⁶	13.9	30bps	nm ⁶
Underlying return on tangible equity (%) ³	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶
Cost to income ratio (%) (excluding UK bank levy) ⁴	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶	nm ⁶

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

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

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

5 Underlying performance for relevant periods in 2022 has been restated for the removal of Aviation Finance. No change to statutory performance line

6 Not meaningful

Performance highlights

- Underlying profit before tax of \$25 million compared to a \$217 million loss in the first quarter of 2022. The return to profitability is mainly due to higher returns paid to Treasury on the equity provided to the regions in a rising interest rate environment

Supplementary financial information continued

Underlying performance by key market

	1Q'23									
	Hong Kong \$million	Korea \$million	China \$million	Taiwan \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	1,036	312	283	146	638	311	52	214	77	234
Operating expenses	(485)	(179)	(222)	(80)	(290)	(208)	(45)	(95)	(203)	(170)
Operating profit before impairment losses and taxation	551	133	61	66	348	103	7	119	(126)	64
Credit impairment	(22)	(15)	(9)	(22)	17	(3)	(1)	2	3	7
Other impairment	–	–	–	–	–	–	–	(1)	(8)	–
Profit from associates and joint ventures	–	–	17	–	–	–	–	–	–	–
Underlying profit before taxation	529	118	69	44	365	100	6	120	(131)	71
Total assets employed	174,341	63,736	42,880	21,728	94,292	32,852	6,121	20,215	174,342	81,976
Of which: loans and advances to customers ¹	84,891	42,426	15,610	11,186	62,777	14,350	1,817	9,010	38,615	20,562
Total liabilities employed	165,874	54,131	34,713	20,171	103,860	25,798	5,088	15,201	138,910	67,774
Of which: customer accounts ¹	138,604	41,163	26,554	18,724	78,810	19,311	3,069	12,128	99,974	34,022
Underlying return on tangible equity (%)	25.0	16.5	9.0	20.4	33.9	9.8	4.6	25.2	(8.7)	8.3
Cost to income ratio (%)	46.8	57.4	78.4	54.8	45.5	66.9	86.5	44.4	263.6	72.6

	1Q'22 ²									
	Hong Kong \$million	Korea \$million	China \$million	Taiwan \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	783	318	291	124	452	344	62	158	483	268
Operating expenses	(448)	(181)	(200)	(88)	(254)	(182)	(45)	(88)	(175)	(149)
Operating profit before impairment losses and taxation	335	137	91	36	198	162	17	70	308	119
Credit impairment	(209)	(1)	(48)	(8)	15	4	2	11	8	(1)
Other impairment	–	–	–	–	–	–	–	–	–	–
Profit from associates and joint ventures	–	–	66	–	–	–	–	–	–	–
Underlying profit before taxation	126	136	109	28	213	166	19	81	316	118
Total assets employed	172,053	67,222	37,814	23,379	91,483	29,128	5,142	19,155	220,546	61,415
Of which: loans and advances to customers ¹	84,902	48,609	17,955	11,561	53,569	16,551	2,334	8,377	50,250	19,534
Total liabilities employed	160,099	58,248	33,918	21,986	92,828	21,252	3,988	16,805	159,270	76,831
Of which: customer accounts ¹	130,882	46,541	26,294	19,263	68,922	15,006	2,765	13,012	101,299	37,559
Underlying return on tangible equity (%)	5.8	17.0	9.9	11.6	18.1	15.3	12.4	14.3	19.6	17.2
Cost to income ratio (%)	57.2	56.9	68.7	71.0	56.2	52.9	72.6	55.7	36.2	55.6

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

2 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Supplementary financial information continued

	4Q'22 ²									
	Hong Kong \$million	Korea \$million	China \$million	Taiwan \$million	Singapore \$million	India \$million	Indonesia \$million	UAE \$million	UK \$million	US \$million
Operating income	902	252	244	118	495	266	57	177	40	239
Operating expenses	(450)	(184)	(214)	(80)	(290)	(203)	(51)	(102)	(203)	(161)
Operating profit before impairment losses and taxation	452	68	30	38	205	63	6	75	(163)	78
Credit impairment	(128)	(27)	(48)	(6)	(6)	(19)	–	(1)	10	(7)
Other impairment	4	(1)	(1)	–	1	2	–	1	12	2
Profit from associates and joint ventures	–	–	3	–	–	–	–	–	–	–
Underlying profit before taxation	328	40	(16)	32	200	46	6	75	(141)	73
Total assets employed	171,086	68,903	39,508	21,919	97,914	30,412	5,237	19,624	187,832	67,019
Of which: loans and advances to customers ¹	85,359	49,264	15,652	11,283	59,872	15,025	2,403	7,913	39,356	19,951
Total liabilities employed	165,499	58,992	33,124	20,216	104,318	23,210	4,257	16,256	140,160	64,825
Of which: customer accounts ¹	138,713	43,620	24,347	18,509	79,409	15,199	2,924	12,710	104,482	28,424
Underlying return on tangible equity (%)	15.3	5.4	(1.7)	14.4	18.0	5.1	4.7	14.8	(9.2)	8.2
Cost to income ratio (%)	49.9	73.0	87.7	67.8	58.6	76.3	89.5	57.6	507.5	67.4

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

2 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Supplementary financial information continued

Quarterly underlying operating income by product

	1Q'23 \$million	4Q'22 ¹ \$million	3Q'22 ¹ \$million	2Q'22 ¹ \$million	1Q'22 ¹ \$million	4Q'21 ¹ \$million	3Q'21 ¹ \$million	2Q'21 ¹ \$million
Transaction Banking	1,399	1,254	1,067	824	729	718	722	699
Trade & Working capital	331	316	335	336	356	341	381	358
Cash Management	1,068	938	732	488	373	377	341	341
Financial Markets	1,414	1,147	1,386	1,255	1,557	900	1,170	1,156
Macro Trading	830	628	736	662	939	427	538	568
Credit Markets	432	414	435	372	453	358	511	477
Credit Trading	172	147	152	84	105	59	143	101
Financing Solutions & Issuance	260	267	283	288	348	299	368	376
Financing & Securities Services	152	105	215	221	165	115	121	111
Lending & Portfolio Management	134	112	164	136	146	183	212	186
Wealth Management	511	358	454	456	528	464	557	551
Retail Products	1,212	1,147	1,099	944	837	823	816	836
CCPL & other unsecured lending	290	294	298	310	300	311	311	317
Deposits	771	805	620	355	241	206	198	203
Mortgage & Auto	114	12	140	235	246	260	259	268
Other Retail Products	37	36	41	44	50	46	48	48
Treasury	(233)	(173)	(5)	201	314	150	147	135
Other	(41)	(80)	(27)	(33)	(35)	(54)	(30)	(14)
Total underlying operating income	4,396	3,765	4,138	3,783	4,076	3,184	3,594	3,549

1 Restatements relating to (a) exit of seven markets in AME (b) exit of Aviation Finance Business and (c) Reporting DVA outside of Underlying Income, have been made to reflect these items below the line

Earnings per ordinary share

	1Q'23 \$million	1Q'22 ¹ \$million	Change %	4Q'22 ¹ \$million	Change %
Profit/(loss) for the period attributable to equity holders	1,344	1,179	14	(264)	nm⁴
Non-controlling interest	(3)	(3)	–	36	nm ⁴
Dividend payable on preference shares and AT1 classified as equity	(178)	(121)	(47)	(62)	(185)
Profit/(loss) for the period attributable to ordinary shareholders	1,163	1,055	10	(291)	nm⁴
Items normalised:					
Restructuring ¹	(48)	(17)	(182)	90	nm ⁴
Goodwill and other impairment ²	–	–	nm ⁴	322	nm ⁴
DVA ¹	(54)	(85)	36	133	nm ⁴
Other items	–	–	nm ⁴	(20)	nm ⁴
Tax on normalised items	15	12	25	(13)	nm ⁴
Underlying profit/(loss)	1,076	965	12	221	nm⁴
Basic - Weighted average number of shares (millions)	2,860	3,047	nm ⁴	2,890	nm ⁴
Diluted - Weighted average number of shares (millions)	2,921	3,098	nm ⁴	2,945	nm ⁴
Basic earnings per ordinary share (cents)³	40.7	34.6	6.1	(10.1)	50.8
Diluted earnings per ordinary share (cents)³	39.8	34.1	5.7	(9.9)	49.7
Underlying basic earnings per ordinary share (cents)³	37.6	31.7	5.9	7.7	29.9
Underlying diluted earnings per ordinary share (cents)³	36.8	31.1	5.7	7.5	29.3

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

2 Other Impairment includes nil (1Q 2023) (4Q 2022: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai).

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

4 Not meaningful

Supplementary financial information continued

Return on Tangible Equity

	1Q'23 \$million	1Q'22 ¹ \$million	Change %	4Q'22 ¹ \$million	Change %
Average parent company shareholders' equity	43,643	45,595	(4)	43,145	1
Less: Preference share premium	(1,494)	(1,494)	–	(1,494)	–
Less: Average intangible assets	(5,880)	(5,487)	(7)	(5,695)	(3)
Average Ordinary Shareholders' Tangible Equity	36,269	38,614	(6)	35,956	–
Profit/(loss) for the period attributable to equity holders	1,344	1,179	14	(264)	nm³
Non-controlling interests	(3)	(3)	–	36	nm ³
Dividend payable on preference shares and AT1 classified as equity	(178)	(121)	(47)	(62)	(187)
Profit/(loss) for the period attributable to ordinary shareholders	1,163	1,055	10	(291)	nm³
Items normalised:					nm ³
Restructuring ¹	(48)	(17)	(182)	90	nm ³
Goodwill and other impairment ²	–	–	nm ³	322	nm ³
Other items	–	–	nm ³	(20)	nm ³
Ventures FVOCI unrealised gains/(losses) net of tax	(9)	6	nm ³	21	nm ³
DVA ¹	(54)	(85)	36	133	nm ³
Tax on normalised items	15	12	25	(13)	nm ³
Underlying profit for the period attributable to ordinary shareholders	1,067	971	10	242	nm³
Underlying Return on Tangible Equity	11.9%	10.2%	170bps	2.7%	920bps
Statutory Return on Tangible Equity	13.0%	11.1%	190bps	(3.2)%	1,620bps

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

2 Other Impairment includes nil (1Q 2023) (4Q 2022: \$308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

3 Not meaningful

Net Tangible Asset Value per Share

	31.03.23 \$million	31.03.22 \$million	Change %	31.12.22 \$million	Change %
Parent company shareholders' equity	44,125	45,177	(2)	43,162	2
Less Preference share premium	(1,494)	(1,494)	–	(1,494)	–
Less Intangible assets	(5,891)	(5,502)	(7)	(5,869)	–
Net shareholders tangible equity	36,740	38,181	(4)	35,799	3
Ordinary shares in issue, excluding own shares (millions)	2,833	2,993	(5)	2,867	(1)
Net Tangible Asset Value per share (cents)¹	1,297	1,276	21	1,249	48

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

	1Q'23				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Underlying operating income	2,892	1,772	17	(285)	4,396
Restructuring	95	13	–	2	110
DVA	54	–	–	–	54
Statutory operating income	3,041	1,785	17	(283)	4,560

	1Q'22 ¹				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Underlying operating income	2,393	1,410	1	272	4,076
Restructuring	112	13	–	6	131
DVA	85	–	–	–	85
Statutory operating income	2,590	1,423	1	278	4,292

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Operating income by region

	1Q'23				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Underlying operating income	3,191	676	413	116	4,396
Restructuring	52	35	19	4	110
DVA	13	7	34	–	54
Statutory operating income	3,256	718	466	120	4,560

	1Q'22 ¹				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Underlying operating income	2,698	609	808	(39)	4,076
Restructuring	75	42	4	10	131
DVA	31	9	45	–	85
Statutory operating income	2,804	660	857	(29)	4,292

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT)

	1Q'23				
	Underlying \$million	Restructuring ² \$million	Other items \$million	DVA \$million	Statutory \$million
Operating income	4,396	110	–	54	4,560
Operating expenses	(2,675)	(75)	–	–	(2,750)
Operating profit/(loss) before impairment losses and taxation	1,721	35	–	54	1,810
Credit impairment	(26)	6	–	–	(20)
Profit from associates and joint ventures	11	7	–	–	18
Profit/(loss) before taxation	1,706	48	–	54	1,808

	1Q'22 ¹				
	Underlying \$million	Restructuring ² \$million	Other items \$million	DVA \$million	Statutory \$million
Operating income	4,076	131	–	85	4,292
Operating expenses	(2,550)	(115)	–	–	(2,665)
Operating profit/(loss) before impairment losses and taxation	1,526	16	–	85	1,627
Credit impairment	(198)	1	–	–	(197)
Other impairment	(1)	(5)	–	–	(6)
Profit from associates and joint ventures	63	5	–	–	68
Profit/(loss) before taxation	1,390	17	–	85	1,492

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

2 Restructuring includes impacts to profit or loss from businesses that have been disclosed as no longer part of the Group's ongoing business, redundancy costs, costs of closure or relocation of business locations, impairments of assets and other costs which are not related to the Group's ongoing business. Restructuring in this context is not the same as a restructuring provision as defined in IAS 37

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT) by client segment

	1Q'23				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Operating income	2,892	1,772	17	(285)	4,396
External	2,313	1,126	17	940	4,396
Inter-segment	579	646	–	(1,225)	–
Operating expenses	(1,415)	(1,033)	(102)	(125)	(2,675)
Operating profit/(loss) before impairment losses and taxation	1,477	739	(85)	(410)	1,721
Credit impairment	8	(62)	(10)	38	(26)
Profit from associates and joint ventures	–	–	(8)	19	11
Underlying profit/(loss) before taxation	1,485	677	(103)	(353)	1,706
Restructuring	39	(2)	–	11	48
DVA	54	–	–	–	54
Statutory profit/(loss) before taxation	1,578	675	(103)	(342)	1,808

	1Q'22 ¹				
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million
Operating income	2,393	1,410	1	272	4,076
External	2,269	1,314	1	491	4,075
Inter-segment	124	96	–	(219)	1
Operating expenses	(1,252)	(1,006)	(72)	(220)	(2,550)
Operating profit/(loss) before impairment losses and taxation	1,141	404	(71)	52	1,526
Credit impairment	(146)	(35)	(3)	(14)	(198)
Other impairment	–	(1)	–	–	(1)
Profit from associates and joint ventures	–	–	(3)	66	63
Underlying profit/(loss) before taxation	995	368	(77)	104	1,390
Restructuring	13	(4)	–	8	17
DVA	85	–	–	–	85
Statutory profit/(loss) before taxation	1,093	364	(77)	112	1,492

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Underlying versus statutory results reconciliations continued

Profit before taxation (PBT) by region

	1Q'23				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	3,191	676	413	116	4,396
Operating expenses	(1,750)	(397)	(433)	(95)	(2,675)
Operating profit/(loss) before impairment losses and taxation	1,441	279	(20)	21	1,721
Credit impairment	(64)	26	2	10	(26)
Other impairment	1	(1)	–	–	–
Profit from associates and joint ventures	17	–	–	(6)	11
Underlying profit/(loss) before taxation	1,395	304	(18)	25	1,706
Restructuring	(7)	18	22	15	48
DVA	13	7	34	–	54
Statutory profit/(loss) before taxation	1,401	329	38	40	1,808

	1Q'22 ¹				
	Asia \$million	Africa & Middle East \$million	Europe & Americas \$million	Central & other items \$million	Total \$million
Operating income	2,698	609	808	(39)	4,076
Operating expenses	(1,622)	(373)	(377)	(178)	(2,550)
Operating profit/(loss) before impairment losses and taxation	1,076	236	431	(217)	1,526
Credit impairment	(283)	44	38	3	(198)
Other impairment	–	–	–	(1)	(1)
Profit from associates and joint ventures	65	–	–	(2)	63
Underlying profit/(loss) before taxation	858	280	469	(217)	1,390
Restructuring	7	16	(1)	(5)	17
DVA	31	9	45	–	85
Statutory profit/(loss) before taxation	896	305	513	(222)	1,492

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Underlying versus statutory results reconciliations continued

Return on tangible equity (RoTE)

	1Q'23				
	Corporate, Commercial & Institutional Banking %	Consumer, Private & Business Banking %	Ventures %	Central & Other Items %	Total %
Underlying RoTE	21.2	28.0	nm²	(25.7)	11.9
Restructuring					
Of which: Income	1.8	0.7	–	0.1	1.4
Of which: Expenses	(1.1)	(0.8)	–	(0.2)	(0.8)
Of which: Credit impairment	–	–	–	0.2	0.1
Of which: Other impairment	(0.1)	–	–	0.1	–
Of which: Profit from associates and joint ventures	–	–	–	0.4	0.1
Ventures FVOCI Unrealised gains / (losses) net of Taxes	–	–	nm ²	–	(0.1)
DVA	1.0	–	–	–	0.6
Tax on normalised items	(0.3)	–	0.4	0.4	(0.2)
Statutory RoTE	22.5	27.9	nm²	(24.7)	13.0

	1Q'22 ¹				
	Corporate, Commercial & Institutional Banking %	Consumer, Private & Business Banking %	Ventures %	Central & Other Items %	Total %
Underlying RoTE	12.7	14.4	nm²	(0.1)	10.2
Restructuring					
Of which: Income	1.9	0.7	–	0.4	1.4
Of which: Expenses	(1.6)	(1.0)	–	(0.3)	(1.2)
Of which: Credit impairment	–	–	–	–	–
Of which: Other impairment	(0.1)	–	–	0.1	(0.1)
Of which: Profit from associates and joint ventures	–	–	–	0.3	0.1
Ventures FVOCI Unrealised gains / (losses) net of Taxes	–	–	nm ²	–	(0.1)
DVA	1.5	–	–	–	0.9
Tax on normalised items	(0.4)	0.1	–	0.5	(0.1)
Statutory RoTE	14.0	14.2	nm²	0.9	11.1

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

2 Not meaningful

Underlying versus statutory results reconciliations continued

Earnings per ordinary share (EPS)

	1Q'23				
	Underlying \$ million	Restructuring \$ million	DVA \$ million	Tax on normalised items \$ million	Statutory \$ million
Profit for the year attributable to ordinary shareholders ¹	1,076	48	54	(15)	1,163
Basic - Weighted average number of shares (millions)	2,860				2,860
Basic earnings per ordinary share (cents)	37.6				40.7

	1Q'22 ¹				
	Underlying \$ million	Restructuring \$ million	DVA \$ million	Tax on normalised items \$ million	Statutory \$ million
Profit for the year attributable to ordinary shareholders ¹	965	17	85	(12)	1,055
Basic - Weighted average number of shares (millions)	3,047				3,047
Basic earnings per ordinary share (cents)	31.7				34.6

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to statutory performance

Risk review

Credit quality by client segment

31.03.23

	Customers							
	Banks \$million	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Customer Total \$million	Undrawn commitments \$million	Financial Guarantees \$million
Amortised cost								
Stage 1	37,932	122,695	125,849	803	36,988	286,335	159,965	64,666
- Strong	27,368	88,974	121,764	796	36,988	248,522	146,786	44,743
- Satisfactory	10,564	33,721	4,085	7	-	37,813	13,179	19,923
Stage 2	267	9,938	2,055	25	198	12,216	9,136	2,627
- Strong	35	1,735	1,552	14	-	3,301	4,353	335
- Satisfactory	153	6,838	182	5	-	7,025	3,953	1,863
- Higher risk	79	1,365	321	6	198	1,890	830	429
Of which (stage 2):								
- Less than 30 days past due	2	449	192	5	-	646	-	-
- More than 30 days past due	5	86	314	6	-	406	-	-
Stage 3, credit-impaired financial assets	36	5,826	1,407	4	187	7,424	1	627
Gross balance¹	38,235	138,459	129,311	832	37,373	305,975	169,102	67,920
Stage 1	(7)	(118)	(376)	(12)	(1)	(507)	(37)	(12)
- Strong	(3)	(25)	(332)	(12)	(1)	(370)	(23)	(3)
- Satisfactory	(4)	(93)	(44)	-	-	(137)	(14)	(9)
Stage 2	(10)	(324)	(118)	(4)	-	(446)	(42)	(30)
- Strong	-	(11)	(59)	(2)	-	(72)	(4)	-
- Satisfactory	(2)	(154)	(24)	(1)	-	(179)	(24)	(8)
- Higher risk	(8)	(159)	(35)	(1)	-	(195)	(14)	(22)
Of which (stage 2):								
- Less than 30 days past due	-	(3)	(24)	(1)	-	(28)	-	-
- More than 30 days past due	-	(1)	(35)	(1)	-	(37)	-	-
Stage 3, credit-impaired financial assets	(2)	(3,602)	(777)	(3)	(13)	(4,395)	-	(109)
Total credit impairment	(19)	(4,044)	(1,271)	(19)	(14)	(5,348)	(79)	(151)
Net carrying value	38,216	134,415	128,040	813	37,359	300,627		
Stage 1	0.0%	0.1%	0.3%	1.5%	0.0%	0.2%	0.0%	0.0%
- Strong	0.0%	0.0%	0.3%	1.5%	0.0%	0.1%	0.0%	0.0%
- Satisfactory	0.0%	0.3%	1.1%	0.0%	0.0%	0.4%	0.1%	0.0%
Stage 2	3.7%	3.3%	5.7%	16.0%	0.0%	3.7%	0.5%	1.1%
- Strong	0.0%	0.6%	3.8%	14.3%	0.0%	2.2%	0.1%	0.0%
- Satisfactory	1.3%	2.3%	13.2%	20.0%	0.0%	2.5%	0.6%	0.4%
- Higher risk	10.1%	11.6%	10.9%	16.7%	0.0%	10.3%	1.7%	5.1%
Of which (stage 2):								
- Less than 30 days past due	0.0%	0.7%	12.5%	20.0%	0.0%	4.3%	0.0%	0.0%
- More than 30 days past due	0.0%	1.2%	11.1%	16.7%	0.0%	9.1%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	5.6%	61.8%	55.2%	75.0%	7.0%	59.2%	0.0%	17.4%
Cover ratio	0.0%	2.9%	1.0%	2.3%	0.0%	1.7%	0.0%	0.2%
Fair value through profit or loss								
Performing	31,146	46,371	23	-	7	46,401	-	-
- Strong	27,894	34,830	23	-	-	34,853	-	-
- Satisfactory	3,252	11,514	-	-	1	11,515	-	-
- Higher risk	-	27	-	-	6	33	-	-
Defaulted (CG13-14)	-	37	-	-	-	37	-	-
Gross balance (FVTPL)²	31,146	46,408	23	-	7	46,438	-	-
Net carrying value (incl FVTPL)	69,362	180,823	128,063	813	37,366	347,065	-	-

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$14,398 million under Customers and of \$1,451 million under Banks, held at amortised cost

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$40,485 million under Customers and of \$29,079 million under Banks, held at fair value through profit or loss

Risk review continued

31.12.22

	Customers							
	Banks \$million	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Customer Total \$million	Undrawn commitments \$million	Financial Guarantees \$million
Amortised cost								
Stage 1	39,149	126,261	129,134	691	39,133	295,219	162,958	56,683
- Strong	27,941	89,567	124,734	685	39,133	254,119	148,303	39,612
- Satisfactory	11,208	36,694	4,400	6	-	41,100	14,655	17,071
Stage 2	337	11,355	1,670	18	-	13,043	5,582	3,062
- Strong	148	2,068	1,215	10	-	3,293	1,449	522
- Satisfactory	119	7,783	146	4	-	7,933	3,454	2,134
- Higher risk	70	1,504	309	4	-	1,817	679	406
Of which (stage 2):								
- Less than 30 days past due	5	109	148	4	-	261	-	-
- More than 30 days past due	6	23	310	4	-	337	-	-
Stage 3, credit-impaired financial assets	59	6,143	1,453	1	248	7,845	128	665
Gross balance¹	39,545	143,759	132,257	710	39,381	316,107	168,668	60,410
Stage 1	(9)	(143)	(406)	(10)	-	(559)	(41)	(11)
- Strong	(3)	(43)	(332)	(10)	-	(385)	(28)	(3)
- Satisfactory	(6)	(100)	(74)	-	-	(174)	(13)	(8)
Stage 2	(3)	(323)	(120)	(1)	-	(444)	(53)	(28)
- Strong	-	(30)	(62)	(1)	-	(93)	(6)	-
- Satisfactory	(2)	(159)	(17)	-	-	(176)	(42)	(15)
- Higher risk	(1)	(134)	(41)	-	-	(175)	(5)	(13)
Of which (stage 2):								
- Less than 30 days past due	-	(2)	(17)	-	-	(19)	-	-
- More than 30 days past due	-	(1)	(41)	-	-	(42)	-	-
Stage 3, credit-impaired financial assets	(14)	(3,662)	(776)	(1)	(18)	(4,457)	-	(147)
Total credit impairment	(26)	(4,128)	(1,302)	(12)	(18)	(5,460)	(94)	(186)
Net carrying value	39,519	139,631	130,955	698	39,363	310,647	-	-
Stage 1	0.0%	0.1%	0.3%	1.4%	0.0%	0.2%	0.0%	0.0%
- Strong	0.0%	0.0%	0.3%	1.5%	0.0%	0.2%	0.0%	0.0%
- Satisfactory	0.1%	0.3%	1.7%	0.0%	0.0%	0.4%	0.1%	0.0%
Stage 2	0.9%	2.8%	7.2%	5.6%	0.0%	3.4%	0.9%	0.9%
- Strong	0.0%	1.5%	5.1%	10.0%	0.0%	2.8%	0.4%	0.0%
- Satisfactory	1.7%	2.0%	11.6%	0.0%	0.0%	2.2%	1.2%	0.7%
- Higher risk	1.4%	8.9%	13.3%	0.0%	0.0%	9.6%	0.7%	3.2%
Of which (stage 2):								
- Less than 30 days past due	0.0%	1.8%	11.5%	0.0%	0.0%	7.3%	0.0%	0.0%
- More than 30 days past due	0.0%	4.3%	13.2%	0.0%	0.0%	12.5%	0.0%	0.0%
Stage 3, credit-impaired financial assets (\$3)	23.7%	59.6%	53.4%	100.0%	7.3%	56.8%	0.0%	22.1%
Cover ratio	0.1%	2.9%	1.0%	1.7%	0.0%	1.7%	0.1%	0.3%

Fair value through profit or loss

Performing	24,930	44,461	28	-	2,557	47,046	-	-
- Strong	21,451	36,454	27	-	2,409	38,890	-	-
- Satisfactory	3,479	8,007	1	-	148	8,156	-	-
- Higher risk	-	-	-	-	-	-	-	-
Defaulted (CG13-14)	-	37	-	-	-	37	-	-
Gross balance (FVTPL)²	24,930	44,498	28	-	2,557	47,083	-	-
Net carrying value (incl FVTPL)	64,449	184,129	130,983	698	41,920	357,730	-	-

¹ Loans and advances includes reverse repurchase agreements and other similar secured lending of \$24,498 million under Customers and of \$978 million under Banks, held at amortised cost

² Loans and advances includes reverse repurchase agreements and other similar secured lending of \$40,537 million under Customers and of \$23,954 million under Banks, held at fair value through profit or loss

Risk review continued

Credit impairment charge

	Q1'23			Q1'22 ¹		
	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	24	(32)	(8)	(77)	222	145
Consumer, Private & Business Banking	13	49	62	8	26	34
Ventures	6	4	10	3	–	3
Central & other items	(37)	(1)	(38)	(15)	31	16
Credit impairment charge	6	20	26	(81)	279	198
Restructuring business portfolio						
Others	1	(7)	(6)	(2)	1	(1)
Credit impairment charge	1	(7)	(6)	(2)	1	(1)
Total credit impairment charge	7	13	20	(83)	280	197

1 Underlying credit impairment has been restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance. No change to statutory credit impairment

Risk review continued

Vulnerable and Cyclical Sectors

Maximum Exposure

31.03.23

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	1,225	503	722	1,828	669	2,497	3,219
Commodity Traders	8,668	217	8,451	2,624	7,048	9,672	18,123
Metals & Mining	4,486	291	4,195	3,306	1,344	4,650	8,845
Construction	2,791	447	2,344	2,709	5,783	8,492	10,836
Commercial Real Estate	16,046	6,665	9,381	6,562	178	6,740	16,121
Hotels & Tourism	1,657	797	860	1,755	141	1,896	2,756
Oil & Gas	7,120	835	6,285	8,017	6,575	14,592	20,877
Total	41,993	9,755	32,238	26,801	21,738	48,539	80,777
Total Corporate, Commercial & Institutional Banking	134,415	30,676	103,739	95,291	58,793	154,084	257,823
Total Group	338,843	131,660	207,183	169,023	67,769	236,792	443,975

¹ In addition, the Group has classified as HFS \$3.3 billion of aircraft under operating leases and \$2.2 billion of Aviation loans

31.12.22

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	3,072	1,597	1,475	1,762	632	2,394	3,869
Commodity Traders	7,571	341	7,230	2,578	6,095	8,673	15,903
Metals & Mining	4,754	321	4,433	3,425	852	4,277	8,710
Construction	2,909	552	2,357	2,762	5,969	8,731	11,088
Commercial Real Estate	15,916	7,205	8,711	6,258	224	6,482	15,193
Hotels & Tourism	1,741	919	822	1,346	138	1,484	2,306
Oil & Gas	6,643	806	5,837	7,630	7,158	14,788	20,625
Total	42,606	11,741	30,865	25,761	21,068	46,829	77,694
Total Corporate, Commercial & Institutional Banking	139,631	35,229	104,402	95,272	51,662	146,934	251,336
Total Group	350,166	141,715	208,451	168,574	60,224	228,798	437,249

¹ In addition to the aviation sector loan exposures, the Group owns \$3.2 billion of aircraft under operating leases

Risk review continued

Loans and advances by stage

31.03.23												
	Stage 1			Stage 2			Stage 3			Total		
	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million
Amortised Cost												
Industry:												
Aviation	938	–	938	243	(1)	242	47	(2)	45	1,228	(3)	1,225
Commodity Traders	8,367	(8)	8,359	127	(2)	125	619	(435)	184	9,113	(445)	8,668
Metals & Mining	3,942	–	3,942	341	(6)	335	366	(157)	209	4,649	(163)	4,486
Construction	2,355	(3)	2,352	346	(6)	340	439	(340)	99	3,140	(349)	2,791
Commercial Real Estate	12,892	(50)	12,842	2,822	(177)	2,645	1,339	(780)	559	17,053	(1,007)	16,046
Hotels & Tourism	1,460	(1)	1,459	99	(2)	97	127	(26)	101	1,686	(29)	1,657
Oil & Gas	5,932	(7)	5,925	715	(7)	708	879	(392)	487	7,526	(406)	7,120
Total	35,886	(69)	35,817	4,693	(201)	4,492	3,816	(2,132)	1,684	44,395	(2,402)	41,993
Total Corporate, Commercial & Institutional Banking	122,695	(118)	122,577	9,938	(324)	9,614	5,826	(3,602)	2,224	138,459	(4,044)	134,415
Total Group	324,267	(514)	323,753	12,483	(456)	12,027	7,460	(4,397)	3,063	344,210	(5,367)	338,843

31.12.22												
	Stage 1			Stage 2			Stage 3			Total		
	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million	Gross Balance \$million	Total Credit Impair- ment \$million	Net Carrying Amount \$million
Amortised Cost												
Industry:												
Aviation	2,377	(1)	2,376	573	–	573	155	(32)	123	3,105	(33)	3,072
Commodity Traders	7,187	(6)	7,181	138	(2)	136	689	(435)	254	8,014	(443)	7,571
Metals & Mining	4,184	(1)	4,183	475	(4)	471	257	(157)	100	4,916	(162)	4,754
Construction	2,424	(2)	2,422	407	(5)	402	497	(412)	85	3,328	(419)	2,909
Commercial Real Estate	12,393	(43)	12,350	3,217	(195)	3,022	1,305	(761)	544	16,915	(999)	15,916
Hotels & Tourism	1,448	(2)	1,446	108	(1)	107	206	(18)	188	1,762	(21)	1,741
Oil & Gas	5,468	(4)	5,464	708	(6)	702	919	(442)	477	7,095	(452)	6,643
Total	35,481	(59)	35,422	5,626	(213)	5,413	4,028	(2,257)	1,771	45,135	(2,529)	42,606
Total Corporate, Commercial & Institutional Banking	126,261	(143)	126,118	11,355	(323)	11,032	6,143	(3,662)	2,481	143,759	(4,128)	139,631
Total Group	334,368	(568)	333,800	13,380	(447)	12,933	7,904	(4,471)	3,433	355,652	(5,486)	350,166

Capital review

Capital ratios

	31.03.23	31.12.22	Change ³	31.03.22	Change ³
CET1	13.7%	14.0%	(0.3)	13.9%	(0.2)
Tier 1 capital	15.9%	16.6%	(0.7)	15.9%	–
Total capital	20.9%	21.7%	(0.8)	21.1%	(0.2)

CRD Capital base¹

	31.03.23 \$million	31.12.22 \$million	Change ⁴ %	31.03.22 \$million	Change ⁴ %
CET1 instruments and reserves					
Capital instruments and the related share premium accounts	5,407	5,436	(1)	5,496	(2)
Of which: share premium accounts	3,989	3,989	–	3,989	–
Retained earnings	26,936	25,154	7	26,472	2
Accumulated other comprehensive income (and other reserves)	8,882	8,165	9	10,625	(16)
Non-controlling interests (amount allowed in consolidated CET1)	244	189	29	221	10
Independently reviewed interim and year-end profits	1,328	2,988	(56)	1,184	12
Foreseeable dividends	(659)	(648)	2	(524)	26
CET1 capital before regulatory adjustments	42,138	41,284	2	43,474	(3)
CET1 regulatory adjustments					
Additional value adjustments (prudential valuation adjustments)	(801)	(854)	(6)	(672)	19
Intangible assets (net of related tax liability)	(5,859)	(5,802)	1	(5,430)	8
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(89)	(76)	17	(157)	(43)
Fair value reserves related to net losses on cash flow hedges	301	564	(47)	238	26
Deduction of amounts resulting from the calculation of excess expected loss	(739)	(684)	8	(773)	(4)
Net gains on liabilities at fair value resulting from changes in own credit risk	(186)	63	nm ⁵	(92)	nm ⁵
Defined-benefit pension fund assets	(144)	(116)	24	(173)	(17)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(146)	(90)	62	(27)	nm ⁵
Exposure amounts which could qualify for risk weighting of 1,250%	(50)	(103)	(51)	(92)	(46)
Other regulatory adjustments to CET1 capital ²	(23)	(29)	(21)	–	–
Total regulatory adjustments to CET1	(7,736)	(7,127)	9	(7,178)	8
CET1 capital	34,402	34,157	1	36,296	(5)
Additional Tier 1 capital (AT1) instruments	5,512	6,504	(15)	5,255	5
AT1 regulatory adjustments	(20)	(20)	–	(20)	–
Tier 1 capital	39,894	40,641	(2)	41,531	(4)
Tier 2 capital instruments	12,454	12,540	(1)	13,535	(8)
Tier 2 regulatory adjustments	(30)	(30)	–	(30)	–
Tier 2 capital	12,424	12,510	(1)	13,505	(8)
Total capital	52,318	53,151	(2)	55,036	(5)
Total risk-weighted assets (unaudited)	250,893	244,711	3	260,833	(4)

1 Capital base is prepared on the regulatory scope of consolidation

2 Other regulatory adjustments to CET1 capital includes insufficient coverage for non-performing exposures of \$(23) million

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

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

5 Not meaningful

Capital review continued

Movement in total capital

	3 months ended 31.03.23 \$million	12 months ended 31.12.22 \$million
CET1 at 1 January	34,157	38,362
Ordinary shares issued in the period and share premium	–	–
Share buy-back	(984)	(1,258)
Profit for the period	1,328	2,988
Foreseeable dividends deducted from CET1	(659)	(648)
Difference between dividends paid and foreseeable dividends	470	(301)
Movement in goodwill and other intangible assets	(57)	(1,410)
Foreign currency translation differences	11	(1,892)
Non-controlling interests	55	(12)
Movement in eligible other comprehensive income	243	(1,224)
Deferred tax assets that rely on future profitability	(13)	74
Decrease/(increase) in excess expected loss	(55)	(104)
Additional value adjustments (prudential valuation adjustment)	53	(189)
IFRS 9 transitional impact on regulatory reserves including day one	(106)	(146)
Exposure amounts which could qualify for risk weighting	53	(67)
Fair value gains arising from the institution's own Credit Risk related to derivative liabilities	(56)	(30)
Others	(38)	14
CET1 at 31 March/31 December	34,402	34,157
AT1 at 1 January	6,484	6,791
Net issuances (redemptions)	(984)	241
Foreign currency translation difference	(8)	9
Excess on AT1 grandfathered limit (ineligible)	–	(557)
AT1 at 31 March/31 December	5,492	6,484
Tier 2 capital at 1 January	12,510	12,491
Regulatory amortisation	1,844	778
Net issuances (redemptions)	(2,000)	(1,098)
Foreign currency translation difference	72	(337)
Tier 2 ineligible minority interest	(4)	102
Recognition of ineligible AT1	–	557
Other	2	17
Tier 2 capital at 31 March/31 December	12,424	12,510
Total capital at 31 March/31 December	52,318	53,151

Capital review continued

Risk-weighted assets by business

	31.03.23			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	112,534	18,083	17,933	148,550
Consumer, Private & Business Banking	41,838	8,783	–	50,621
Ventures	1,591	35	1	1,627
Central & other items	44,669	960	4,466	50,095
Total risk-weighted assets	200,632	27,861	22,400	250,893

	31.12.22			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	110,103	17,039	16,440	143,582
Consumer, Private & Business Banking	42,091	8,639	–	50,730
Ventures	1,350	6	2	1,358
Central & other items	43,311	1,493	4,237	49,041
Total risk-weighted assets	196,855	27,177	20,679	244,711

	31.03.22			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate, Commercial & Institutional Banking	120,626	17,038	19,089	156,753
Consumer, Private & Business Banking	44,824	8,639	–	53,463
Ventures	870	6	–	876
Central & other items	44,317	1,494	3,930	49,741
Total risk-weighted assets	210,637	27,177	23,019	260,833

Risk-weighted assets by geographic region

	31.03.23 \$million	31.12.22 \$million	Change ¹ %	31.03.22 \$million	Change ¹ %
ASIA	153,062	150,816	1	163,447	(6)
Africa & Middle East	41,995	40,716	3	45,154	(7)
Europe & Americas	51,929	50,174	3	49,619	5
Central & other items	3,907	3,005	30	2,613	50
Total risk-weighted assets	250,893	244,711	3	260,833	(4)

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

Capital review continued

Movement in risk-weighted assets

	Credit risk							
	Corporate, Commercial & Institutional Banking \$million	Consumer, Private & Business Banking \$million	Ventures \$million	Central & other items \$million	Total \$million	Operational risk \$million	Market risk \$million	Total risk \$million
At 31 December 2021	125,813	42,731	756	50,288	219,588	27,116	24,529	271,233
At 1 January 2022	125,813	42,731	756	50,288	219,588	27,116	24,529	271,233
Asset growth & mix	(13,213)	(985)	594	(10,033)	(23,637)	–	–	(23,637)
Asset quality	(4,258)	431	–	7,344	3,517	–	–	3,517
Risk-weighted assets efficiencies	–	–	–	–	–	–	–	–
Model Updates	4,329	1,420	–	–	5,749	–	(1,000)	4,749
Methodology and policy changes	2,024	85	–	93	2,202	–	1,500	3,702
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign currency translation	(4,883)	(1,591)	–	(3,376)	(9,850)	–	–	(9,850)
Other, Including non-credit risk movements	291	–	–	(1,005)	(714)	61	(4,350)	(5,003)
At 31 December 2022	110,103	42,091	1,350	43,311	196,855	27,177	20,679	244,711
Asset growth & mix ¹	2,548	(177)	241	472	3,084	–	–	3,084
Asset quality	(138)	69	–	1,865	1,797	–	–	1,797
Risk-weighted assets efficiencies	–	–	–	–	–	–	–	–
Model Updates	–	–	–	–	–	–	300	300
Methodology and policy changes	–	–	–	–	–	–	(200)	(200)
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign currency translation	21	(146)	–	(979)	(1,104)	–	–	(1,104)
Other, Including non-credit risk movements	–	–	–	–	–	684	1,621	2,305
At 31 March 2023	112,534	41,838	1,591	44,669	200,632	27,861	22,400	250,893

1 Corporate, Commercial & Institutional Banking asset growth & mix includes optimisation initiatives of \$(0.9) billion. Central & Other items asset growth & mix includes other efficiency actions, mainly relating to credit insurance of \$(0.9) billion

Capital review continued

Leverage Ratio

	31.03.23 \$million	31.12.22 \$million	Change ² %	31.03.22 \$million	Change ² %
Tier 1 capital (transitional)	39,894	40,641	(2)	41,531	(4)
Additional Tier 1 capital subject to phase out	–	–	–	–	–
Tier 1 capital (end point)	39,894	40,641	(2)	41,531	(4)
Derivative financial instruments	48,089	63,717	(25)	62,360	(23)
Derivative cash collateral	11,392	12,515	(9)	11,307	1
Securities financing transactions (SFTs)	85,412	89,967	(5)	96,002	(11)
Loans and advances and other assets	675,785	653,723	3	669,448	1
Total on-balance sheet assets	820,678	819,922	–	839,117	(2)
Regulatory consolidation adjustments ¹	(85,553)	(71,728)	19	(61,820)	38
Derivatives adjustments					
Derivatives netting	(35,561)	(47,118)	(25)	(35,936)	(1)
Adjustments to cash collateral	(7,533)	(10,640)	(29)	(9,070)	(17)
Net written credit protection	1,256	548	nm ³	1,712	(27)
Potential future exposure on derivatives	39,409	35,824	10	44,305	(11)
Total derivatives adjustments	(2,429)	(21,386)	(89)	1,011	nm ³
Counterparty risk leverage exposure measure for SFTs	10,654	15,553	(31)	20,152	(47)
Off-balance sheet items	121,268	119,049	2	144,398	(16)
Regulatory deductions from Tier 1 capital	(7,404)	(7,099)	4	(7,031)	5
Total exposure measure excluding claims on central banks	857,214	854,311	–	935,827	(8)
Leverage ratio excluding claims on central banks (%)	4.7%	4.8%	(0.1)	4.4%	0.3
Average leverage exposure measure excluding claims on central banks	866,944	864,605	–	927,282	(7)
Average leverage ratio excluding claims on central banks (%)	4.6%	4.7%	(0.1)	4.6%	0.0
Countercyclical leverage ratio buffer	0.1%	0.1%	–	0.1%	–
G-SII additional leverage ratio buffer	0.4%	0.4%	(0.1)	0.4%	(0.1)

1 Includes adjustment for qualifying central bank claims

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

3 Not meaningful

Financial statements

Condensed consolidated interim income statement

For the three months ended 31 March 2023

	3 months ended 31.03.23 \$million	3 months ended 31.03.22 \$million
Interest income	6,284	2,693
Interest expense	(4,278)	(905)
Net interest income	2,006	1,788
Fees and commission income	1,038	1,093
Fees and commission expense	(198)	(179)
Net fee and commission income	840	914
Net trading income	1,649	1,451
Other operating income	65	139
Operating income	4,560	4,292
Staff costs	(1,960)	(1,914)
Premises costs	(101)	(92)
General administrative expenses	(390)	(355)
Depreciation and amortisation	(299)	(304)
Operating expenses	(2,750)	(2,665)
Operating profit before impairment losses and taxation	1,810	1,627
Credit impairment	(20)	(197)
Goodwill, property, plant and equipment and other impairment	–	(6)
Profit from associates and joint ventures	18	68
Profit before taxation	1,808	1,492
Taxation	(464)	(313)
Profit for the period	1,344	1,179
Profit attributable to:		
Non-controlling interests	3	3
Parent company shareholders	1,341	1,176
Profit for the period	1,344	1,179
	cents	cents
Earnings per share:		
Basic earnings per ordinary share	40.7	34.6
Diluted earnings per ordinary share	39.8	34.1

Financial statements continued

Condensed consolidated interim statement of comprehensive income

For the three months ended 31 March 2023

	3 months ended 31.03.23 \$million	3 months ended 31.03.22 \$million
Profit for the period	1,344	1,179
Other comprehensive income		
Items that will not be reclassified to income statement:	264	137
Own credit gains on financial liabilities designated at fair value through profit or loss	293	128
Equity instruments at fair value through other comprehensive income	(22)	–
Actuarial gains on retirement benefit obligations	36	35
Taxation relating to components of other comprehensive income	(43)	(26)
Items that may be reclassified subsequently to income statement:	445	(1,345)
Exchange differences on translation of foreign operations:		
Net losses taken to equity	(79)	(540)
Net gains on net investment hedges	79	212
Share of other comprehensive loss from associates and joint ventures	(9)	(82)
Debt instruments at fair value through other comprehensive income		
Net valuation gain/(loss) taken to equity	157	(748)
Reclassified to income statement	60	(31)
Net impact of expected credit losses	(34)	(15)
Cash flow hedges:		
Net movements in cash flow hedge reserve ¹	283	(240)
Taxation relating to components of other comprehensive income	(12)	99
Other comprehensive income for the period, net of taxation	709	(1,208)
Total comprehensive income for the period	2,053	(29)
Total comprehensive income attributable to:		
Non-controlling interests	(13)	(13)
Parent company shareholders	2,066	(16)
Total comprehensive income for the period	2,053	(29)

1 This line item is represented in 2023 as a net balance of all movements in the cash flow hedge reserve

Financial statements continued

Condensed consolidated interim balance sheet

As at 31 March 2023

	31.03.23 \$million	31.12.22 \$million
Assets		
Cash and balances at central banks	72,229	58,263
Financial assets held at fair value through profit or loss	112,836	105,812
Derivative financial instruments	48,089	63,717
Loans and advances to banks	38,216	39,519
Loans and advances to customers	300,627	310,647
Investment securities	169,047	172,448
Other assets	57,383	50,383
Current tax assets	445	503
Prepayments and accrued income	3,370	3,149
Interests in associates and joint ventures	1,747	1,631
Goodwill and intangible assets	5,891	5,869
Property, plant and equipment	2,289	5,522
Deferred tax assets	818	834
Assets classified as held for sale	7,691	1,625
Total assets	820,678	819,922
Liabilities		
Deposits by banks	26,889	28,789
Customer accounts	462,169	461,677
Repurchase agreements and other similar secured borrowing	6,892	2,108
Financial liabilities held at fair value through profit or loss	87,457	79,903
Derivative financial instruments	52,660	69,862
Debt securities in issue	65,264	61,242
Other liabilities	48,348	43,527
Current tax liabilities	726	583
Accruals and deferred income	5,359	5,895
Subordinated liabilities and other borrowed funds	11,996	13,715
Deferred tax liabilities	755	769
Provisions for liabilities and charges	328	383
Retirement benefit obligations	120	146
Liabilities included in disposal groups held for sale	1,704	1,307
Total liabilities	770,667	769,906
Equity		
Share capital and share premium account	6,901	6,930
Other reserves	8,882	8,165
Retained earnings	28,342	28,067
Total parent company shareholders' equity	44,125	43,162
Other equity instruments	5,512	6,504
Total equity excluding non-controlling interests	49,637	49,666
Non-controlling interests	374	350
Total equity	50,011	50,016
Total equity and liabilities	820,678	819,922

Financial statements continued

Condensed consolidated statement of changes in equity

For the three months ended 31 March 2023

	Ordinary share capital and share premium account \$million	Preferenc e share capital and share premium account \$million	Capital and merger reserves ¹ \$million	Own credit adjust- ment reserve \$million	Fair value through other compre- hensive income reserve – debt \$million	Fair value through other compre- hensive income reserve – equity \$million	Cash flow hedge reserve \$million	Translatio n reserve \$million	Retained earning \$million	Parent company sharehold ers' equity \$million	Other equity instru- ments \$million	Non- controlling interests \$million	Total \$million
As at 01 January 2022	5,528	1,494	17,246	(15)	103	249	(34)	(5,744)	27,184	46,011	6,254	371	52,636
Profit/(loss) for the period	–	–	–	–	–	–	–	–	2,948	2,948	–	(46)	2,902
Other comprehensive (loss)/income	–	–	–	(48)	(1,219)	(43)	(530)	(1,904)	8 ²	(3,736)	–	(42)	(3,778)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	1,240	–	1,240
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	–	(999)	–	(999)
Treasury shares net movement	–	–	–	–	–	–	–	–	(203)	(203)	–	–	(203)
Share option expenses	–	–	–	–	–	–	–	–	163	163	–	–	163
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(393)	(393)	–	–	(393)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(401)	(401)	–	–	(401)
Share buy-back ^{3,4}	(92)	–	92	–	–	–	–	–	(1,258)	(1,258)	–	–	(1,258)
Other movements	–	–	–	–	–	–	–	12 ⁵	19 ⁶	31	9 ⁵	98 ⁷	138
As at 31 December 2022	5,436	1,494	17,338	(63)	(1,116)	206	(564)	(7,636)	28,067	43,162	6,504	350	50,016
Profit for the period	–	–	–	–	–	–	–	–	1,341	1,341	–	3	1,344
Other comprehensive income/(loss)	–	–	–	249	182	(17)	263	8	40 ²	725	–	(16)	709
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(8)	(8)	(984)	–	(992)
Treasury shares net movement	–	–	–	–	–	–	–	–	2	2	–	–	2
Share option expenses	–	–	–	–	–	–	–	–	65	65	–	–	65
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(178)	(178)	–	–	(178)
Share buy-back ⁸	(29)	–	29	–	–	–	–	–	(984)	(984)	–	–	(984)
Other movements	–	–	–	–	–	–	–	3 ⁵	(3) ⁵	–	(8) ⁵	37 ⁹	29
As at 31 March 2023	5,407	1,494	17,367	186	(934)	189	(301)	(7,625)	28,342	44,125	5,512	374	50,011

1 Includes capital reserve of \$5 million, capital redemption reserve of \$251 million and merger reserve of \$17,111 million

2 Comprises actuarial gain, net of taxation on Group defined benefit schemes

3 On 18 February 2022, 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 \$56 million, and the total consideration paid was \$754 million (including \$4 million of fees and stamp duty), the buy-back completed on 19 May 2022. The total number of shares purchased was 111,295,408 representing 3.61 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

4 On 1 August 2022, 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 \$37 million, and the total consideration paid was \$504 million (including \$2.5 million of fees and stamp duty). The total number of shares purchased was 73,073,837 representing 2.5 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

5 Movement related to Translation adjustment and AT1 Securities charges

6 Movements mainly related to \$21 million non-controlling interest from Power2SME Pte Limited, \$8 million on Currency Fair and \$(9) million AT1 securities charges

7 Movements related to non-controlling interest from Mox Bank Limited (\$39 million), Trust Bank Singapore Ltd (\$47 million), Zodia Market Holdings Limited (\$3 million) and Power2SME (\$9 million)

8 On 16 February 2023, the Group announced the buy-back programme for a share buy-back of its ordinary shares of \$0.50 each. As at Q1 2023 the buyback is ongoing, but the Nominal value of share purchases was \$29 million, and the total consideration paid was \$501 million (including \$2.5 million of fees and stamp duty) and a further \$483 million relating to irrevocable obligation to buy back shares under the currency buy-back programme has been recognised. The total number of shares purchased was 58,194,708 representing 2.01 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

9 Movements related to non-controlling interest from Mox Bank Limited (\$17 million), Trust Bank Singapore Ltd (\$17 million) and Zodia Market Holdings Limited (\$3 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 three months ended 31 March 2023. 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 2022, which have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU IFRS) and in conformity with the requirements of the Companies Act 2006. There are no significant differences between UK-adopted international accounting standards and EU IFRS. The Group's Annual Report 2023 will continue to be prepared in accordance with these frameworks.

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 or EU IFRS. 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 and EU IFRS.

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 2022, 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.

Going concern

The Directors assessed the Group's ability to continue as a going concern, including a review of the Group's forecasts, Funding and Liquidity metrics, Capital and Liquidity plans, Legal and regulatory matters, Credit impairment, macroeconomic conditions and geopolitical headwinds, and confirm they are satisfied that the Group has adequate resources to continue in business for a period of twelve months from 26 April 2023. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the interim financial information

Other supplementary financial information

Average balance sheets and yields

Average assets

3 months ended 31.03.23					
Average assets	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield %	Gross yield total balance %
Cash and balances at central banks	11,076	58,261	515	3.58	3.01
Gross loans and advances to banks	30,547	41,723	454	4.41	2.55
Gross loans and advances to customers	61,342	312,030	3,739	4.86	4.06
Impairment provisions against loans and advances to banks and customers	–	(6,086)	–	–	–
Investment securities - Treasury and Other Eligible Bills	6,800	37,808	407	4.37	3.70
Investment securities - Debt Securities	24,612	138,821	1,169	3.42	2.90
Investment securities - Equity Shares	3,329	–	–	–	–
Property, plant and equipment and intangible assets	9,273	–	–	–	–
Prepayments, accrued income and other assets	129,935	–	–	–	–
Investment associates and joint ventures	1,697	–	–	–	–
Total average assets	278,611	582,557	6,284	4.37	2.96

3 months ended 31.12.22					
Average assets	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield %	Gross yield total balance %
Cash and balances at central banks	12,130	52,898	365	2.74	2.23
Gross loans and advances to banks	31,306	44,051	285	2.57	1.50
Gross loans and advances to customers	58,459	311,082	3,422	4.36	3.67
Impairment provisions against loans and advances to banks and customers	–	(7,363)	–	–	–
Investment securities - Treasury and Other Eligible Bills	7,077	28,779	250	3.45	2.77
Investment securities - Debt Securities	23,217	138,855	1,058	3.02	2.59
Investment securities - Equity Shares	3,716	–	–	–	–
Property, plant and equipment and intangible assets	8,889	–	–	–	–
Prepayments, accrued income and other assets	157,007	–	–	–	–
Investment associates and joint ventures	2,069	–	–	–	–
Total average assets	303,869	568,302	5,380	3.76	2.45

3 months ended 31.03.22					
Average assets	Average non-interest earning balance \$million	Average interest earning balance \$million	Interest income \$million	Gross yield %	Gross yield total balance %
Cash and balances at central banks	24,377	55,336	40	0.29	0.20
Gross loans and advances to banks	27,908	44,546	155	1.41	0.87
Gross loans and advances to customers	64,134	307,108	1,888	2.49	2.06
Impairment provisions against loans and advances to banks and customers	–	(5,697)	–	–	–
Investment securities - Treasury and Other Eligible Bills	4,727	21,666	93	1.74	1.43
Investment securities - Debt Securities	23,526	146,261	517	1.43	1.23
Investment securities - Equity Shares	5,558	–	–	–	–
Property, plant and equipment and intangible assets	8,689	–	–	–	–
Prepayments, accrued income and other assets	119,626	–	–	–	–
Investment associates and joint ventures	2,201	–	–	–	–
Total average assets	280,746	569,220	2,693	1.92	1.28

Other supplementary financial information continued

Average liabilities

3 months ended 31.03.23					
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid %	Rate paid total balance %
Average liabilities					
Deposits by banks	13,610	25,445	29	0.46	0.30
Customer accounts:					
Current accounts	44,618	130,896	906	2.81	2.09
Savings deposits	–	114,478	436	1.54	1.54
Time deposits	13,595	184,692	1,772	3.89	3.62
Other deposits	54,853	4,584	45	3.98	0.31
Debt securities in issue	9,585	65,632	807	4.99	4.35
Accruals, deferred income and other liabilities	135,756	1,035	13	5.09	0.04
Subordinated liabilities and other borrowed funds	–	12,207	270	8.97	8.97
Non-controlling interests	324	–	–	–	–
Shareholders' funds	49,858	–	–	–	–
	322,199	538,969	4,278	3.22	2.01
Adjustment for Financial Markets funding costs			(352)		
Financial guarantee fees on interest earning assets			18		
Total average liabilities and shareholders' funds	322,199	538,969	3,944	2.97	1.86

3 months ended 31.12.22					
	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid %	Rate paid total balance %
Average liabilities					
Deposits by banks	15,897	24,808	133	2.13	1.30
Customer accounts:					
Current accounts	46,345	135,866	716	2.09	1.56
Savings deposits	–	118,411	360	1.21	1.21
Time deposits ¹	12,939	168,709	1,338	3.15	2.92
Other deposits	51,989	3,242	52	6.36	0.37
Debt securities in issue ¹	7,480	58,526	541	3.67	3.25
Accruals, deferred income and other liabilities	166,096	977	11	4.47	0.03
Subordinated liabilities and other borrowed funds ¹	–	14,071	206	5.81	5.81
Non-controlling interests	138	–	–	–	–
Shareholders' funds	46,677	–	–	–	–
	347,561	524,610	3,357	2.54	1.53
Adjustment for Financial Markets funding costs			(250)		
Financial guarantee fees on interest earning assets			16		
Total average liabilities and shareholders' funds	347,562	524,610	3,123	2.36	1.42

¹ Interest expense has been re-presented between account lines

Other supplementary financial information continued

3 months ended 31.03.22

Average liabilities	Average non-interest bearing balance \$million	Average interest bearing balance \$million	Interest expense \$million	Rate paid %	Rate paid total balance %
Deposits by banks	17,492	28,865	38	0.53	0.33
Customer accounts:					
Current accounts	55,118	127,775	89	0.28	0.20
Savings deposits	–	144,591	149	0.42	0.42
Time deposits	10,573	141,944	352	1.01	0.94
Other deposits	55,479	7,841	13	0.67	0.08
Debt securities in issue	6,331	61,990	138	0.90	0.82
Accruals, deferred income and other liabilities	127,208	1,075	12	4.53	0.04
Subordinated liabilities and other borrowed funds	–	15,885	114	2.91	2.91
Non-controlling interests	391	–	–	–	–
Shareholders' funds	52,011	–	–	–	–
	324,603	529,966	905	0.69	0.43
Adjustment for Financial Markets funding costs			(41)		
Financial guarantee fees on interest earning assets			20		
Total average liabilities and shareholders' funds	324,603	529,966	884	0.68	0.42

Net Interest Margin

	1Q'23 \$million	4Q'22 \$million	1Q'22 \$million
Interest income (statutory)	6,284	5,380	2,693
Average interest earning assets	582,557	568,302	569,220
Gross yield (%)	4.37	3.76	1.92
Interest expense (statutory)	4,278	3,358	905
Adjustment for Financial Markets funding costs	(352)	(250)	(41)
Financial guarantee fees on interest earning assets	18	16	20
Adjusted interest expense used to fund financial instruments held at fair value	3,944	3,124	884
Average interest-bearing liabilities	538,969	524,610	529,966
Rate paid (%)	2.97	2.36	0.68
Net yield (%)	1.40	1.40	1.24
Net interest income adjusted for Financial Markets funding costs and Financial guarantee fees on interest earning assets	2,340	2,256	1,809
Net interest margin (%)	1.63	1.58	1.29

Other supplementary financial information continued

Important Notice – Forward-looking statements

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

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

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

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

Please refer to the Group's 2022 Annual Report for a discussion of certain risks and factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Financial instruments

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

Caution regarding climate and environment related information

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

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